

## 2019/20 Revenue Budget Monitoring – Month 7 Report

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Division and Local Member(s): All

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	Local Member(s)	All	
	Cabinet Member	Mandy Chilcott	09/12/2019
	Opposition Spokesperson	Liz Leyshon	09/12/2019
	Relevant Scrutiny Chairman	Cllr Anna Groskop for Scrutiny Place	09/12/2019
<b>Forward Plan Reference:</b>	FP/19/10/19		
<b>Summary:</b>	This report sets out the month 7 forecast outturn position for 2019/20 for the net Revenue Budget of £327.967m. It highlights variances to service budgets, as well as emerging issues, risks, areas of concern and proposed actions to resolve them. The Council's Medium-Term Financial Plan (2019-22) sets out proposals to further develop its financial resilience over the long-		

	<p>term whilst also supporting the delivery of the Council’s key priorities.</p> <p>The report shows an overall projected <b>balanced position</b> for the Council, with the main adverse movements from month 6 being within Children’s and Adults Services partly offset by the favourable movements within Economic and Community Infrastructure Services, Corporate and Support Services and Non-Service. There are also favourable variances reported within Accounting Bodies (Somerset Rivers Authority [SRA] and Local Enterprise Partnership [LEP]). <b>Section 4</b> details these variances. This leaves £6.399m of the Corporate Contingency budget currently unallocated and therefore potentially available to further improve the Council’s financial resilience in the medium term. This position is improved from month 6. A decision regarding use of the contingency will be considered later in the year once the end of year position is firmer.</p> <p>The budget for 2019/20 includes a savings target of £21.547m and this report confirms forecast delivery of £21.314m.</p>
<p><b>Recommendations:</b></p>	<p><b>It is RECOMMENDED that the Cabinet:</b></p> <ol style="list-style-type: none"> <li>1. Note the forecast balanced position for the Council for the end of 2019/20.</li> <li>2. Note that £6.399m of the corporate contingency remains unallocated.</li> <li>3. Note the forecast favourable position of -£0.792m for Accountable Bodies (LEP/SRA) for the end of 2019/20.</li> <li>4. Note the delivery of £18.093m savings by Month 7 and the forecast delivery of £21.314m by the year end of the total target of £21.547m.</li> </ol>
<p><b>Reasons for Recommendations:</b></p>	<p>Closely monitoring spend against the agreed budget is necessary to ensure that the Council delivers its priorities within its means. This report requires action to be taken so that this objective can be met.</p>
<p><b>Links to County Vision, Business Plan and Medium-Term Financial Strategy:</b></p>	<p>The Medium-Term Financial Plan (MTFP 2019-22) sets the funding for the County Vision and the use of those funds is then monitored, via this report and others throughout the year to ensure delivery of Council objectives and actions within the resources available.</p>

<b>Consultations and co-production undertaken:</b>	Information and explanations have been sought from directors on individual aspects of this report and their comments are contained in the report. Due process and consultations will be carried out where required for any further specific proposals for change.
<b>Financial Implications:</b>	The financial implications are identified throughout the report.
<b>Legal Implications:</b>	There are no specific legal implications arising from this report.
<b>HR Implications:</b>	There are no HR implications arising directly from this report, but remedial actions may have such implications. These will be dealt with in any subsequent reports.
<b>Risk Implications:</b>	<p>The Council's corporate risk register recognises the difficulties to containing spend within budget in the face of service pressures, reducing funding and the challenges of delivering ever more savings and efficiencies.</p> <p>Although broader market uncertainty exists in view of the current Brexit negotiations, at this stage any precise implications are not known. The Council needs to be alert to potential implications as negotiations develop and respond accordingly at the time.</p> <p>The Children's Services budget, while rebased, remains under pressure as the Service continues to improve alongside the sensitivity of some aspects of the services to volume changes, especially placements.</p> <p>The Organisational Risk (00043) has a broad perspective, encompassing both current year spending and future years' budgets. At the beginning of each year this corporate risk is reviewed.</p> <p>The up-dated risk for 2019/20 acknowledges the improvement that has been made and describes the risk to be: "Maintaining a balanced budget for 2019/20 and ensuring a sustainable MTFP. There is a risk to the council's long-term sustainability if there are significant in-year service adverse variances, and or if the council suffers significant loss of funding in future years its ability to prepare a robust and sustainable MTFP for 2020/21 onwards may be impacted."</p>

	<p>Following the Spending Round (SR19) additional funding for Local Authorities has been announced mainly for social care and high needs education. However, the mechanisms for distribution of these additional funds is subject to consultation and more details are expected to be announced as part of the Local Government Provisional financial settlement in the autumn.</p> <p>Additionally, there is no current commitment to continue the significant levels of uncertain funding beyond 2020/21. In view of this significant level of uncertainty facing local government in funding and on-going increasing demand pressures and costs, despite growing confidence with internal control mechanisms, the risk score remains at the current level of "very high" (4x4(16)).</p> <p>Robust control must be maintained.</p>				
	<b>Likelihood</b>	<b>4</b>	<b>Impact</b>	<b>4</b>	<b>Risk Score</b>

