

Appendix A1: Revenue Projected Budget Variances by Service Area 2023/24

1. The projected outturn for each directorate is shown in the tables and narrative below:

Wellbeing

2. The Wellbeing directorate includes adult social care, public health services, and commissioning teams for adults and corporate procurement. In addition, housing and community transferred in from the Operations Directorate in quarter two. Also, during quarter two, the commissioning team for children's services moved back to Children's services.

Q1 Report Variance £000's	Service	Working budget £000's	Forecast £000's	Q2 Report Variance £000's
	Adult Social Care			
6,166	Care – Long Term Conditions	91,653	99,362	7,708
(737)	Care – Learning Disabilities & Mental Health	70,410	69,698	(713)
0	Employees	23,506	23,325	(181)
(160)	Client Contributions	(24,634)	(27,628)	(2,994)
(535)	CHC, Joint Funding & Sec 117 Mental Health	(12,574)	(13,086)	(512)
(4,684)	Section 256 NHS funding	0	(3,366)	(3,366)
0	Other Funding: grants, other authorities, Health.	(23,585)	(24,062)	(477)
0	Other services: training, running costs.	550	494	(56)
50	Total Adult Social Care Net budget:	125,328	124,737	(591)
	Commissioning			
0	ASC: Care and contracts (incl. LATC)	27,502	27,511	9
0	ASC: Employees	2,369	2,388	19
(50)	ASC: Client contributions	(1,624)	(1,679)	(55)
0	ASC: Income from Health	(3,440)	(3,464)	(24)
0	ASC: Specific grants & Gov. funding	(28,536)	(28,574)	(38)
0	ASC: Other services, voluntary sector, projects.	410	412	2
0	Procurement	1,181	1,019	(162)
(50)	Total Commissioning Net budget:	(2,138)	(2,387)	(249)
	Housing			
0	Housing Delivery	299	168	(131)
1,300	Housing Options and Partnerships	5,268	4,355	(913)
0	Neighbourhood Services	(2,215)	(2,215)	0
0	Risk and Improvement	374	350	(24)
1,300	Housing Total	3,726	2,658	(1,068)
	Communities			
0	Community Engagement	800	463	(337)
20	Regulatory Services	2,488	2,508	20
60	Safer Communities	770	788	18
0	Service Management	309	309	0
0	Strategic Community Safety	555	533	(22)
80	Communities Total	4,922	4,601	(321)
1,380	Housing & Communities Total	8,648	7,263	(1,385)
(1380)	Housing mitigation strategies			
0	Public Health (fully funded by government grant)	0	0	0
0	Wellbeing Total	131,838	129,613	(2,225)

Adult Social Care and Commissioning

3. The care budgets were rebased to reflect the current care need mix and the market sustainability fund was used to rebase the weekly care homes fees in line with market pressures. However, care cost pressures continue in the second quarter of 2023/24 due to both demand for care home placements 5% above budget and residential fees 3% above budget mainly for packages of care to support patients leaving hospital. The demand for home care packages is now 16% higher than budget, although this pressure is partially mitigated by lower take up of direct payments.
4. The cost of care for people with Learning Disabilities and Mental Health shows a potential underspend due to a combination of delayed demand, lower cost than previously anticipated and delays with mental health hospital discharges.
5. Employees savings is due to ongoing vacancies because of expenditure control measures and some recruiting difficulties.
6. Additional client contributions above budget are expected due the additional caseload. However, we recognise that a proportion can be considered ongoing and therefore the 2024/25 budget will be increased by £0.3m.
7. The Council is intending to make use of transfers from Health under Section 256 agreements to fund legacy and ongoing pressures as a direct result of hospital discharge and new ways to assess, noting that this is temporary one-off funding.
8. Additional income from the NHS for continuing health care (CHC) eligibility. Again, there is a recognition that a proportion can be considered as ongoing additional income therefore the 2024/25 budget will be increased by £0.2m.
9. Addition grant funding has been used to offset expenditure and this was not expected when the quarter one forecast was produced.
10. The Commissioning Directorate is experiencing variances of a smaller order with the largest variance being vacancies in the procurement department.
11. There are risks associated with the continuing increase cost of residential care homes fees, capacity in the home care market and demand for care from both hospital discharges and the community over the next months of this financial year. The current projections reflect known factors as at quarter two.

