

Appendix A – Service Revenue Outturn Variances 2018/19

1. The paragraphs below set out the key service variances and explanations.

1.1. Children’s Services (Net budget £86.464m, £0.939m overspend)

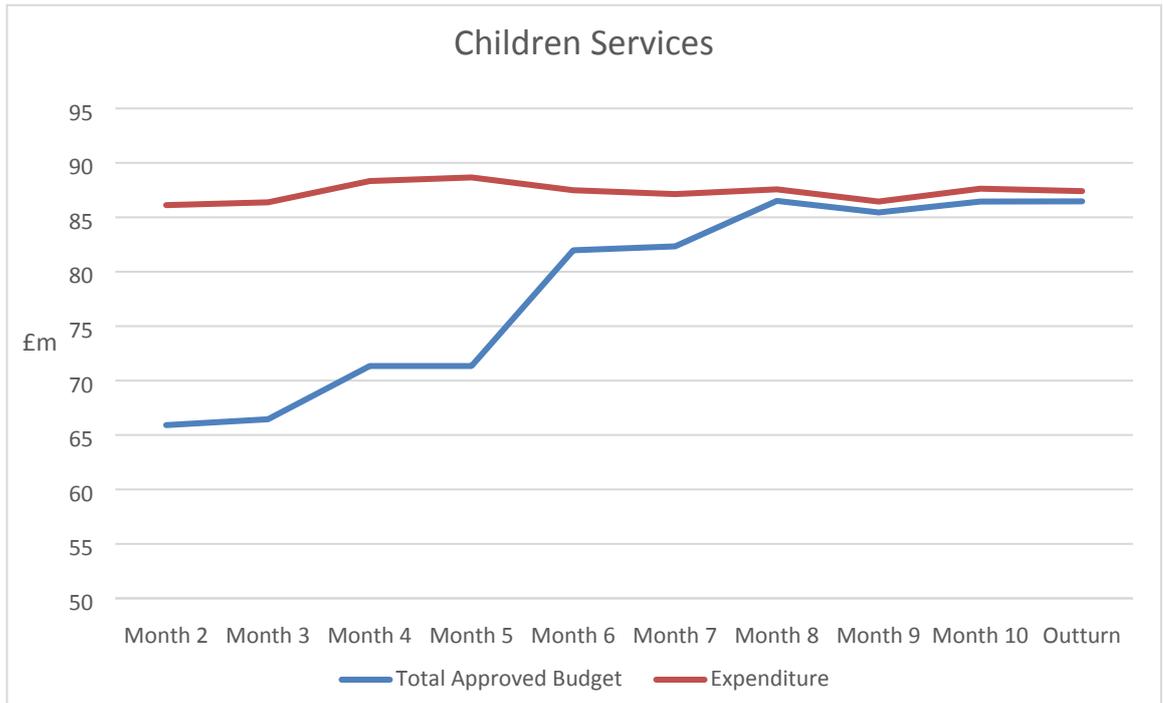
The year-end revenue position as at the 31st March 2019 for Children’s Services is an overspend of £0.939m (1.08% of budget).

1.2. Table B1 – 2018/19 Revenue Outturn – Children’s Services

Service	Total Revised Budget	2018/19 Outturn Adverse / Favourable (-) Variance	Contribution to Earmarked Reserves	Use of Capital Receipts Flexibilities	Net Variance (Under) / Overspend		Previous Cabinet Report (mth10) Variance	Movement from Previous Cabinet Report
	£m	£m	£m	£m	£m	%	£m	£m
Children & Families - Operations	61.910	1.884	0.000	(0.097)	1.787	2.89%	1.806	(0.019)
Children & Learning - Commissioning	24.554	(2.234)	1.452	(0.066)	(0.848)	(3.45%)	(0.624)	(0.224)
Total	86.464	(0.350)	1.452	(0.163)	0.939	1.09%	1.182	(0.243)

1.3. The chart below (Chart B1) shows the Children’s Services budget variance trend for 2018/19, illustrating the impact of the budget rebasing during the year. This was designed to match budget more realistically to the level of spending need. It also shows that the Children’s services spend forecasts have remained relatively stable across the year despite ongoing increasing demands, reflecting the considerable effort by the service to focus on spend control and management actions to mitigate additional increases in spend. It should be noted that these service budgets remain high risk due to the nature and volatility of spend and significant management action continues to mitigate any increases in costs.

1.3.1 Chart B1 – 2018/19 Revenue Outturn – Children’s Services



- 1.4.** Over the last 3 years there has been a sustained increase in demand for social care including children coming into care (14.7% increase in the Children Looked After (CLA) rate per 10,000). This has caused significant pressures within Children's Services against the external placements and fieldwork budgets resulting in increasing overspends year on year. There have also been Medium Term Financial Plan (MTFP) savings that have been agreed with no plans in place to achieve them along with an expectation that services would absorb any inflationary increases, causing pressures, in particular, on the Home to School Transport budget. Increased statutory burdens placed upon local authorities in relation to Staying Put, Special Guardianship, Unaccompanied Asylum Seekers and SEND reforms with insufficient funding has also contributed to these pressures.
- 1.5.** In July 2018 it was reported that Children's services would overspend by £16.991m. Following the implementation of the financial imperative an organisational wide rebase of the budget was undertaken to address the Council's financial position with additional MTFP savings being agreed across all services in the September 2018 emergency Cabinet meeting, to contribute towards achieving this. Children's Services received an additional £12.951m budget in year and put forward an additional £2.135m savings. A further adjustment was made in November 2018 of £4.178m following a Minimum Revenue Position (MRP) review.
- 1.6. Children and Families Operations: Overspend £1.787m (Net budget £61.910m)**
- 1.6.1.** External placements numbers exceeded the budget throughout the year and as at the 31st March 2019 there were 265 placements and an overspend of £3.308m. At the time of the budget rebase it was projected that the total number of days in external placements would be 102,568 compared to the final number of 103,447, an increase of 8%.
- 1.6.2.** Use of high cost unregulated placements has reduced significantly but the transition to alternative permanence has been to residential in most cases, at an average weekly cost of £4,157, compared to fostering at £874. This is in part due to a lack of highly skilled fostering placements that could support children with more complex needs in a family setting. This has also contributed to a shortfall of £0.393m in achieving the full MTFP saving to step down children from residential to fostering placements, with £0.330m of savings achieved in year.
- 1.6.3.** The number of semi-independent placements for 16 plus aged young people have reduced due to work being undertaken by Commissioning and the newly formed 16 plus panel. This has helped in achieving an in-year savings target of £0.189m. Reductions in Unaccompanied Asylum-Seeking Children (UASC) placement costs have also been realised which will contribute towards achieving a savings target in 2019/20. However, children are escalating through the care system and being placed with external providers which has resulted in the overall number of external placements not seen to be reducing.
- 1.6.4.** The number of family assessment placements have decreased during the year but due to decisions made by the courts the placements have been extended beyond the 90 days within which the Council would expect an assessment to be completed. This has increased the number of days in care during the year from 1,394 to 2,258.