<b>Other Implications (including due regard implications):</b>	<b><u>Equalities Implications</u></b>				
	There are no specific equalities implications arising from the contents of this report.				
	<b><u>Community Safety Implications</u></b>				
	There are no community safety implications arising from the contents of this report.				
	<b><u>Sustainability Implications</u></b>				
	There are no sustainability implications arising from this report.				
<b><u>Health and Safety Implications</u></b>					
There are no health and safety implications arising from this report.					
<b><u>Privacy Implications</u></b>					
There are no privacy implications arising from this report.					
<b><u>Health and Wellbeing Implications</u></b>					

	There are no health and wellbeing implications arising from this report.
<b>Scrutiny comments / recommendation (if any):</b>	This report will be presented to Scrutiny for Policies and Place Committee, on 5 <sup>th</sup> February 2020; comments arising will be made available to the Cabinet at a subsequent meeting.

## 1. Background

- 1.1.** This report is the sixth revenue budget monitoring for 2019/20. There continues to remain some risk within these forecasts especially within service areas that are affected by seasonal changes during the winter period such as Highways, Waste and Adults Services.
- 1.2.** It is encouraging that the forecast continues to show confidence that the more robust approach to budget planning for 2019/20 onwards has ensured that the budget assumptions are realistic, and deliverable with a relatively small adverse variance seen in the Council's service forecasts of £0.151m. This is being off-set by a 'notional' allocation from Corporate Contingency while firm management actions to correct variances are being implemented. In addition to this forecast, there are also favourable variances reported for Accountable Bodies (SRA and LEP) of -£0.792m.
- 1.3.** The Council is evidencing a sustained tighter financial grip going forwards through the budget monitoring forecast and through its approach to MTFP for 2020-2023. To further support this there will be a continuation of formal monthly monitoring report to Cabinet and to Scrutiny for Policies and Place and iterative improvements to the format, content and layout of the reports to aid effective review and scrutiny. Alongside this internal tracking and budget monitoring processes continue to be given close attention by the Senior Leadership Team.

## 2. Reserves

- 2.1.** Forecasts for the year-end balance of earmarked reserves are currently estimated at £37.561m. As part of the fuller quarterly budget monitoring reports, reserves are reported in more detail including explanations and a forecast of the value of reserves that will be held at the end of the year.

## 3. Capital Receipts Flexibilities (CRF)

The MTFP (2019-22) process included a review of business cases supporting the transformation activity that planned to utilise capital receipts flexibilities during 2019/20 in compliance with Government Guidelines. This was originally planned at £2.795m in the MTFP. The Month 7 forecast position indicates a small reduction of

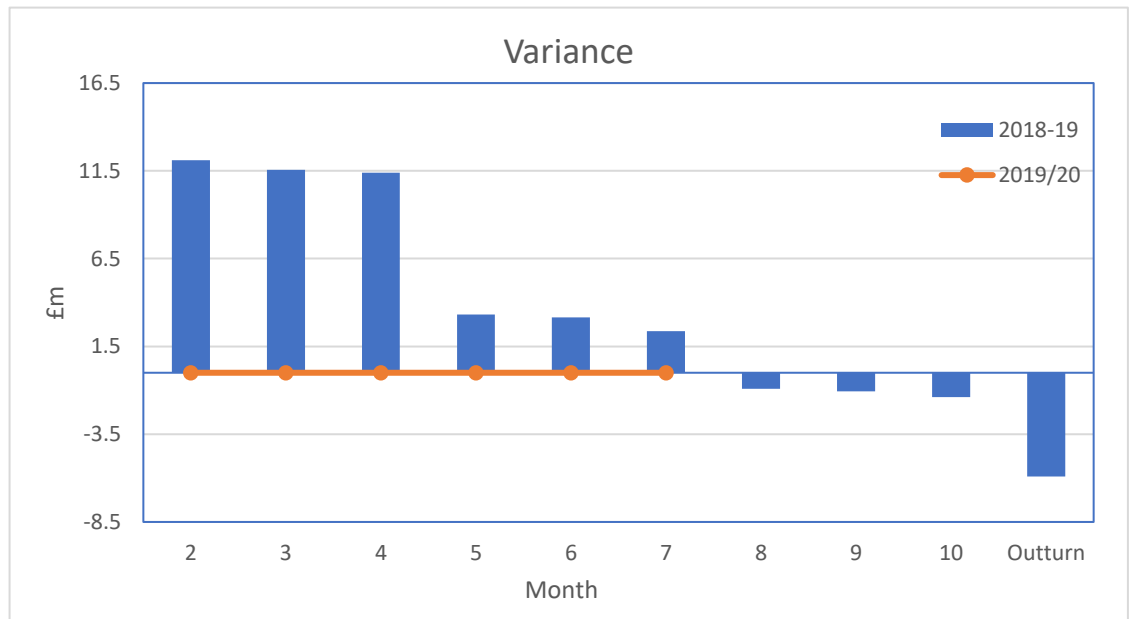
£0.498m to £2.297m against the original planned amount and is in-line with the month 6 report. A full summary of the forecasts will be included in the quarterly budget monitoring reports.