Housing & Communities

12. The Housing & Communities service is reporting in-year pressures, but these are being mitigated by an allocation of external grant funding in recognition of the staff costs and other overheads incurred in administering the schemes.
13. Housing options and partnerships are continuing to face a significant challenge with the cost of Bed & Breakfast and temporary accommodation increasing the housing benefit subsidy clawback charge. The in-year homelessness prevention grant (HPG) will be fully used this year to support the clawback and the increased costs from inflation on contracts and staffing costs aimed at reducing homelessness. The reserve balance held from previous years is expected to be reduced considerably retaining a £0.5m balance to carry forward into 24/25. This will create challenges next year to spend within the HPG in-year allocation, but mitigations are being actively sought to create alternative accommodation options.
14. There remains a pressure on the CCTV service, however this is also being offset by grant funding with a favourable variance within the public protection service.

Children's Services

15. The services within the Children's directorate are unchanged from last year except for the return in quarter two of the children's commissioning team and transfer of the full year budget.

Q1 Report Variance £000's	Service	Working budget £000's	Forecast £000's	Q2 Report Variance £000's
(2,921)	Children Services Management & Commissioning	7,452	3,028	(4,424)
0	Grant Income	(6,063)	(6,063)	0
2,201	Safeguarding & Early Help	13,268	15,854	2,586
277	Corporate Parenting & Permanence	45,000	49,182	4,182
205	Quality, Performance Improvement & Governance	4,431	4,732	301
238	Education & Skills	19,923	19,331	(592)
0	Partnerships	2,195	2,195	0
0	Children's General Fund Total	86,205	88,259	2,053

16. Childrens Services management incorporates various budgets including the overall service agency budget. This is held centrally as the agency use within individual service units fluctuates based on demand and vacant positions. The forecast variance is directly offsetting the staffing overspends shown in all other directorates as described below.
17. Safeguarding & early help has the highest use of agency as the front door teams (multi-agency safeguarding hub (MASH)/assessment/children & families first) are predominately the most challenging social worker posts to fill permanently.
18. The agency use within corporate parenting & permanence relates to the children in care teams. The service continues to work to reduce the level of over-established agency social workers. The agency were above establishment levels to stabilise the service and support quality assurance activities.
19. Staffing pressure within quality, performance improvement & governance relates to additional independent reviewing officer (IRO) posts required to manage the increased level of case work.
20. The shift in pressure from quarter one within the education and skills directorate reflects the freezing of vacancies within some teams. The quarter two net variance includes pressure from the educational psychology service due to difficulties recruiting as mentioned in the quarter one report.
21. Considerable work has been undertaken to review the forecast cost of all children in care placements costs. The pressure is shown within corporate parenting & permanence directorate. There has been an increase in the number of CiC (children in care) during this financial year, 26 new CiC from April 2023, 17 of which during quarter two.
22. A high number of these additional placements are residential based settings, with an average annual cost of £0.347 million.
23. A demand and mitigation programme has been developed and will be introduced with specific reference to seeking efficiencies within various workstreams relating to care placements. Specifically looking at over 18 placements, 16 plus residential placements, under 12 residential placements and unregistered placements. An assumption of reduced in year spend has been included in the forecast variance with further work to seek additional mitigations against the current £2 million variance.
24. The services are continuity reviewing the use of agency staff and with the ongoing recruitment campaign to attract and retain qualified social workers, there is an aspiration to further reduce the cost incurred from high agency premium.

25. As part of the Cabinet decision regarding expenditure control measures any request for general fund spend is reviewed and approved by service directors. Specific attention is being applied to expenditure around the duty to safeguard and promote the welfare of children in general within the local authority (Section 17). This could further reduce the current forecast variance.

Operations

26. A significant reorganisation of the directorate was undertaken at the start of the year. Overall, a budget deficit of £4.3m is projected at quarter two, an increase compared with the first quarter, in large part due to lower carparking income. Mitigation strategies are in progress as set out by the Chief Operations Officer in Appendix A4.