- 1.6.5.** At the start of 2018/19 an assessment was done of the number of children in residential placements with health needs and it was estimated that £1.000m should be expected from the Somerset Clinical Commissioning Group (CCG) towards these placement costs. This was revised to £0.500m in December 2018 following a meeting with the CCG and the Council ended the year with a £0.200m contribution. The reason for this reduction is Continuing Health Care criteria not being met or the CCG's view that universal services can provide the appropriate level of health intervention.
- 1.6.6.** Recruitment and retention of a permanent social work workforce remains a challenge but has contributed to offsetting the overspend on placements by £0.494m. The use of locums has been reducing during the year (38.6 FTE in February 2019 in comparison to 53.0 FTE in April 2018), some of which is due to transition into permanent roles and some due to operational decisions to address the financial pressures.
- 1.6.7.** Staff vacancies in the short break disability units along with savings achieved through reviewing the units running expenses has resulted in an underspend of £0.222m. Further vacancy savings across the disability service have contributed £0.092m and the projected uptake of direct payments has been lower than expected, underspending by £0.063m.
- 1.6.8.** Spend against the Children in Need (CIN) and Children Looked After (CLA) budgets supporting children on the edge of care and those in care underspent by £0.153m. Team managers have been working hard to ensure that funding is used in the most effective way to contribute to achieving the right outcomes for children and families resulting in a lower use of this funding than originally anticipated earlier in the year.
- 1.6.9.** An underspend of £0.165m is reported in the Youth Offending and Targeted Youth Service the majority of which is due to vacancy savings.
- 1.6.10.** Business Support underspent by £0.146m following the staffing restructure. This will help towards achieving the second year of the MTFP saving being overseen through the children's transformation programme.
- 1.6.11.** Following professional development staff taking redundancy at an earlier date than forecast the training budget for social work staff is reporting an underspend of £0.100m.

1.7. Children and Learning Central Commissioning: Underspend -£0.848m (Net budget £24.554m)

1.7.1. The education transport budgets overspent by £0.532m, against a budget of £13.518m. The majority was due to 3 routes not being included on Capita reports prior to the budget rebase, as reported earlier in the year. Transporting Somerset are checking and validating the data held in Capita to ensure future forecasting is not adversely affected. This has the potential to impact upon 2019/20 but it is too early to be able to quantify this.

1.7.2. Underspends within Early Help totalled £0.848m. This was largely due to increased payments by results income of £0.376m as per the Troubled Families recovery plan and a reduced call on the grant to support Getset services of £0.399m. Staff left the service earlier than anticipated due to the planned MTFP savings in 2019/20. An additional £0.056m was achieved through building closures.

1.7.3. There have been vacancy savings across all services totalling £0.331m (including £0.111m returned from the Support Services for Education (SSE) commissioned Education Welfare Service) and efficiency savings across all services totalling £0.201m.

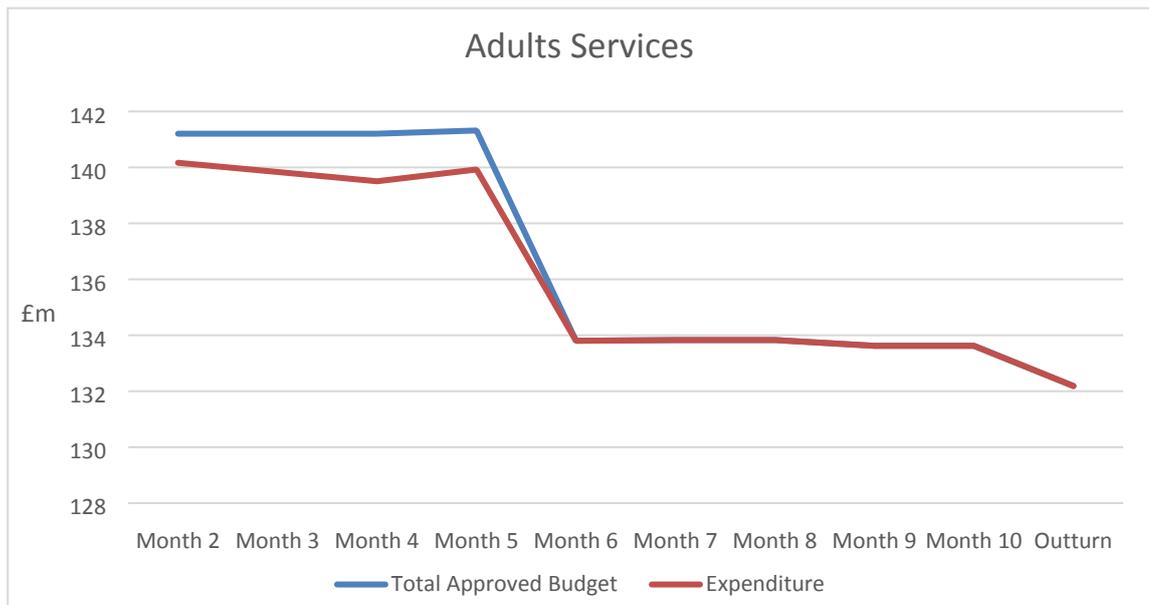
2. Adults' Services including Learning Disabilities (Net budget £132.186m, £0.000m on budget)

2.1. Table B2 – 2018/19 Revenue Outturn – Adults' Services

Service	Total Revised Budget	2018/19 Outturn Adverse / Favourable (-) Variance	Contribution to Earmarked Reserves	Use of Capital Receipts Flexibilities	Net Variance (Under) / Overspend		Previous Cabinet Report (mth10) Variance	Movement from Previous Cabinet Report
	£m	£m	£m	£m	£m	%	£m	£m
Adult Services	132.186	(6.081)	9.719	(3.638)	0.000	0.00%	0.000	0.000
Total	132.186	(6.081)	9.719	(3.638)	0.000	0.00%	0.000	0.000

2.2. The chart below (Chart B2) shows the ASC budget variance trend for 2018/19, illustrating how the service has been managing within budget throughout the year to date. The reduction in the budget in month 6 reflects the rebasing of the Councils budget undertaken in September, following the decisions of the Cabinet required to address the projected overspend.

