

Appendix A1: Projected Revenue Budget Variances by Service Area 2025/26

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

Wellbeing – £3.7 overspend (2.6%)

2. The Wellbeing directorate is projected to overspend by £3.7m due to additional net expenditure in adult social care services.

Q1 Variance £000's	Service	Working budget £000's	Projected Outturn £000's	Q2 Variance £000's
	Adult Social Care Services			
4,120	Care packages – all ages and needs	191,028	198,243	7,215
321	Employees	27,747	27,810	63
(1,172)	Client Contributions	(32,442)	(34,364)	(1,922)
(302)	Health Funding: CHC/JF/Sec117/BCF	(28,043)	(29,111)	(1,068)
0	Income from NHS (Section 256)	0	0	0
4	Other Funding: grants, other authorities, NHS	(17,670)	(17,740)	(70)
19	Other services: training, running costs, etc.	375	443	68
2,990	Total Adult Social Care Services	140,995	145,281	4,286
	Commissioning			
(6)	ASC: Care and contracts (including Tricuro)	30,238	29,811	(427)
(31)	ASC: Employees	3,105	3,051	(54)
(107)	ASC: Client contributions	(1,624)	(1,384)	240
(150)	ASC: Health Funding: CHC/JF/Sec117/BCF	(9,020)	(9,151)	(131)
0	ASC: Income from NHS (Section 256)	0	0	0
(17)	ASC: Grants and other income	(35,948)	(35,960)	(12)
(8)	ASC: Other services/voluntary sector/ projects, etc.	670	658	(12)
(317)	Total Commissioning	(12,579)	(12,975)	(396)
	Housing and Public protection			
0	Asset Management	(2,280)	(2,280)	0
0	Housing and Community Management	230	230	0
(60)	Public Protection	3,293	3,233	(60)
(161)	Strategic Housing and Partnerships	6,643	6,482	(161)
(221)	Total Housing and Public Protection	7,886	7,665	(221)
	Public Health and Communities			
0	Community Engagement and Safety	1,254	1,254	0
0	Public Health – ring-fenced grant funded	0	0	0
0	Total Public Health and Communities	1,254	1,254	0
2,452	Wellbeing Total	137,557	141,225	3,668

Adult Social Care

3. The Adult Social Care (ASC) service unit is projected to be overspending by £4.3m at the end of second quarter of the financial year.
4. The most prominent component of the above position is attributable to cost of care and care packages driven by demand for adults aged 65+ and high-cost placements for service users with learning disability and autism related needs.
 - a. Short term trend analysis suggests that between April and end of September demand for care home placement for adults aged 65+ increased by 7.8%. This volume increase is mainly from hospital discharge and quicker than anticipated private service users' capital depletion. There is also significant impact on cost of care from service users accessing council commissioned care where such arrangements are backed with service users' assets.
 - b. Close to £0.3m of cost increase within community care for adults aged 65+ is an effect of accepting an ordinary resident case from Hampshire (retrospective payment back 6 years).
 - c. Cost of care estimate for adults aged 65+ assumes operational actions to bring the caseload down to budgeted level by the end of the year. An estimate of £1.0m is already built into the projection to allow for the success of demand management.
 - d. Cost of care home placements for younger adults was adversely affected by a high-cost case transferred Adults from Children Social Care at a cost of £15,000 per week. As a result of Adults Social Care putting the case at Director level forward for CHC / joint funding the ICB agreed a 50-50 cost split. And furthermore, with adults bringing the case to Court of Protection (COP) it was possible to move the case to a better value placement. This enabled a reduction of the cost to the Council to £0.2m (expected further cases to materialise).
 - e. The number of specialism cases in community care or approved for such care exceeds planned activity by 8%, whilst the cost of such care, driven by needs complexity, exceeds planned level by 15%. Specialism care home placement fees are being reviewed on an individual basis. Outstanding uplift negotiations are continuing in the autumn and the projection includes £0.25m to allow for these changes.
5. The rising demand for care noted above has an impact on the level of contributions collected with client contributions 6% more than the planned level. The number of service user contributions recorded between April and September where providers are paid gross are improving the position according to assessed charges. This area now reflects all care contributions backed by service users' assets.
6. Staffing turnover has slowed with fewer vacancies than usual in the second quarter. Agency spend cost controls and the vacancy freeze implemented in quarter two have resulted in a lower annual staffing projection with the variance now only £60,000 overspent, which is a reduction compared with the first quarter of over £0.25m.
7. Due to the rising volume of service users in care, the number of cases where cost sharing with the health authority is in place or fully funded within NHS has also continued ahead of budget, estimated at £1.1m. This projection includes newly agreed joint funded cases and recharges to the NHS following ordinary residence agreements and high-cost transition case mentioned in paragraph 4. More cases are being shared also with out of area health authorities.