#### 4. Summary Forecast 2019/20 – Revenue Budget

The Councils forecast shows a projected **balanced position** when compared to the net revenue budget of £327.967m. There remains a forecast adverse variance within Children’s Services, Adults Services and Trading Units (Dillington House) which are offset by favourable variances within Economic and Community Infrastructure Services, Corporate & Support Services and Non-service. Most other areas of the Council are within a reasonable tolerance. Favourable variances are also reported for Accountable Bodies (SRA and LEP).

4.1. The following graph (**Graph 1**) compares the reported monthly budget variances in 2018/19 for the Council and the current financial year (excluding the favourable variances reported within Accountable Bodies [SRA and LEP]).

#### 4.2. Graph 1 – Revenue Budget Variances 2018/19 and 2019/20



4.3. The table showing the projected end of year position, and variances from agreed budgets, are set out in **Appendix A**. The paragraphs below offer short explanations of the major parts of those variances. As part of continuing improvements to financial management we will continue to review the format and content of this report to ensure that it meets current best practice and aids transparency.

#### 4.4. Key Variances

As part of the continual improvements to financial reporting, for the first time a summary table has been added to each service area narratives below to enable easy focus on variations. Any positive value is an adverse variation (either between month 6 and 7 or overall) that means the financial position has worsened and bracketed value is a favourable variation (either between month 6 and 7 or overall), meaning the financial position has improved.

#### 4.5. Adults Services: Net budget £126.082m, £0.360m projected adverse variance, adverse movement of £0.189m

	Budget £m	Projection £m	Variation £m	Month 6 Variation £m	Change £m
ASC Operations	76.188	76.028	(0.160)	(0.164)	0.005
Mental Health	15.027	16.019	0.991	0.881	0.111
LD Pooled Budget	81.336	81.225	(0.111)	(0.003)	(0.108)
Commissioning	(46.469)	(46.830)	(0.361)	(0.543)	0.181
<b>Adults &amp; Health</b>	<b>126.082</b>	<b>126.441</b>	<b>0.360</b>	<b>0.171</b>	<b>0.189</b>

Net budget £126.082m, £0.360m projected adverse variance (0.29% of budget)  
Adverse movement of £0.189m (0.15% of budget)

The Adults budget is projected to be overspent by £0.360m against the net budget of £126.082m. This is an increase of £0.189m from the position reported at Month 6. Although it is likely that a portion of the estimated reserve transfer will be used to offset this overspend in year, it does need to be noted that this pressure is ongoing.

#### 4.5.1 Adult Social Care Operations

Main Variations and changes

	Variation £m	Change £m
Residential & Nursing	(0.673)	0.145
Domiciliary Care	1.411	(0.013)
Direct Payments	(0.162)	0.067
Staffing Costs	(0.612)	(0.243)
Community Equipment Service	(0.070)	0.040

Residential and Nursing placements are currently projecting an underspend of £0.673m for the year. This is mainly due to a reduction in the number of Nursing

placements being made when compared to 2018/19. The service has also reduced the number of Residential placements made in line with the promoting independence strategy.

One area of placements growth is short term placements which are projecting to be £0.367m higher than last year. These are also the main reason for the increase from Month 6 having increased by a further £0.100m. These placements continue to be used to the benefit of the system as a whole by speeding up discharges from hospital, and as a result the increase will be funded from the Winter Pressures Grant. Funding for this is held within the Commissioning budget which is noted later in this report.

In line with the promoting independence strategy our expectation is that we spend more in the community and despite capacity issues there is an overspend of £1.411m on care delivered in the Community. Spend is likely to be £1.686m higher than in 2018/19 (including inflationary increases) and is an area that will be focussed on when setting the budget for 2020/21.

As expected, there is an increase in the number of Direct Payments but the budget remains underspent by £0.162m.

The service continues to carry a large number of vacant posts and although recruitment is ongoing we are now projecting that the staffing budget will underspend by £0.612m, which is a further reduction of £0.243m from the position reported last month.

The Community Equipment budget is a pooled budget with the Clinical Commissioning Group and is current projected to underspend by £0.141m. This underspend is split 50/50.