2.2.1. Chart B2 – 2018/19 Revenue Outturn – Adults’ Services



2.3. Adults’ Services: On budget (Net budget £132.186m)

As predicted throughout the year Adult Social Care has finished on budget. This position is after the use of Capital Receipts Flexibility to fund Discovery transformation costs, and transfers to Earmarked Reserves.

2.4. There have been three changes to the use of earmarked reserves since the month 10 budget report and it is asked that cabinet agree these as follows:

- The amount requested in relation to the underspend against the Winter Pressures grant and the Improved Better Care Fund has increased by £0.048m to £1.978m. This is requested to be set aside in an earmarked reserve. Alongside this, there is a request to move the £0.330m underspend against Home First into this earmarked reserve. The Home First service is jointly funded by Somerset County Council and Somerset Health partners to improve outcomes for those leaving hospital by utilising intensive therapy and reablement. The underspend will be reinvested in the service during 2019/20.
- A new reserve for Somerset’s Sustainability and Transformation Plan has been created. £2.500m has been identified in the system to support this work and it is requested this is moved into a reserve for use in 2019/20.
- The £4.910m Discovery equalisation reserve will also be repaid in full.

2.5. Across the Adults service demand and growth has been managed throughout the year, with the main areas of delivery seeing a reduction when compared to 2017/18 when you take inflationary increases into account. All inflationary uplifts were funded from the Adult Social Care Council Tax precept. These ranged from 5% to 7.5%.

2.6. The main area where demand has been managed is Adults Residential and Nursing placements. The cost of these reduced by £2.489m year on year which is the equivalent of approximately 90 placements. There was also a reduction in spend of £0.313m on short term placements. Whilst funding levels increased in this area to

ensure the quality of provision, usage has continued to drop which is in line with Somerset County Councils desire to reduce permanent placements into residential and nursing settings. This is because placing people in these settings reduces their independence, limits peoples' choices and control and can restrict their liberty.

- 2.7.** One area where there has been a small amount of growth is Mental Health Residential and Nursing placements for younger adults. New and extended placements have increased costs by £0.400m in year. Although a number of these were either short term or joint funded with the Clinical Commissioning Group (CCG) this area will need to be watched carefully in 2019/20 for signs of continuing growth. There was also growth in placements for people with Dementia with an increased cost of £0.594m although this is more in line with previous years increases.
- 2.8.** There has also been a large reduction in the delivery of core domiciliary care this year. The real time change was £1.999m less than 2017/18 which is the equivalent of approximately 2,100 hours per week. This reduction is largely due to a focus on Community Connect, Home First and reablement support being provided at home. This has replaced some core care as well as reducing future need by providing recovery led support that increases people' independence.
- 2.9.** A high number of posts continued to be vacant throughout the year which created an underspend of £1.874m. This position contributed a big part of the service achieving a balanced budget however it should not be considered as a sustainable position. Work is underway with Adults Management Team to ensure that resources are allocated where they are most needed in the new financial year and it is not anticipated that this underspend will be repeated.
- 2.10.** Growth in Learning Disabilities purchased spend has dropped for the second year running with an increase in spend of £0.431m during 2018/19. This compares to growth figures of £4.750m in 2016/17 and £1.499m in 2017/18. The main factors in this has been less reliance on the use of Residential Care and better use of community and employment options, rather than traditional building-based day care.
- 2.11.** As reported previously the transformation of services within Discovery has led to an underspend. This underspend which totals £1.092m which will be used to pay back the Learning Disabilities negative reserve created at the end of 2017/18. Service changes where savings have materialised are the conversion of 3 Residential Homes to Supported Living, removal of the Crisis Support Service and reductions in delivery at Six Acres Day Services in preparation for closure. Capital Receipts Flexibility has been used to fund £3.638m of transformation costs.
- 2.12.** The service made savings totalling £13.966m which includes savings identified during previous years MTFP (£8.438m), the £1.7m underspend reported in year, and savings through the additional savings agreed by Cabinet in September 2018 (£3.828m). All savings were fully achieved.

3. Public Health (*Net budget £0.966m, £0.580m underspend*)

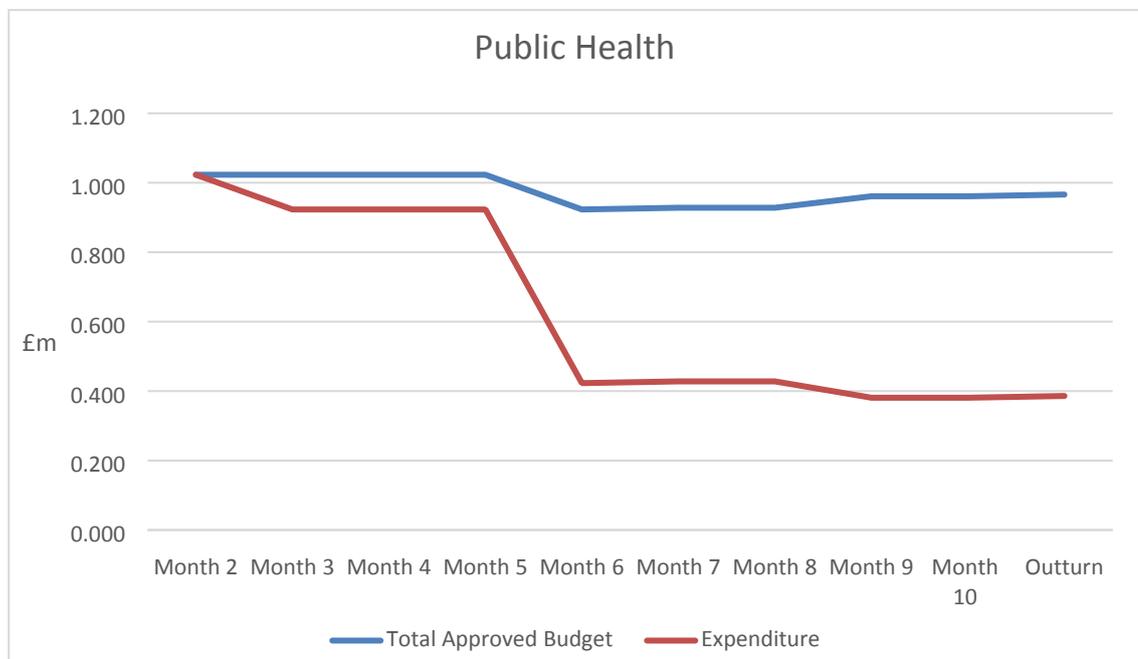
3.1. Table B3 – 2018/19 Revenue Outturn – Public Health