Q1 Report Variance £000's	Service	Working budget £000's	Forecast £000's	Q2 Report Variance £000's
	Commercial Operations			
552	Leisure Centres	(593)	(372)	221
(215)	Seafront	(5,611)	(6,168)	(557)
145	Tourism & Events	1,432	1,299	(134)
(270)	Parking	(18,284)	(15,817)	2,468
212	Commercial Ops Total	(23,056)	(21,058)	1,998
	Environment			
138	Highways Delivery	1,756	1,915	159
0	Waste & Cleansing – green waste	8,000	8,102	102
0	Parks Operations	5,277	5,368	91
500	Bereavement	(1,368)	(895)	473
0	Coroners & Mortuary Service	1,161	1,276	116
0	Service Management	962	962	0
764	Strategic Waste	15,859	16,050	191
0	Greenspace & Conservation	427	427	0
(78)	Transport & Operating Centres	7,134	6,714	(420)
0	Passenger Transport	892	892	0
1,324	Environment Total	40,100	40,812	712
	Planning & Destination			
0	Planning Policy	685	641	(45)
0	Development Management	(1,043)	426	1,469
0	Planning Enforcement	467	467	0
0	Design & Heritage	359	420	62
0	Planning Arboriculture/Landscape	346	453	108
0	Planning Research, GIS, & Info	149	149	0
0	Smart Places	104	37	(67)
0	Economic Development	741	732	(8)
0	Planning & Destination Total	1,807	3,325	1,518
	Infrastructure			
0	Building Control	171	164	(7)
0	Asset Engineering	2,895	2,770	(124)
0	Flood & Coastal	839	871	32
0	Network Management	2,012	2,173	161
0	Sustainable Travel	8,827	8,981	154
0	Transport Development	665	738	73
0	Transport Improvement	30	30	0
0	Engineering	1,269	1,228	(41)
	Infrastructure Total	16,707	16,956	248

Q1 Report Variance £000's	Service	Working budget £000's	Forecast £000's	Q2 Report Variance £000's
	Regeneration	700	700	0
	Customer, Arts, & Property			
0	Libraries	6,130	6,127	(3)
0	Customer Services	2,566	2,566	0
0	Out of Hours / Telecare	(107)	(136)	(29)
0	Poole Museum	692	525	(167)
0	Russell Cotes Museum	440	440	0
0	Arts Development	411	409	(2)
0	Cultural Partners / Compact	969	968	(1)
476	Facilities Management	7,089	7,375	286
0	Public Toilets	(975)	(975)	0
0	Construction works and other income	412	(288)	(700)
0	Business Support	6,665	6,865	200
476	Customer, Arts, & Prop. Total	24,293	23,878	(413)
0	Operations Strategy + Utilities	2,956	3,076	120
2,012	Operations Services	63,508	67,688	4,180
(2,012)	Mitigation strategies			
0	Operations Total	63,508	67,688	4,180
0	Regeneration activity brought in-house	0	636	636

Commercial Operations

27. Commercial income, which includes carparking, reduced between quarter one and quarter two due to unfavourable trading conditions. A partial recovery was experienced during September when the weather improved. However, the income target of roughly £1m per week will prove challenging to achieve if the poor weather is experienced again in early spring when higher income levels are normally expected.
28. The income forecast for leisure centres and park concessions improved over quarter two, but income remains below budget, including contract income from BH Live leisure centres.
29. The seafront trading projection has improved over quarter two with higher income expected in seafront concessions than previously and with reduced expenditure in repairs and maintenance and arcade machine purchase as now only essential spending is permitted.
30. The tourism and events variance due to previously undelivered festival savings noted at quarter one, has been mitigated through generating additional external funding for the Christmas lights and savings in delivering other festival and events.
31. Parking operations are forecast to meet income targets for pay and display charges, however additional pressures regarding permit fee income and the costs associated with income collection are contributing towards a net pressure of £2.5m for this activity.
32. Mitigating the main pressures listed may require further deferment of expenditure in the short term. This includes for routine repairs and maintenance and planned investments in key income generating assets.