#### 4.5.2 **Mental Health**

Main Variations and changes

	Variation £m	Change £m
Residential & Nursing	0.595	0.191
Domiciliary Care	0.244	(0.014)
Supported Living	0.647	(0.033)
Staffing Costs	(0.517)	(0.026)

Residential and Nursing placements for people with a Mental Health assessment continue to be an area of demographic growth as highlighted in previous reports. These have added an additional £0.190m to the pressure since month 6 with an increase of 4 Residential placements. The overall pressure however is mainly down to increased Nursing provision throughout the year which accounts for £0.400m of the overspend. £0.195m relates to Residential placements. The Mental Health



transformation programme has plans in place to change the market offer with the goal of reducing the need for these placements longer term.

There is a projected pressure for Home Care of £0.244m despite the same capacity issues seen in Adult Social Care.

There has been a significant increase in the cost of Supported Living for Mental Health clients leading to an overspend of £0.647m. There are a net increase of 4 people receiving these services in 2019/20.

The service continues to carry a number of vacant posts and although recruitment is ongoing we are projecting that the staffing budget will underspend by £0.516m.

### 4.5.3 **Learning Disabilities Pooled Budget**

Main Variations and changes

	Variation £m	Change £m
Residential	(0.681)	(0.061)
Supported Living	0.631	0.061
Domiciliary Care	0.467	0.012
Direct Payments	0.045	0.102
Day Care	0.250	0.055
Discovery	(1.014)	(0.247)

The commissioning intentions of the service is to reduce the use of Residential placements for clients with a Learning Disabilities and this has led to an underspend of £0.681m.

The £0.631m overspend against Supported Living is partly driven by the change in commissioning noted above. Where appropriate the service is moving people from Residential Placements to live in their own homes.

There is a projected overspend of £0.467m for the Home Care budget due to increased number of people receiving a service this year. The number of people has increased from 160 at the end of 2018/19 to 167 at this time.

Learning Disabilities Direct Payments is now showing a small pressure of £0.045m following an increase of £0.102m. This is due to a net increase in the number of Direct Payment by 3 along with a number of amendments, one of which accounts for £0.032m of the increase.

Day Services is projecting a pressure of £0.250m which is an increase of £0.055m this month. The main reason for this increase is following the end of an Education

Residential placement where the person has gone home to live with family and is now in receipt of Day Services.

The final costs of the Discovery Tribunal are now known and total £0.810m including legal costs. In agreement with Discovery these will be funded from Transformation monies that are deemed surplus following submission of final plans for the transformation of Day Services so are not reported as a pressure in these figures.

#### **4.5.4 Commissioning**

Main Variations and changes

	Variation £m	Change £m
Commissioning Team	(0.152)	(0.054)
Central	(0.166)	0.181

The underspend of £0.152m in the Commissioning Team is as a result of vacancies and delays in appointing new posts.

The £0.166m underspend against the Central budget is mainly the Winter Pressures funding that is being used to offset the Interim placements pressure. The majority of the £0.181m change from month 6 is as a result of technical adjustments.

**4.5.5** The overall Adults variance is net of an estimated £2.841m that will be requested at year end to be transferred to the Adult Social Care Resilience earmarked reserve. This is one off funding that has been accounted for in the 2020/21 MTFP, therefore it not able to be committed ongoing to the estimated overspend. However as noted at the start of this report it is likely that some will be needed to offset the projected overspend.

**4.5.6** There are MTFP savings of £5.157m to be achieved during 2019/20. Of these £3.887m have already been fully achieved with the remaining £1.270m on track to be delivered throughout the year.

**4.6 Children's Services: Net budget £83.464m, £2.006m projected adverse variance, adverse movement £0.238m**

	Budget £m	Projection £m	Variation £m	Month 6 Variation £m	Change £m
Early Help	4.697	4.685	(0.012)	(0.174)	0.162
Fostering & Permanence	11.007	10.545	(0.462)	(0.497)	0.035
External Placements	18.834	20.623	1.789	1.891	(0.102)
Fieldwork	8.667	8.322	(0.345)	(0.474)	0.129
Disabilities	3.028	2.913	(0.115)	(0.020)	(0.095)
Safeguarding	1.710	1.712	0.002	0.006	(0.004)
Business Support	3.489	3.391	(0.098)	(0.059)	(0.039)
CLA	4.389	4.148	(0.241)	(0.301)	0.060
Leaving Care	2.578	3.001	0.423	0.343	0.080
Central	0.629	0.818	0.189	0.239	(0.050)
Commissioning	7.698	8.124	0.008	0.010	(0.002)
Improving Outcomes & Sufficiency	0.585	1.035	0.450	0.450	0.000
Inclusion	2.344	2.358	0.014	0.060	(0.046)
Home to School Transport	9.425	9.148	(0.277)	(0.311)	0.034
SEND Transport	4.384	5.065	0.681	0.605	0.076
<b>Children's Services</b>	<b>83.464</b>	<b>85.470</b>	<b>2.006</b>	<b>1.768</b>	<b>0.238</b>

**4.6.1 External Placements: adverse £1.789m; movement: favourable -£0.102m**

The projected cost of external placements has reduced by £0.102m, with a total overspend of £1.789m. Several young people have recently turned 18 and as part of developing independence moved into accommodation that no longer requires weekly financial support.