Service	Total Revised Budget	2018/19 Outturn Adverse / Favourable (-) Variance	Contribution to Earmarked Reserves	Use of Capital Receipts Flexibilities	Net Variance (Under) / Overspend		Previous Cabinet Report (mth10) Variance	Movement from Previous Cabinet Report
	£m	£m	£m	£m	£m	%	£m	£m
Public Health	0.966	(0.829)	0.249	0.000	(0.580)	(60.04%)	(0.580)	0.000
Total	0.966	(0.829)	0.249	0.000	(0.580)	(60.04%)	(0.580)	0.000

3.2. Public Health: Underspend -£0.580m (Net budget £0.966m)

The outturn position for Public Health is an underspend of -£0.580m. The variances are explained as follows:

3.3. Chart B3 – 2018/19 Revenue Outturn – Public Health



- 3.4.** The reported underspend is against the Councils element of the Public Health budget and will be used to offset the overall pressure for the Council. The Public Health Grant of £20.723m has been fully spent.
- 3.5.** The Somerset Drug and Alcohol Partnership budget finished underspent by £0.050m and it is requested that this amount be moved into the pooled budget reserve.
- 3.6.** The service made savings totalling £0.207m during 2018/19. These were £0.107m identified during previous years MTFP process and £0.100m MTFP 2 savings. As well as these there was a reduction in the Public Health Grant of £0.547m for which savings were identified and achieved.

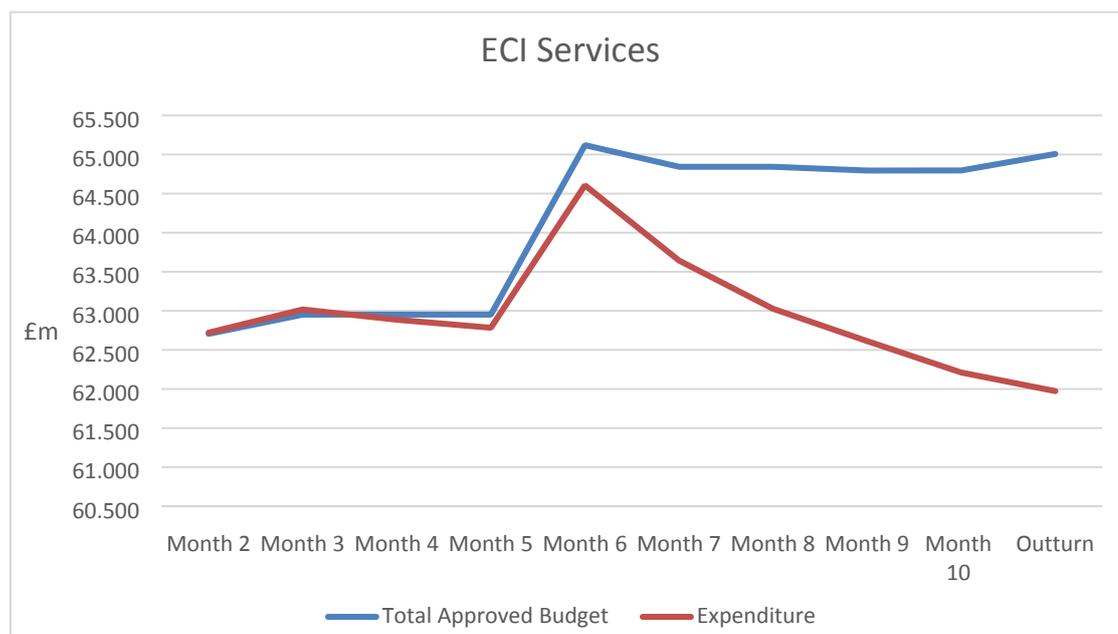
4. Economic and Community Infrastructure Services (ECI) (Net budget £65.007m, £3.034m underspend)

4.1. Table B4 – 2018/19 Revenue Outturn – ECI Services

Service	Total Revised Budget	2018/19 Outturn Adverse / Favourable (-) Variance	Contribution to Earmarked Reserves	Use of Capital Receipts Flexibilities	Net Variance (Under) / Overspend		Previous Cabinet Report (mth10) Variance	Movement from Previous Cabinet Report
	£m	£m	£m	£m	£m	%	£m	£m
Somerset Waste Partnership	27.610	(1.286)	0.000	0.000	(1.286)	(4.66%)	(1.094)	(0.192)
Highways	9.475	0.137	(0.495)	0.000	(0.358)	(3.78%)	(0.258)	(0.100)
Other ECI Services	27.922	(1.989)	1.194	(0.595)	(1.390)	(4.98%)	(1.233)	(0.157)
Total	65.007	(3.138)	0.699	(0.595)	(3.034)	(4.67%)	(2.585)	(0.449)

- 4.2.** The chart below (Chart B4) shows the ECI budget variance trend for 2018/19, illustrating how the service has been increasing its forecast favourable variance over several months.

4.2.1 Chart B4 – 2018/19 Revenue Outturn – ECI Services



4.3. Economic and Community Infrastructure (ECI) finished 2018/19 with a total underspend of £3.034m. This is after £2.838m of in year savings were taken and all fully achieved either as intended, through other achievable means or via service underspends.