Commissioning

8. The Commissioning service unit is projected to underspend by £0.4m, a small increase since quarter one.
9. Contractual arrangements have been reviewed with block bed commitments reconfigured to achieve in-year efficiencies or allow for demand changes where beds are not being fully used. This underspend alleviates cost of care pressure in Adult Social Care.
10. There are a small number of health care eligible service users in commissioning-led block contracts in the council-owned (Tricuro) care homes. The full cost of the service is recovered, and this is linked to the care packages overspend in ASC services noted above, with income of £0.13m more than planned.
11. Service user contribution variance was amended from the first quarter to reflect deferred contributions backed by a service user's property.

Public Health & Community Engagement and Safety

12. Public Health, including the smoking cessation service, is fully funded by external Department of Health and Social Care (DHSC) grant and currently is projected to spend all resources on planned services.
13. Early this financial year, the service received an assurance visit from Regional Director of Public Health (RDPH) to assess the council's use of grant funding. The RDPH was assured the planned use was consistent with the DHSC expectations and grant conditions. Preparations and conversations during the visit clearly indicated that future national funding growth will be limited and robust scrutiny of current budgets and reserve management will be necessary to make sure sustainable public health services can be delivered in the coming years.
14. Community engagement and safety is primarily funded through grants, community initiatives, and strategic partnerships, with allocations confirmed for the year. The service continues to operate within budget with no forecast variances anticipated, consistent with the previously reported position.

Housing & Public Protection

15. Strategic Housing is maintaining a projected underspend of £0.161m. This is mainly due to the use of targeted grant funding to support specific homelessness initiatives, which has reduced reliance on base budget provision. The service continues to face in-year challenges, including meeting borrowing repayments associated with temporary accommodation stock, managing bad debt linked to a vulnerable client base, and addressing repairs and maintenance needs on older housing assets. While these pressures persist, the grants are expected to be fully utilised within the financial year, helping to mitigate some of the cost pressures and support ongoing service delivery.
16. Public Protection continues to report a small surplus, consistent with the position outlined in the previous quarter. This is supported by one-off funding towards operating costs, helping to offset pressures around income generation and staffing. These challenges are being actively managed to maintain financial stability within the service.
17. Asset Management includes income and maintenance responsibilities related to photovoltaic (PV) panels and garages. While an in-year surplus from PV income is possible, this is subject to change due to the need for ongoing investment in the asset base to sustain future income generation. Additionally, there is a timing lag in PV income receipts, with only one quarter of actuals received to date. By the next reporting period, a further quarter of income will have been receipted, providing a more robust basis for forecasting.

Children's Services – £2.7m overspend (3%)

18. The forecast overspends for Children's Services at quarter two is £2.7m, an increase of £1m since quarter one.

Q 1 Variance £000's	Service	Working budget £000's	Projected Outturn £000's	Q2 Variance £000's
821	Commissioning, Resources and Quality	20,293	19,794	(498)
4,660	Children's Social Care	65,327	71,052	5,725
-	Education and Skills	24,213	24,625	412
(3,807)	Service Management	(9,866)	(12,770)	(2,904)
1,674	Children's General Fund Total	99,966	102,701	2,735

19. The overspend is driven primarily by increased number of children in care & increased costs, including for special guardianship orders (SGOs). There is the potential for this level of overspend to grow if recent trends continue but the service is working to curtail further growth where possible. It is worth noting that the increase for the total number of children in care this year from the beginning of April to end of September was 32 compared with the growth of 17 throughout 2024/25.

20. The forecast also includes approximately £0.9m relating to cost of young adults (over 18 years) who continue to be funded by Children's Services, despite being more appropriately aligned to housing or adults social care budgets.

21. Commissioning, Resources and Quality: This area is forecast to be underspent by £0.5m due to staffing budget underspend.

22. Education and Skills: The forecast overspend of £0.4m is due to employee costs and additional legal costs linked to SEND cases.

23. Service Management: The underspend of £2.9m is due to savings in staff budgets and general grant and other income and use of reserves (£0.7m) that provides funding for expenditure across a range of service areas.