Following a review of the number of cases currently being discussed at the Multi-agency Complex Cases Needs Panel (MCCNP) the anticipated health contributions from partners has been revised down by £0.200m to reflect lower volume of contributions likely to be agreed.

**4.6.2 Staffing: favourable -£0.728m; movement: adverse £0.288m**

Staffing projections across Children's Social Care have increased this month by £0.288m. This includes payments required to retain specialist staff in the context of

increasing regional salary demands. An additional 4 posts have also been agreed in the Early Help service to support children returning from being missing across the county.

#### **4.6.3 Transport: adverse £0.404m; movement: adverse £0.110m**

The school transport budget is projecting an increase of £0.110m. Most of the increase is within SEND transport with an additional 10 children being transported, resulting in the commissioning of 6 new routes. This area remains a challenge owing to high budget volatility linked to increasing demand. The number of children that are eligible for transport is increasing in line with the number of children who have Education Health and Care Plans.

Management actions are in place to address the increasing demand and to focus on the development of new opportunities to reduce cost. The actions below are included in a SEN transport action plan which is subject to robust monthly monitoring:

- Placement and Travel (PAT) panel to be attended by Travel Officers to ensure full costs are incorporated into planning and sign off.
- Increase access to Independent Travel Training. This training is available for students aged 14 and over with a special educational need or disability who need help to travel independently to a school, college, resource base or work placement.
- Increase access to Personal Travel Payments (PTP) through identifying potential growth areas including support from within the community. A PTP is a sum of money paid to parents or carers of some children with Special Education Needs & Disabilities (SEND) who are eligible for free school travel. Having a PTP gives families the freedom to make their own decisions and arrangements about how their child will get to and from school each day.
- Roll out of further pick up points.
- Review of allocation of Personal Assistants in transport.

#### **4.7. Public Health: Net budget £0.586m, projected on budget movement; £nil**

Public Health is projected to be on budget. This variance is net of an estimated £0.567m to be transferred to the Public Health Earmarked Reserve. This money will be used to fund Neighbourhoods Transformation in the following years and to provide a degree of future resilience given the uncertainty over long term funding for Public Health.

All savings have been fully achieved for 2019/20.

**4.8. Economy Community and Infrastructure: Net budget £64.914m, -£1.016m projected favourable variance, favourable movement of -£0.422m**

	Budget £m	Projection £m	Planned Use of CRF £m	Variation £m	Month 6 Variation £m	Change £m
Somerset Rivers Authority	0.973	0.647	0	(0.326)	0	(0.326)
LEP	2.909	2.443	0	(0.466)	0	(0.466)
Administering Bodies Total	3.882	3.089	0	(0.792)	0	(0.792)
Economic Development	2.444	2.961	(0.381)	(0.136)	(0.136)	0
Highways and Transport Commissioning	1.364	1.807	0	(0.443)	(0.371)	0.072
Major Programmes	0	0	0	0	0	0
Commissioning	0.995	1.065	(0.045)	(0.024)	(0.015)	0.009
Civil Contingencies	0.450	0.450	0	0	0	0
Leisure Management	0.100	0.100	0	0	0	0
Traded Services	3.632	3.723	(0.066)	0.025	0.023	0.002
Transporting Somerset	8.101	7.893	0	(0.208)	(0.012)	(0.195)
Infrastructure Programme Group	0.409	0.411	0	0.001	0.001	0.001
Highways	10.148	10.324	0	0.177	0.286	(0.110)
Business Support	0.720	0.719	0	(0.001)	(0.011)	0.011
Heritage	1.638	1.631	0	(0.007)	(0.007)	0
Traffic Management	1.136	1.043	0	(0.093)	(0.024)	(0.069)
Somerset Waste Partnership	28.302	27.058	0	(1.244)	(1.088)	(0.155)
SCC Waste	0.193	0.181	0	(0.012)	(0.011)	(0.001)
Strategic Property	5.283	5.187	(0.163)	(0.258)	(0.253)	(0.006)
ECI Services Total	<b>64.914</b>	<b>64.553</b>	<b>(0.655)</b>	<b>(1.016)</b>	<b>(0.575)</b>	<b>(0.442)</b>
<b>ECI TOTAL incl SRA &amp; LEP</b>	<b>68.796</b>	<b>67.642</b>	<b>(0.655)</b>	<b>(1.809)</b>	<b>(0.574)</b>	<b>(1.234)</b>

Economic and Community Infrastructure (ECI) are forecasting a favourable variance of £1.016m for 2019/20. The major variations are explained below.