4.4. Somerset Waste Partnership: Underspend -£1.286m (Net budget £27.610m)

4.4.1. The overall underspend on Waste Services represents 4.7% of the SCC contribution to the Somerset Waste Partnership annual budget at outturn. In year savings of £0.800m which included volume reductions and negotiated contract savings linked to the contract extension were fully achieved.

4.4.2. Waste tonnages were lower in the first half of the year than budgeted, a large factor in this was the snow at the end of the previous financial year. Tonnages were lower at the kerbside for landfill, sweepings and garden waste, and there was also reduced garden waste at the recycling centres. Reduction in waste tonnages accounts for the majority of the 2018/19 underspend.

4.4.3. There was an £0.080m underspend against restored landfills, predominantly due to lower costs of leachate disposal during the year. Leachate volumes are very weather dependant, so this should be considered a one-off saving.

4.4.4. One off Head Office underspends of £0.092m and recycling sites for licencing, maintenance and tackling trade waste of £0.101m were also achieved during the year.

4.4.5. It is requested that £0.050m is carried forward for Somerset Waste Partnership to extend the coverage of its proposed food waste campaign to cover the whole county.

4.5. Highways: Underspend -£0.358m (Net budget £9.475m)

- 4.5.1.** Highways started the year with a number of pressures totalling £0.446m. This was largely due to historical base budget issues including salaries and insurance charges. Throughout the year Highways have worked hard to address these pressures through charging appropriate costs to capital activities, holding staff vacancies and working with Traffic Management to, where possible, jointly cover costs. The underspend at year end is due to Highway Lighting energy costs being lower than anticipated and a large scheme being confirmed as a capital project during month 12.
- 4.5.2.** In year MTFP savings of £1.243m were agreed. These savings included a redistribution of staff time across capital and revenue budgets (£0.307m), capitalising illuminated asset replacement (£0.400m) and a reduction in the County's precautionary salting network (£0.120m). Highways achieved the majority of these savings, and where savings could not be met they found savings in other areas. A number of vacancies have also been held within the service.

4.6. Other ECI Services: Underspend -£1.390m (Net budget £27.922m)

- 4.6.1.** The outturn position is made up of individual over and under spends across ECI services, the largest of which are detailed below.
- 4.6.2.** Traffic Management was underspent by £0.895m. This is after the Parking Services underspend of £0.333m was moved to an earmarked reserve for future use in line with relevant regulations. The underspend is a result of increased income through charges and enforcement, rather than a reduction in service delivery. The change in CIPFA guidance for the accounting of bad debt impairment led to an increase in underspend of £0.140m from the figures previously reported. As expected, bus gate income has now started to decline, although not as quickly as first anticipated. Holding staff vacancies (£0.077m) also contributed to the overall underspend. Road Safety Projects received a £0.030m grant from Public Health for which a carry forward is requested as the programmes are due to be delivered in 2019/20.
- 4.6.3.** Transporting Somerset was underspent by £0.325m due to surplus income from the charging out of SCC fleet vehicles, an underspend on Concessionary Fares and an underspend on County Ticket due to payments to operators being less than in 2017/18, as a result of student intake being lower at colleges for 2018/19.
- 4.6.4.** Libraries Services were £0.018m underspent; This underspend is requested as a carry forward to provide additional funds to support Library stock in 2019/20. £0.277m capital receipts flexibility funded the cost of the libraries service redesign programme, covering a percentage of staff costs; legal services; senior management and project team costs and transitional Community Library Partnership costs for 2018/19.
- 4.6.5.** Property Services ended the year with a £0.212m underspend. £0.206m capital receipts flexibility funded resource to deliver a range of development projects across the Councils estate to rationalise the property usage and support the asset strategy, including A Block at County Hall. County Farms income has not yet reduced as expected contributing to the overall underspend, this is still anticipated to reduce in future years. The Commercial Properties underspend includes a £0.135m receipt for a surrender payment from the previous tenants of The Court and Popham House. A carry forward is requested for £0.103, to cover costs of the vacant properties in 2019/20. BMIS was £0.073m overspent as a result of schools exiting the Skanska Property Management contract without providing sufficient notice, this was cleared to the negative earmarked reserve. Due to a number of large one-off underspends an additional £0.550m was transferred to the R&M negative reserve, greatly reducing this pressure in 2019/20.
- 4.6.6.** Commissioning was £0.108m overspent of which £0.079m was the pressure as a result of the unachievable element of the unpaid leave. This was offset by savings elsewhere in ECI. £0.025m capital receipts flexibility funded resource to undertake essential forthcoming transformation work on the Commissioning work stream. In addition, a request for capital receipts flexibility of £0.033m was not agreed therefore contributing to this overspend. There were a number of other small over and underspends in this area.

4.6.7. Capital receipts flexibility of £0.087m funded resources within Economic Development to pay for project management, technical assurance and similar delivery costs that are not included within the grant agreements with BDUK / MHCLG.