Operations – £0.3m overspend (0.5%)

24. The budget projection for Operations is an overspend of £0.3m and a variance against the budget of 0.5% at the end of quarter two. This is an overall improvement of £1.15m since quarter one. The table below summarises the position.

Q1 Variance £000's	Service	Working budget £000's	Projected Outturn £000's	Q2 Variance £000's
	Commercial Operations			
0	Director	1,091	490	(601)
0	Flood and Coastal Erosion	1,041	1,152	111
0	Head of Commercial Operations	100	50	(50)
0	Leisure and Events	839	1,018	180
0	Parking Services	(18,971)	(18,849)	122
31	Seafront	(6,674)	(6,942)	(268)
31	Commercial Operations	(22,574)	(23,081)	(507)
	Environment			
18	Service Management	604	622	18
402	Neighbourhood & Grounds	17,229	17,504	276
(205)	Passenger Transport	244	(91)	(335)
(14)	Bereavement & Coroner	889	683	(206)
0	Strategic Waste	8,332	8,242	(90)
0	Greenspace	546	519	(27)
50	Transport & Operating Centres	5,159	5,209	50
250	Environment	33,001	32,687	(314)
	Planning & Transport			
0	Planning Management	478	478	0
373	Planning Operations	1,002	1,594	592
(30)	Strategic Planning	1,726	1,694	(31)
0	Planning System	122	122	0
130	Transport Policy / Sustainable Travel	12,691	12,727	36
474	Planning & Transport	15,857	16,494	636
	Investment and Development			
0	Housing Delivery	139	124	(16)
0	Regeneration Delivery	1,050	1,050	0
0	Smart Places	122	122	0
(13)	Operations Strategy	78	51	(27)
(13)	Investment and Development	1,389	1,347	(42)
	Customer & Property Operations			
0	Business Support	8,345	8,391	46
0	Culture	3,235	3,235	0
0	Customer Services	2,867	2,866	(1)
163	Libraries	4,527	4,690	163
0	Bournemouth Library PFI contract	1,659	1,659	0
(177)	Engineering	4,525	4,278	(246)
687	Facilities Management	8,110	8,647	537
0	Property Maintenance (CWT & IHT)	(1,358)	(1,358)	0
0	Telecare	161	192	31
673	Customer & Property Operations	32,071	32,600	529
1,415	Operations Services	59,745	60,047	302

25. The services are actively trying to mitigate costs and drive income wherever possible to obtain a balanced position by the financial year end.

Commercial Operations

26. Director of Commercial Operations is reporting a surplus of £0.6m in respect of the 2025-26 pay award as the distribution across the relevant services, where there are equal and opposite pressures currently showing, needs to be established.
27. Parking services are reporting a forecast deficit of £0.1m for quarter two. Whilst quarter two income has been comparable to previous years, this is less than the budgeted income expectation. However, discretionary expenditure has been frozen to mitigate the income shortfall. This position also reflects the net income of £0.2m relating to the PCN trial, which is currently being held in an earmarked reserve.
28. The Leisure & Events service are showing a £0.2m overspend mainly due to staffing pressures and business rates liabilities associated with Kings Park leisure centre.
29. Despite the good weather, seafront services are experiencing a fall in income mainly due to the cliff slip impact on income generating services such as the land train, beach huts, cliff lifts and catering of £0.4m, however this loss of income is due to be offset by use of the cliff reserve and freezing, wherever possible, discretionary budgets, including staffing, equipment and repairs and maintenance, which has allowed the service to turn the position around and report a £0.3m surplus. Cost-of-living pressures for customers and additional cost pressures for staffing and products are still inherent. There are also some seasonal pressures as a response to the anti-social behaviour, with the service attempting to contain within their current budgets, such as in staffing of the multi-agency control centre (MACC) and an increase in body worn cameras.