- 4.8.1** Property Services is projecting a £0.258m favourable variance. This is due to a delay in the sale of properties resulting in rental income for the year being higher than anticipated and an underspend in Facilities management as a result of staff vacancies and lower than budgeted office costs. There is a small favourable movement of £0.006m from month 6 due to additional income and staff vacancies.
- 4.8.2** Transporting Somerset is £0.208m underspent. The favourable movement of £0.195m from month 6 is as a result of updated projections for County Ticket following the receipt of final figures for uptake and payments to operators.
- 4.8.3** Highways and Transport Commissioning is projecting a £0.443m adverse variance. This is as a result of new urgent technical studies and additional staff to improve service levels in highways development management. The adverse movement of £0.072m from month 6 is due to an increase in temporary staff in Highways Planning and Liaison and Strategic Planning Teams and payment of the Sub National Transport Board contribution.
- 4.8.4** Highways is forecasting a £0.177m adverse variance. This is due to the Term Maintenance Contract rebate being lower than initially anticipated, a shortfall in Highway licence income and increase winter costs due to the early onset of adverse weather. The £0.110m favourable movement from month 6 is due to a decrease in projected highway lighting energy costs. The highways adverse variance is being closely monitored and a plan is in place to track and reduce this further. The variance has reduced by £0.279m since its highest point in month 4.
- 4.8.5** Traffic Management are forecasting a £0.093m favourable variance. The favourable movement of £0.069m from month 6 is due to an increase in the projections for income from on street parking, it will be requested at outturn that this be put to the Parking earmarked reserve.
- 4.8.6** Somerset Waste Partnership is forecasting an £1.244m underspend. Tonnages to date are 3.5% less than budgeted. There has been a significant reduction in residual waste both at the kerbside and at recycling sites. Green waste has been higher, but this is the usual trend for this time of year. The movement of £0.155m from month 6 is due to projections being updated to reflect these reductions in tonnages. Volumes continue to be volatile and dependent on outside factors such as the weather.
- 4.8.7** Economic Development is projecting an adverse variance of £0.136m. This is due to the anticipated costs within Planning Control associated with enforcement appeals and reduced income because of continued staff vacancies in the service.

- 4.8.8** There are still a number of factors that could change forecasts including adverse weather and emergency costs and any upturn in waste volumes and transport costs (Concessionary Fares as a result of operator's data).
- 4.8.9** Economic and Community Infrastructure have £3.165m of savings for 2019/20. Of this £2.520m has been achieved and £0.645m is on track to be achieved by the end of the financial year.
- 4.8.10 Accountable Bodies (LEP and SRA): Net budget £3.882m, -£0.792m projected favourable variance, favourable movement of -£0.792m**

The Local Enterprise Partnership (LEP) is projecting a favourable movement of -£0.326m from month 6 is as a result of the LEP updating forecasts following an in-depth budget review. It was budgeted that £0.973m of the LEP earmarked reserve would be used, however it is now anticipated that £0.647m will be required.

The Somerset Rivers Authority (SRA) is forecasting a favourable movement of -£0.466m. This movement from a balanced position at month 6 is due to delivery partners updating their expenditure forecasts. There has been slippage on a number of schemes meaning claims are now likely to be in 2020/21. It was budgeted that £0.361m of the SRA earmarked reserve would be used, however it is now anticipated that this not needed and will be returned to the reserve alongside an additional £0.105m.

**4.9. Corporate and Support Services: Net Budget £21.143m, -£0.217m projected favourable variance, favourable movement of -£0.129m**

	Budget £m	Projection £m	Planned Use of CRF £m	Variation £m	Month 6 Variation £m	Change £m
Chief Executive	0.238	0.236	0	(0.002)	(0.001)	(0)
Communications	0.282	0.304	0	0.022	(0.018)	0.040
Customers and Communities	3.070	3.144	(0.154)	(0.080)	(0.077)	(0.003)
Democratic Services	1.419	1.479	(0.010)	0.050	0.040	0.010
Legal Services	3.261	3.256	0	(0.006)	0.049	(0.054)
Finance	3.042	2.967	0	(0.075)	(0.075)	0
Commercial Advisory & Procurement	0.220	0.209	0	(0.010)	0.032	(0.043)
Business Support	0	0	0	0	0	0
Change	0.738	1.372	(0.634)	0	0	0
HR and OD	2.672	2.672	0	0	0	0
ICT	6.201	6.305	(0.220)	(0.116)	(0.038)	(0.079)
<b>Total C&amp;SS</b>	<b>21.143</b>	<b>21.944</b>	<b>(1.018)</b>	<b>(0.217)</b>	<b>(0.087)</b>	<b>(0.129)</b>