Environment

33. The overspend for environment services identified last quarter has been reduced from £1.3m to £0.7m at quarter two, largely due to reduced expenditure in strategic waste and the transport operating centre.
34. Highways are experiencing pressure on vehicle costs in preparation for the winter service, also improvements are needed for plant and machinery to meet Health & Safety Executive standards.
35. The waste and cleansing pressure is for the cost of materials, external services and overtime incurred to support the summer season, partly offset by additional green waste income due to the 2024 fee increase from January.
36. Bereavement services are forecasting a pressure on income of £0.5m, with savings on expenditure providing a small offset. The number of cremations has continued to fall below budget due to the competition from other market options now available. The coroners and mortuary service has a one-off pressure from a high-cost inquest, partly offset by a reserve balance. The service is undertaking a higher number of inquests after covid.
37. Pressure on the waste disposal contract and recycling prices influenced by the market are partly offset by lower than budgeted waste tonnages. Household recycling centres are using more agency staff and sub-contractors necessary keep the sites operational and generate income streams, with commercial income projected ahead of budget.
38. Transport and operations underspend is mainly from fuel savings in the first half of the year although prices are currently increasing. Vehicle hire is lower than budgeted and workshop income is also contributing to the favourable position.

Planning & Destination

39. The planning service is forecasting a £1.5m overspend, largely in the development management service. There is a pressure from agency usage and establishment staff costs of £1.3m as the planned staff restructure has been delayed. This was needed to manage the budget reductions from the removal of short-term service improvement funding and planned savings in non-statutory services. There is also an estimated income shortfall of £0.2m for planning fees but this could be recovered by the end of the year as fee income is variable throughout the year.

Infrastructure

40. The latest projection for infrastructure services is a £0.2m overspend.
41. Pressures within network management £0.2m across a range of expenditure headings.
42. Sustainable travel has net pressures of £0.2m. Pressures are within bus shelter repairs and maintenance and cycling walking costs of 0.4m, with some offset from concessionary fare (£0.1 m) and use of grants (£0.16m).
43. In engineering there is a pressure from consultancy fees relating to the Twin Sails bridge of £0.15m with this offset in other areas by estimated increased charges to the capital programme.

Customer, Arts, & Property

44. There is a net surplus projected of £0.4m from cost savings and additional income.
45. Pressures are within facilities management from delay in disposing of buildings and incurring general maintenance costs higher than budget and within business support, which reflects the ambitious staffing reductions being difficult to achieve.
46. Additional income is projected for capital works of £0.5 million and further dividends of £0.2m from the council's company Bournemouth Building and Maintenance Ltd.

47. There is an underspend from Poole Museum being closed for major refurbishment with business rates and supplies and services savings during this period.
48. Telecare is experiencing significantly reduced income compared with budget due to lower take up since fees were increased this year, and as service users are cancelling to reduce their household outgoings. However, this has been fully mitigated by salary savings within the service.

Operations Strategy

49. There remains an unmitigated staffing pressure of £0.1m which Operations will need to mitigate across the directorate.

Regeneration Activity

50. The regeneration activities of the wholly owned council company, BCP FuturePlaces Ltd were brought into the council from 1 November 2023 with the cost estimated at £0.6m over the remainder of the year.

Executive & Resources

51. The Resources directorate has been refocused on professional support services in 2023/24 with a range of services, such as facilities management, regeneration activity, customer and business support moving to Operations. The overspend identified at quarter one has been eliminated in quarter two by the greater use of grants to support expenditure and from the implementation of expenditure controls. An underspend of £0.4 is now forecast for the directorate.

Q1 Report Variance £000's	Service	Working budget £000's	Forecast £000's	Q2 Report Variance £000's
0	Executive	927	999	72
0	Executive Total	927	999	72
454	Law and Governance	4,333	4,770	437
0	Marketing, Comms and Policy	2,590	2,533	(57)
0	People and Culture	2,005	2,005	0
0	Finance	12,651	11,835	(816)
519	IT and Programmes	12,414	12,332	(82)
0	Resources Total	33,993	33,475	(518)
973	Executive & Resources Total	34,920	34,474	(446)
(973)	Mitigation strategies in development			0
0	Resources Total	34,920	35,249	(446)

52. Executive is forecasting an overspend due to agency costs being incurred for longer than originally planned. In addition, this has consumed the saving expected whilst some posts were vacant which can no longer offset the vacancy allowance within the budget.
53. The overspend on law & governance is expected to remain at £0.4m although there are some fluctuations within the departments. The cost of the legal team's locums has risen to almost £0.2m compounded by vacancy allowance as the workload has not enabled the service to carry any unfilled posts.
54. The registrars' service continues with its downturn of income as families are opting for basic packages resulting in a £0.2m pressure. This is combined with £0.1m employee cost pressure due to an increase in salary costs needed to stabilise the workforce last year with the intention of additional income being generated but this has not

materialised. The pressure on land charges has increased to £0.08m due to stagnation in the property market.