Environment

30. Neighbourhood services and grounds are forecasting a £0.3m pressure due mainly to the salaries and unbudgeted overtime payments needed within the waste and cleansing teams. Within highways there is lower demand for dropped crossings resulting in lower income, and a pressure for road markings on main roads as they naturally wear, but this has been partly offset by lower Tarmac costs. Since quarter one the service has been able to reduce the forecast overspend by £0.1m and this is primarily within the parks operations service where they have attempted to further cut spending in some of their supplies and services budgets in response to the spend freeze and in holding vacant posts.
31. The passenger transport service has forecast a £0.3m underspend. This is primarily related to vacant driver posts underspending on supplies and services from the spend freeze.
32. The bereavement & coroners service is forecasting a surplus of £0.2m primarily due to holding vacant posts and lower costs associated with postmortems as a result of a slight decrease in the number required to be undertaken following the introduction of Medical Examiner legislative changes.
33. The strategic waste position is forecasting a £0.09m surplus position, however, within that there are some individual pressures and savings. The waste disposal contract recycling price is lower than budgeted for in quarters one and two, and the recycling sales income is higher. This is offset by pressures in external haulage fees, employee costs due to absence and overtime payments.
34. There is an overall £0.05m pressure within the transport & operating centres, on parts, external works, tyres and vehicle hire budgets, partly offset by underspends on salaries due to vacant fitter posts. This position remains unchanged from quarter one. The service has now secured two apprentice positions and filled a vacant fitter role which will increase in-house capability.

Planning and Transport

35. The forecast pressure within planning operations is mainly due to the lower demand for planning applications and the associated income derived from this activity. This follows on from the reduction seen last financial year and is consistent with the national trend. The planning service are actively trying to mitigate this downward trend where possible.
36. The increase in the deficit position of £0.2m is due to pressures driven by the tree maintenance costs, from the requirement to fulfil statutory duties. There is a backlog of tree maintenance work and to be compliant and avoid further costs this work needs to be completed.
37. Concessionary fares expenditure (statutory service) has increased due to higher demand for bus journeys as reported in quarter one, likely attributable to the better weather in the first half year. It has been forecast that this trend will continue leading to a pressure of £0.4m. This has been partly offset by many small underspends across the transport service with only a small net overspend remaining.

Investment and Development

38. Investment & Development have forecast a small underspend of £0.04m.

Customer & Property Operations

39. Within library services a forecast pressure of £0.16m is mainly related to £0.13m of unrealised savings from delayed opportunities for vacating corporate properties. There is also a smaller pressure of £0.03m from additional security required at Bournemouth central library as a direct result of anti-social behaviour.
40. Engineering services have forecast a saving of £0.2m, the majority being attributable to the Dorset PFI street-lighting contract from lower rates for electricity. The remaining savings are due to holding vacancies and delaying recruitment partly offset by an income pressure within the building control service.
41. Facilities management have forecast a pressure of £0.5m due to the growing demand, year on year for emergency/essential building repairs and maintenance across the council's estate, including the leisure centres and waste transfer stations brought in house last year. Works of £0.16m have been capitalised with funding provided by a small contingent fund in capital reserves under officer delegations. The cleaning contract is also forecasting a pressure of £0.5m and this is mainly due to a centralised budget that was too small in addition to the annual inflation and national living wage increases from the external contractor. The quarter two position has improved by £0.15m due to holding vacancies within the service.
42. The Construction Works Team (CWT) within Property Maintenance has adapted well following the strategic realignment of the CHNAS programme. The team has successfully identified new project opportunities and is now broadly on track to achieve full cost recovery. Work continues to review resource agreements to ensure that recharges remain appropriately aligned with service delivery.
43. From 1 April, the In-House Team (IHT) for repairs and maintenance implemented a revised operating model to ensure transparent and accountable charging to the Housing Revenue Account (HRA). These services are now delivered through the BBML company. As part of this transition, work is underway to right-size budgets and charging arrangements within the general fund, ensuring they reflect the new delivery model and support a balanced financial position.

Resources – £0.2m underspend (0.4%)

44. Executive and Resources provide professional support services to the council and undertake tax collection and housing benefits administration.

Q1 Variance £000's	Service	Working budget £000's	Projected Outturn £000's	Q2 Variance £000's
0	Executive	924	924	0
200	Law and Governance	5,711	6,041	330
0	Marketing, Comms and Policy	2,554	2,551	(3)
0	People and Culture	5,106	5,106	0
0	Finance, Estates and Benefits	17,353	17,183	(170)
0	IT and Programmes	18,774	18,414	(360)
200	Executive & Resources Total	50,422	50,219	(203)