Corporate and Support Services are forecasting a favourable variance of £0.217m for 2019/20. This is due to the following;

- 4.9.1** Commercial and Procurement is projecting an underspend of £0.010m. The favourable movement from month 6 of £0.043m is due to staff vacancy savings and an increase in contributions from the PFI schools. Included in the month 7 position is the favourable variance of £0.016m on the Building Schools for the Future reserve.
- 4.9.2** The Finance service is projecting an underspend of £0.075m, this is due to several staff vacancies within the service which are yet to be filled. The service may seek to either spend in the current year or carry forward a further anticipated underspend of £0.075m to invest in team development.
- 4.9.3** The ICT favourable variance now stands at £0.116m. This is as a result of underspends in transformation projects and increased income received by the service. This is a favourable movement of £0.079m from month 6 is as a result of reduced staffing costs and recharges for services.



- 4.9.4** Customers and Communities teams are forecasting favourable variance of £0.080m. This is due to staff vacancy savings of £0.110m offset in part by a shortfall in income and increased training costs. The favourable movement of £0.003m from month 6 is due to further staff vacancies.
- 4.9.5** Democratic Services are projecting an adverse variance of £0.050m, this is as a result of a shortfall of Partnership Governance funding and £0.035m of MTFP savings (Member allowances voluntary deduction, Partnership Governance income generation and Democratic Services demand management) that are unachievable. These savings are unachievable due to our continuation as the host authority. The adverse movement of £0.010m from month 6 is due to the increased projected spend on the Heart of the South West publicity and promotions.
- 4.9.6** Legal Services are forecasting a £0.006m underspend, a favourable movement of £0.054m from month 6. The movement from is due to a reduction in external costs and reduced support services costs as well as a projected underspend for the cost of the coroners' police officers.
- 4.9.7** The communications budget is projecting an £0.022m overspend, an adverse movement of £0.040m from month 6. This adverse movement is due to costs of planned campaigns and roadshows.
- 4.9.8** Corporate & Support Services have £3.574m of savings for 2019/20. Of this £3.207m has been achieved, £0.136m is on track to be achieved and £0.231m is currently unachievable. This is made up of £0.034m of unachievable savings within Democratic Services for income recovery and generation, £0.065m of unachievable savings in IT Services which are subject to change control, a £0.012m unachievable saving in Legal Services which is being reviewed and £0.120m unachievable savings in Commercial and Procurement for the review of fees and charges which is currently being considered as part of the change control process. A saving of £0.060m has already been identified to replace the fees and charges saving and is awaiting formal change control sign-off.
- 4.10. Non-Service: Net budget £21.348m, -£1.398m projected favourable variance favourable movement of -£0.127m**

**Pensions Deficit: favourable -£0.991m, movement; favourable -£0.127m**

Following more detailed budget monitoring in month 7, a further favourable variance has been identified for the Pension Deficit costs for 2019/20 which has been calculated at £0.135m within Non-Service. Other minor movements have made up the difference reported.

**4.11. Trading Units: Net budget £0.000m, £0.417m projected adverse variance, movement £nil.**

**4.11.1 Dillington House: adverse £0.417m, movement; £nil**

Dillington continues to forecast a deficit of £0.417m following the deep dive budget/performance review in Sept 2019. The adverse variance reflects revised projections of income levels across all areas of activity with income from weddings being much lower than budgeted. Further updates have been made by adjusting costs to reflect the reduction in activity.

There are positives with projected income from conferences, events and online B&B bookings being higher than the previous year. Actions have continued to take place to build on these positives in order to identify potential alternative revenue streams for 2019/20 and future years, such as hosting the Shindig Festival.

Adult Education is not projected to reach its stretch targets for this year but has exceeded previous years' income levels. Work is ongoing to develop a refreshed programme in 2020 to attract new business. We are taking advantage of the space in this year's programme to test new courses and market appetite.

Whilst weddings have been disappointing for this year (due to a vacancy in a key post during the relevant booking period), next year's wedding bookings are already 64% higher than the current year, with bookings and enquiries continuing.

An independent review is imminent to assess the revised business plan financial forecasts for the next 3 years and further independent support has also just been secured through the LGA Productivity Experts Programme. This will help to consider how Dillington can effectively deliver services as part of the County Council's portfolio.

**4.11.2 Support Services for Education: Trading Surplus -£0.183m, adverse movement; £0.006m**

Minor variations in the traded buyback have resulted in an adverse movement of £0.006m.