4.6.8. Other variations were minor and in the main were as a result of in year staff vacancies.

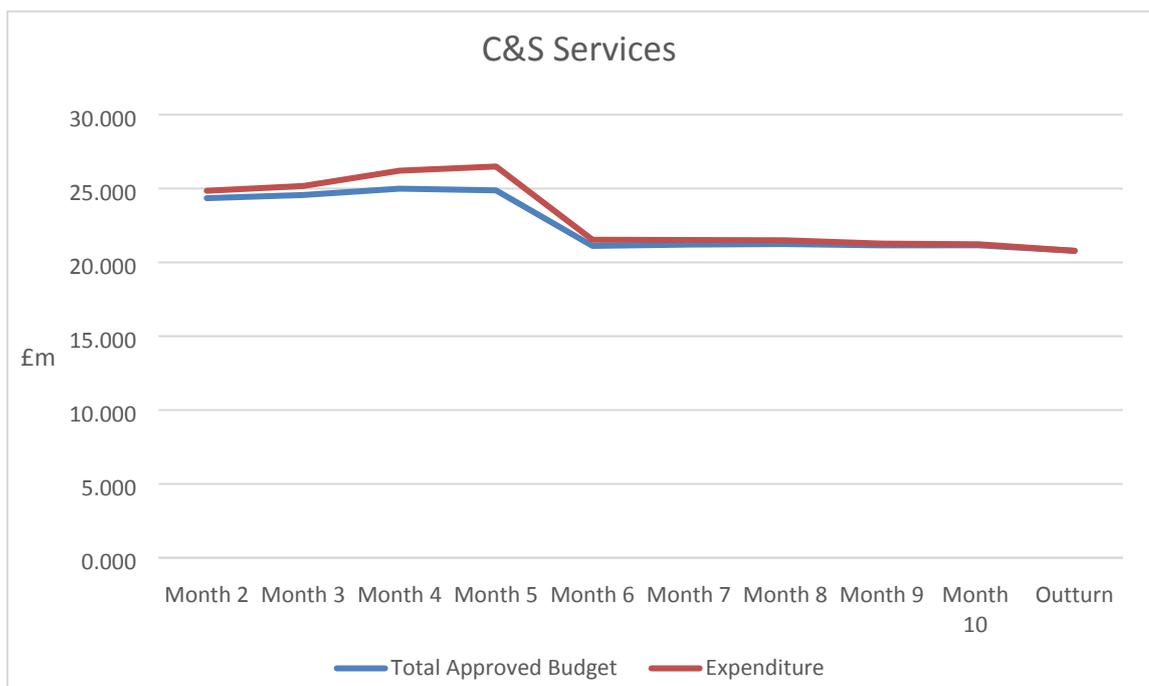
5. Corporate and Support Services (C&SS) (Net budget £20.785m, -£0.003m underspend)

5.1. Table B5 – 2018/19 Revenue Outturn – C&SS

Service	Total Revised Budget	2018/19 Outturn Adverse / Favourable (-) Variance	Contribution to Earmarked Reserves	Use of Capital Receipts Flexibilities	Net Variance (Under) / Overspend		Previous Cabinet Report (mth10) Variance	Movement from Previous Cabinet Report
	£m	£m	£m	£m	£m	%	£m	£m
Corporate Affairs	10.926	2.065	0.933	(2.905)	0.093	0.85%	0.028	0.065
Finance	2.558	(0.035)	(0.008)	0.000	(0.043)	(1.70%)	(0.047)	0.004
Other Corporate Services	7.301	(0.269)	0.223	(0.007)	(0.053)	(0.72%)	0.089	(0.142)
Total	20.785	1.761	1.147	(2.911)	(0.003)	(0.01%)	0.069	(0.073)

5.2. The chart below (Chart B5) shows how the C&SS budget variance trend has moved during for 2018/19, illustrating how the service has managed to control its spend within budget over recent months.

5.2.1. Chart B5 – 2018/19 Revenue Outturn – C&SS



5.3. Overall, Corporate and Support Services were underspent by £0.003m following the net contribution to earmarked reserves of £1.147m and approved use of capital receipt flexibility of £2.911m. This is as a result of the hard work of the services to reduce, in some cases, significant overspends and make savings in line with the

corporate directive.

- 5.4.** There was a corporate rebasing of budgets which increased the overall budget by £0.462m along with a budget reduction for in year savings of £0.794m. All savings were achieved either as intended, through other achievable means or via service underspends, even those that were deemed undeliverable.
- 5.5. Corporate Affairs: Overspend £0.093m** (*Net budget £10.926m*)
- 5.5.1.** Commercial & Procurement were £0.270m overspent at the end of the year. They received £1.108m additional budget in the rebasing, this was required due to several unachievable cross cutting savings. There was a reduction in budget of £0.083m for MTFP in year staff savings as a result of a restructure, these savings were fully achieved. The overspend position is due to cross cutting savings that earlier in the year had been anticipated to be achievable not coming to fruition. £0.933m was transferred to the earmarked Building Schools for the Future equalisation reserve at year end.
- 5.5.2.** The Communications budget was £0.019m underspent even after savings of £0.040m (additional income target) were applied and fully achieved. The underspend is as a result of in year staff vacancies. There was also a drawdown from contingency of £0.057m for a prior year unachievable saving.
- 5.5.3.** The underspend of £0.142m in Customers and Communities is after rebasing resulted in a budget reduction of £0.410m and £0.016m of MTFP in year savings were applied for a reduction in service delivery. The underspend is as a result of a one off (£0.083m) unused carry forward from 2017/18, invest to save monies and £0.059m of staff savings. £0.154m was funded through capital receipts flexibility for resources for transformational activity within the Council.
- 5.5.4.** ICT were £0.010m underspent at the end of the year. They received £0.390m additional budget in year however savings of £0.384m were taken in year. All these savings which were for staff and contract costs were achieved in full. ICT were considerably overspent earlier in the year but the hard work of the Service in not only achieving the in-year savings, but also reducing costs resulted in an underspend of £0.010m at year end. £0.994m of capital receipts flexibilities were used to fund increased resources levels, including external consultancy, across the ICT service to deliver the significant level of transformation activity that is directly enabling.
- 5.5.5.** The expenditure in 2018/19 for The Core Council Programme and Financial Imperative Team £1.756m which has been funded through approved use of capital receipt flexibility. The service supports delivery of transformational projects across the Council as its core business, including delivery of the Core Council Programme and the Financial Imperative work.
- 5.5.6.** Other variations were minor and in the main were as a result of in year staff vacancies.
- 5.6. Finance: Underspend -£0.043m** (*Net budget £2.558m*)