55. Marketing, communications, and policy had a significant savings target to achieve for 2023/24 as well as pressures carried over from the previous year to be managed by a review of marketing spend across the whole council. They have worked hard to achieve this with a slight additional surplus forecast.
56. Finance overall has some variations on staffing across the departments and has been able to make savings on vacancies overall and from the expenditure controls in place. Allocations have been made from grant funding in recognition of the staffing and overhead costs incurred for the schemes.
57. The IT and programmes team have managed to significantly reduce their staffing cost pressure within the projects team by not filling vacancies and recharging some costs to services for specific projects. Vacancies have also remained unfilled across the whole of the IT department.

Corporate Budgets

58. Corporate budget variances and one-off items that impact on the outturn for 2023/24 are shown in the table below.

Q1 Report Variance	Service	Working budget	Forecast	Q2 Report Variance
£000's		£000's	£000's	£000's
	Ongoing variances			
3,400	Pay award 2023/24	3,987	8,787	4,800
(2,501)	Utilities (Electricity / Gas) price movement	0	(2,501)	(2,501)
(1,009)	Business rates adjustment	(49,825)	(50,834)	(1,009)
(207)	Capital direction repayment (avoided)	207	0	(207)
(99)	Public Health Grant (additional supporting services)	0	(99)	(99)
	One off variances			
(2,225)	Budget Contingency	2,225	0	(2,225)
(1,552)	Redundancy costs (non-transformation)	2,070	518	(1,552)
(665)	Treasury management interest income	(2,525)	(3,255)	(730)
(628)	VAT rebate	0	(628)	(628)
(806)	Pay & grading project	991	185	(806)
(347)	Dilapidation provision release	0	(347)	(347)
(86)	Other one-off items	0	(86)	(86)
200	Website improvements	0	200	200
6,716	Unidentified transformation savings non-delivery	0	6,671	6,671
0	Prudential Borrowing Repayment	13,489	12,089	(1,400)
0	Investment Properties	(5,034)	(5,034)	0
0	Council Tax Income	(243,798)	(243,798)	0
0	Other Corporate Items	(38,257)	(38,257)	0
191	Corporate Total	(316,471)	(316,389)	81
(191)	Mitigation strategies in development			
0	Corporate Total	(316,471)	(316,789)	81

59. Estimated pay award is more than allowed in the original 2023/24 budget by £4.8m based on the latest offer to the unions, which has now been accepted and will be paid in November 2023.
60. Utilities are budgeted within services with these budgets reduced by £2.5m and the saving taken centrally to reflect price adjustments since the budget was set in February.
61. Business rates payable to government is projected with a favourable adjustment of £1m, which will apply until the central calculation method is reset.
62. The capital direction expected to be drawn down when the budget was set was avoided as the outturn for 2022/23 was better than expected. The related borrowing costs of £0.2m have therefore been avoided.
63. The budget contingency of £2.2m is used to offset the anticipated net pressures.
64. Redundancy costs that cannot be charged to the transformation programme (where only statutory amounts can be included) are expected to be 75% lower than budgeted at £1.6m based on the experience in 2022/23. This was likely impacted by the high level of vacancies across services which is on-going.
65. Treasury management income is projected to be higher than budget by £0.7m as the returns on investments is linked to base rate movements and these are higher than anticipated.
66. A VAT rebate of £0.6m has been received following a recent national case for VAT charged on leisure services provided by local authorities.
67. The pay and grading project budgeted to conclude during 2023/24 with a net increase in the council's pay bill has been delayed. Agreement with the trade unions was not concluded according to the planned timescale with implementation of harmonised pay across the council not now expected this financial year. The additional salary costs allowed in the budget of £0.8m will not now be incurred but project staff will need to continue working on the activity during the year.
68. The £0.3m remaining in the dilapidation provision for the end of the Newfields lease can now be released.
69. Budget virements were processed in quarter one to remove budgets from services permanently based on a review of unexpected variances in the fourth quarter of 2022/23. Further reductions were made following budget challenge sessions in October. This has enabled the unidentified transformation savings included in the budget to be reduced from £10.7m to £6.7m with the quarter two projection assuming these will remain undelivered.
70. A review of the Council borrowing repayment of fleet costs has identified a £1.4m saving against the budget set in 2023/24.