**4.12. Contingencies: Net Budget £6.550m, £0.151m projected notional allocation, movement of £0.272m**

The 2019/20 budget included £7.226m in a corporate contingency to mitigate against the risk of unexpected in-year service pressures and or funding changes. This sum is now £6.550m following the agreed recommendation to transfer £0.498m to fund some of the pressure within Children's Services for SEN transport (as per July Cabinet

meeting) and the agreed recommendation to transfer £0.175m to fund the enhanced capacity and capability to aid Brexit preparations (as per September Cabinet meeting).

At this stage in the year it remains prudent for this contingency budget to be shown as fully committed. If no other pressures materialise during the remainder of the year the outturn position would be an overall favourable variance of £6.399m for the authority.

## **5. Delivery of Savings**

**5.1.** The Financial Imperative approach, established to manage the preparation and delivery of MTFP continues to provide monthly assurance for the development, delivery and validation of savings plans.

**5.2.** The different savings statuses are as follows:

- Red: This means that the saving has been identified as being at risk of delivery and plans to replace the saving have not yet been agreed via the change control process.
- Green: The saving is on track for delivery.
- Blue: The saving has been delivered.

**5.3.** The following table (**Table 1**) shows a summarised breakdown of achievement of savings for 2019/20 as at 31<sup>st</sup> October 2019 and confirms that 99% of the proposals for change have been classified as having a green or blue status, meaning service directors are confident that these savings will be delivered or in the case of the blue savings, they have already been delivered. 1% of savings proposals have been classified as red meaning the savings are currently at risk or replacement savings have not been agreed through the change control process. The monitoring of the delivery of the savings across the three decision processes can be seen in **Appendix B**.

**Table 1 – Revenue Savings 2019/20**

<b>Service</b>	<b>Agreed Savings £</b>	<b>Red (at risk) £</b>	<b>Green (on track) £</b>	<b>Blue (delivered) £</b>
Adult Services	5,506,800	-	1,270,100	4,236,700
Children's Services	4,592,800	-	1,172,300	3,420,500
Corporate & Support Services	3,573,500	231,300	135,503	3,206,697
Economic & Community Infrastructure	3,165,300	-	645,400	2,519,900
Non-Service	4,708,800	-	-	4,708,800
<b>Total</b>	<b>21,547,200</b>	<b>231,300</b>	<b>3,223,303</b>	<b>18,092,597</b>
<b>Percentage of Delivery</b>		<b>1.07%</b>	<b>14.96%</b>	<b>83.97%</b>

**6. Options considered and reasons for rejecting them**

- 6.1.** There is no alternative but to undertake effective and thorough budget monitoring to follow through with appropriate actions to address any variances.

**7. Background Papers**

- 7.1.**
- 13<sup>th</sup> November 2019 Cabinet Month 6 (Qtr2) Budget Monitoring Report

## Appendix A – Revenue Budget Monitoring (month 7) – Headline Summary Table

Service	Total Revised Budget	Adverse Variances (+)	(Favourable) Variances (-)	Month 7 Net Variance Adverse / (Favourable)		Month 6 Net Variance	Movement from Month 6
	£m	£m	£m	£m	%	£m	£m
Adult Services	126.082	4.889	(4.529)	0.360	0.003	0.171	0.189
Children's Services	83.464	8.352	(6.346)	2.006	0.024	1.768	0.238
Public Health	0.586	0.000	0.000	0.000	0.000	0.000	0.000
Economic & Community Infrastructure Services	64.914	2.990	(4.006)	(1.016)	(0.016)	(0.574)	(0.442)
Accountable Bodies (LEP/SRA)	3.882	0.000	(0.792)	(0.792)	(0.204)	0.000	(0.792)
<b>Key Services Spending</b>	<b>278.927</b>	<b>16.231</b>	<b>(15.673)</b>	<b>0.557</b>	<b>0.002</b>	<b>1.365</b>	<b>(0.807)</b>
Corporate & Support Services	21.143	0.654	(0.871)	(0.217)	(0.010)	(0.087)	(0.129)
Non-Service Items	21.348	0.706	(2.104)	(1.398)	(0.066)	(1.272)	(0.127)
Trading Units	0.000	0.417	0.000	0.417	0.000	0.417	0.000
<b>Support Services &amp; Corporate Spending</b>	<b>42.490</b>	<b>1.777</b>	<b>(2.975)</b>	<b>(1.198)</b>	<b>(0.028)</b>	<b>(0.942)</b>	<b>(0.256)</b>
Corporate Contingencies	6.550	0.000	(0.151)	(0.151)	(0.023)	(0.423)	0.272
<b>Total SCC Spending</b>	<b>327.967</b>	<b>18.007</b>	<b>(18.799)</b>	<b>(0.792)</b>	<b>(0.002)</b>	<b>(0.000)</b>	<b>(0.791)</b>

Total Revised Budget = Revised budget after transfers between services, not affecting the total budget for 2019/20

Adverse variance = one that deteriorates the projected outturn position

(Favourable) variance = one that improves the projected outturn position