- 5.6.1.** The budget increased by £0.105m in the rebasing exercise to cover additional staff costs. However, since then there have been a number of staff vacancies and due to difficulties in recruiting to vacant posts this has resulted in an underspend position at year end. There was a draw of £0.008m on the Supply Mutual Fund at year end.
- 5.7. Other Corporate Services: Underspend -£0.053m** (*Net budget £7.301m*)
- 5.7.1.** HR & OD were underspent by £0.101. This was after the budget was reduced by £0.273m as part of the rebasing and had £0.111m of MTFP in year savings applied all of which were achieved. The underspend is due to a saving in learning and development of £0.045m following a review of the training plan in line with the 10-point plan and a £0.056m underspend for additional pathway to employment savings and staff vacancies in year.
- 5.7.2.** Democratic Services were £0.107m overspent at the end of 2018/19. In year they received £0.024m additional budget through the rebasing. They also had MTFP savings applied in year of £0.101m. They received £0.007m of capital receipts flexibilities as the new Cabinet Member for Education and Transformation role spends a proportion of their time on supporting the transformational work and programmes (such as Core Council Programme and Information Technology programmes) for the Council. The overspend is principally due to overspends as a result of the team providing corporate support to the Councils work on strategic partnerships such as Heart of the South West and the Peninsula Strategic Transport Board, school admission and transport appeals and some of the MTFP savings proposals being unachievable e.g. Members voluntary deductions from Members Allowances. At year end £0.253m was transferred to the Elections earmarked reserve and £0.031m drawn down from the Heart of the South West earmarked reserve.
- 5.7.3.** Legal Services were £0.059m underspent, the budget increased by £0.375m as a result of the rebasing, there was also a reduction in budget of £0.041m for MTFP in year savings. These staff and way of working savings were achieved either in the manner intended or through service underspends as agreed. The Coroners budget was overspent by £0.021m due to increased service costs. This was offset by an underspend in legal services of £0.080m as a result of staff vacancies and lower than anticipated court, counsel and expert fees.

6. Non-Service (Net budget £12.474m, -£0.391m underspend)

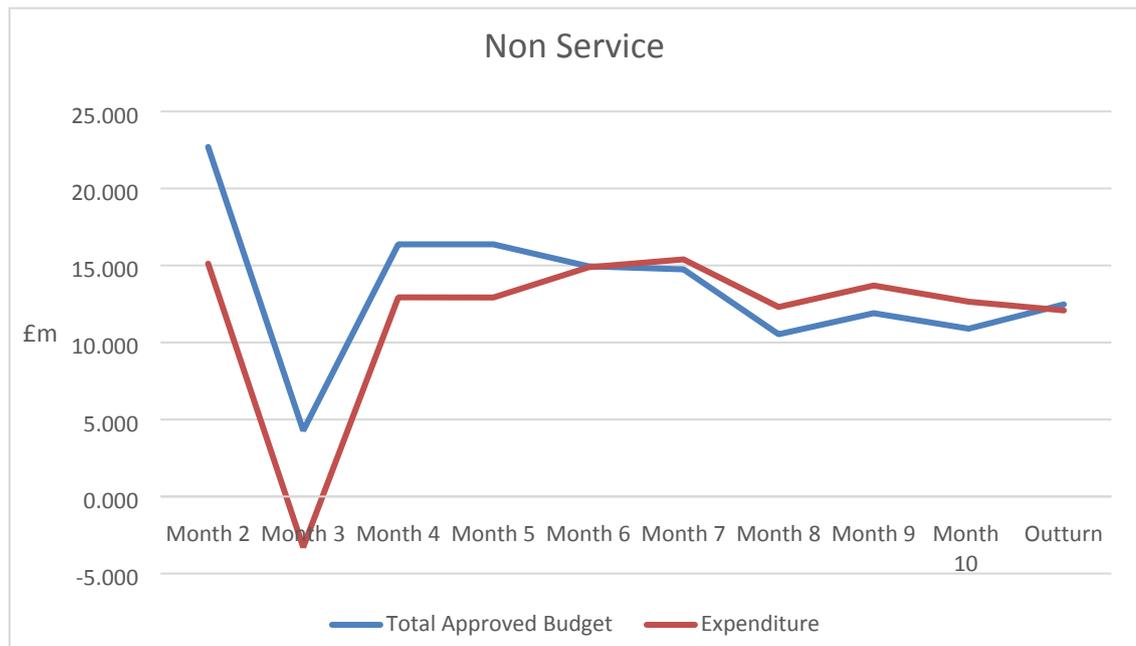
6.1. Table B6 – 2018/19 Revenue Outturn – Non-Service

Service	Total Revised Budget	2018/19 Outturn Adverse / Favourable (-) Variance	Contribution to Earmarked Reserves	Use of Capital Receipts Flexibilities	Net Variance (Under) / Overspend		Previous Cabinet Report (mth10) Variance	Movement from Previous Cabinet Report
	£m	£m	£m	£m	£m	%	£m	£m
CDC/NDC	0.091	0.070	(0.063)	0.000	0.007	7.73%	(0.005)	0.012
Contingencies	1.979	(1.944)	0.000	0.000	(1.944)	(98.27%)	0.000	(1.944)
Contributions	0.808	(0.008)	0.000	0.000	(0.008)	(1.01%)	(0.008)	(0.000)
Central Redundancies	0.708	1.678	0.000	(1.292)	0.386	54.48%	0.220	0.166
Audit Fee	0.109	(0.003)	0.000	0.000	(0.003)	(2.72%)	(0.015)	0.012
Discontinued Services	2.951	0.066	0.000	0.000	0.066	2.24%	0.065	0.001
Pension Deficit	0.847	(0.847)	0.000	0.000	(0.847)	(100.00%)	(0.847)	0.000
Subscriptions	0.101	0.004	0.000	0.000	0.004	3.96%	0.000	0.004
Apprenticeship Levy/Reclaim	(0.042)	0.042	0.000	0.000	0.042	(100.00%)	0.044	(0.002)
Sustainable Transformation Programme	0.009	(0.009)	0.000	0.000	(0.009)	(100.00%)	(0.009)	0.000
Central Debt & Lease Charges	16.429	0.169	0.000	0.000	0.169	1.03%	(0.023)	0.192
Investment Income	(2.138)	(0.871)	0.618	0.000	(0.253)	11.82%	(0.200)	(0.053)
Use of Reserves	1.001	2.931	0.000	0.000	2.931	292.81%	2.531	0.400
Special Grants	(10.420)	(0.931)	0.000	0.000	(0.931)	8.94%	(0.002)	(0.929)
Residual Magistrates Courts	0.043	(0.001)	0.000	0.000	(0.001)	(1.21%)	0.000	(0.001)
Total	12.474	0.346	0.555	(1.292)	(0.391)	(3.13%)	1.751	(2.142)

6.2. Non-Service Items: Underspend -£0.391m (Net budget £12.474m)

The outturn position for Non-Service is an underspend of -£0.391m. The variances are explained in the following paragraphs.