45. Resources overall are currently operating within budget. Services have implemented vacancy management, deferred expenditure, and used reserves where appropriate to help offset overspends. These actions have helped maintain a stable financial position.
46. Law and Governance is reporting a projected overspend of £0.3m. This includes a £0.2m shortfall in land charges income, which continues to be monitored closely. However, as this income is dependent on external market activity, there is limited scope to increase revenue. A local by-election has resulted in a minor cost pressure, for which no external funding is available. Additionally, Registrars are experiencing staffing pressures of £0.14m, although this is partially offset by a small surplus in income. The service is actively reviewing these staffing challenges and considering the options to address them.
47. Legal services continue to manage locum usage, and plans are in place to create a more stable staffing base and reduce reliance on temporary arrangements.
48. Marketing, Communications and Policy services are operating within budget. The service has continued to implement its mitigation strategy from quarter one, with the aim of delivering a balanced outturn. Income generation remains a challenge, but the service is managing its expenditure accordingly and through appropriate use of reserves.
49. People and Culture is currently managing its position through the allocation of staffing costs to the Pay and Reward project. While this has reduced pressure on the core staffing budget for now, the service is also experiencing wider cost pressures linked to the delivery of this project and other priorities.
50. Finance, Estates and Benefits is projecting an underspend of £0.2m. This reflects vacancy management across the service, with finance currently £0.1m under budget. Estates and procurement are also underspending because of the recruitment freeze and vacant posts. Revenues and benefits services are maintaining a balanced position through the planned use of allocated reserves which has helped support the overall budget position.
51. IT and Programmes is forecasting an underspend of £0.4m. This includes a £0.2m saving from the desktop replacement programme, which has been deferred to 2026/27. In addition, efficiencies in photocopying, telephony and mobile costs have resulted in a further £0.15m saving. These savings are partially offsetting pressures within the service, but overall IT and programmes continue to maintain a stable financial position while supporting the council's digital transformation agenda.

Corporate Budgets

52. The table below provides a summary of the variances:

Q1 Variance £000's	Service	Working budget £000's	Projected Outturn £000's	Q2 Variance £000's
160	Pay related costs	(338)	0	338
(2,842)	Contingency	3,145	355	(2,790)
(300)	Interest Payable	9,408	9,108	(300)
0	Investment Income	(655)	(655)	0
0	Pay & grading project	1,916	1,916	0
0	Debt Repayment - MRP & VRP	12,044	12,044	0
900	Housing Benefits	(1,323)	(423)	900
0	Contribution from HRA	(3,743)	(3,743)	0
0	Investment Properties	(5,301)	(5,301)	0
0	Vacant Properties	552	632	80
0	Dividend Income	(316)	(316)	0
0	Levies	658	658	0
0	Apprentice Levy	782	782	0
0	Parishes / Town Precept / Chartered Trustee	1,491	1,491	0
0	Earmarked Reserves use	(8,440)	(9,020)	(580)
0	Pension Backfunding	3,716	3,716	0
0	Admin Charged to Grant Income	(1,820)	(1,820)	0
0	One off Corporate Items	(1,943)	(1,943)	0
(2,062)	Corporate Items	9,832	7,481	(2,351)
	Funding			
0	Council Tax Income	(281,232)	(281,232)	0
0	Parishes / Town Precept / Chartered Trustee	(1,491)	(1,491)	0
0	New Homes Bonus	(246)	(246)	0
0	Revenue Support Grant	(4,416)	(4,416)	0
0	NNDR Net Income	(43,243)	(43,243)	0
0	NNDR 31 Grants	(26,215)	(26,215)	0
0	Estimated Deficit Collection Fund - NNDR	(678)	(678)	0
0	Estimated Surplus Collection Fund - CTAX	0	0	0
(2,062)	Corporate Total	(347,689)	(350,040)	(2,351)

53. An overall £0.3m pressure in pay related costs combine an underspend in the budget set aside for national insurance increases (£0.5m) with a £0.8m overspend on the cost of annual pay award which was agreed at 3.2% compared to the budget 2.8%.

54. The underspend of contingency of £2.8m represents the release of all available budget to support overspends across other budgets.

55. An underspend in earmarked reserves of £0.6m represents the release of capital reserves to support expenditure in services not previously planned.

- 56. An underspend of £0.3m from reduced expenditure in the treasury management function from our continued ability to borrow in the local authority market as opposed to needing to take longer term borrowing via the Public Works Loan Board.
- 57. A £0.9m overspend on housing benefit is forecast based on an increase in costs unable to be recovered by government subsidy.
- 58. An overspend of £0.08m in vacant properties is due to higher than budgeted security costs at sites including Constitution Hill and Fairways.