6.2.1. Chart B6 – 2018/19 Revenue Outturn – Non-Service



6.3. Contingency: Underspend -£1.944m

In recognition of the volatility in a number of service budgets, a proportion of the corporate contingency was retained as uncommitted until the final outturn position was known. As the Council is reporting an underspend position, it no longer needs to allocate the corporate contingency fund to support service pressures and this balance (-£1.944m) will help towards supporting a more resilient reserves position.

6.4. Pension Deficit: Underspend -£0.847m

Following a revision to the allocation of the pension deficit recharge to the service, schools are now receiving a more proportionate share of the charge which is funded by their Dedicated Schools Grant resulting in a reduction in the pressure on the Councils budget.

6.5. Apprenticeship Levy: Overspend £0.042m

This is due to a post being funded from the apprenticeship levy pot. This will be funded from C&SS from 2019/20 onwards.

6.6. Central Redundancies: Overspend £0.386m

The costs of central redundancies exceeded the £2.000m budget in 2018/19 due to the sizeable amount of staff leaving as a result of MTFP savings. For example, in 2018/19 235 staff members were charged to this budget, compared with 161 staff in 2017/18.

6.7. Discontinued Services: Overspend £0.066m

In year corporate budget rebasing reduced the Discontinued Services budget by -£0.084m. However, the cost of compensation for loss of office did not reduce as

projected resulting in the overspend.

6.8. Central Debt & Lease Charges: Overspend £0.169m

There is a -£0.132m favourable variance due to; A -£0.030m contingency budget, for interest payments on held funds, not required and -£0.102m of reduced interest costs predominantly from paying off a long-term loan. This is offset by an adverse variance of £0.301m is due to £0.022m of inflation related service costs on our leases and £0.279m for year-end debt management write offs following a new accounting requirement.

6.9. Investment Income: Underspend -£0.253m

The favourable variance is mainly due to -£0.213m of additional interest earned from treasury and property fund investments and -£0.054m of additional interest from the management of waste partnership cashflow. This is partly offset by an adverse variance of £0.020m due to lost interest from Somerset Care withdrawing from 2 lease agreements with regards to elderly people homes.

6.9.1. The Council invests funds earmarked for specific purposes i.e. section 106 (income paid to the Council from developers) and the Local Enterprise Partnership (LEP). The interest earned on these balances is contributed to the specific reserves it relates to, for 2018/19 this was £0.618m.

6.10. Use of Reserves: Overspend £2.931m

The adverse variance of £2.931m is due to a £1.000m contribution to the General Fund Reserve as agreed by Cabinet at their meeting in January 2018 from service underspends. An additional levy has also been received for £1.031m which has been transferred to the General Fund Reserve. Two cross-cutting savings totalling £0.900m associated with exploring more joint working and additional trading activities were assigned to this budget and were not achieved.

6.11. Special Grants: Underspend -£0.931m

This is due to receiving -£0.087m Brexit Grant which had not been budgeted for. Also, an additional -£0.739m was received for section 31 business rates cap reconciliation grant (2017/18) which the Council was informed of late in the year. The Council also received additional funding for the Extended Rights to Free Travel grant of -£0.103m.

6.12. Funding Surplus: Underspend -£2.838m

As reported in previous budget monitoring reports there is a surplus in the Business Rates funding received. The favourable variance of -£2.838m is made up of an additional -£1.273m Business Rates baseline funding, additional -£0.231m Business Rates Surplus, additional -£0.693m for Business Rates Top Up due to the timing of information made available when setting the budget and additional Business Rates Pool Gain of -£0.642m which we were not informed of until late in the year.

7. Trading Units

7.1. Trading Units have a net nil budget. Any underspend is described as a surplus and any overspend as a deficit on the trading account.

7.2. Table B7 – 2018/19 Revenue Outturn – Trading Units

Service	Total Revised Budget	2018/19 Outturn Adverse / Favourable (-) Variance	Contribution to Earmarked Reserves	Use of Capital Receipts Flexibilities	Net Variance (Under) / Overspend		Previous Cabinet Report (mth10) Variance	Movement from Previous Cabinet Report
	£m	£m	£m	£m	£m	%	£m	£m
Dillington	0.000	0.437	(0.437)	0.000	0.000	0.00%	0.000	0.000
Support Services for Education	0.000	(0.371)	0.371	0.000	0.000	0.00%	0.000	0.000
Total	0.000	0.066	(0.066)	0.000	0.000	0.00%	0.000	0.000

7.3. Dillington House: Overspend £0.437m

7.3.1. The in-year deficit of £0.437m was a £237k variance on the initial budget. This was due largely to reduced income from the Adult Education programme (£100k), weddings/events (£23k) and conferences (£29k). Although the number of weddings was significantly lower than estimated, additional income was obtained through increased events to help mitigate the impact. Income from the newly introduced B&B accommodation offer was £135k below forecast, largely due to not going live with online bookings until early December 2018. In addition, overall costs increased by £78k over budget due to fuel costs, pay and pensions deficit increases although £98K was saved on supplies and services to offset these pressures.

7.3.2. The reduced income from the Adult Education Programme and Weddings is largely attributable to the departure and non-replacement of specialist staff in key posts. Savings from holding these vacancies are displaced by significant reductions in income, as a result of less resource and focus on the main income generating activities. Conference income from SCC reduced significantly but impact was mitigated by generating additional income from external users. Appointments have now been made to these posts and they will be working hard under the direction of the new General Manager to achieve improved sales. From August 2019 Somerset Centre for Integrated Learning will be based at Dillington providing additional income for Dillington as well as increased footfall and future opportunities.

7.3.3. A new Business Plan for 2019 – 2021 with specific sales targets and actions has been drawn up and performance against those targets will be robustly monitored. Early indications are positive and show a significant upturn in bookings and income from all income streams. Unfortunately, the impact from developments taking place as part of the revised business plan will not be seen until next financial year, e.g. enabling customers to book Bed and Breakfast accommodation on line through external booking agencies and increasing exposure through wedding fairs, refresh of the education programme, etc.

7.4. Support Services for Education: Underspend -£0.371m

7.4.1. The surplus is due to vacancy savings as a result of delays in recruitment in light of the financial imperative. Additional traded income across a number of areas has also contributed towards the surplus position. This will remain in SSE's traded reserve to reinvest back into education support services to children and young people in Somerset.