

Decision Report – Cabinet
 Decision Date – 22 January 2020

2019/20 Revenue Budget Monitoring – Month 8 Report

Cabinet Member(s): Cllr Mandy Chilcott – Cabinet Member for Resources

Division and Local Member(s): All

Lead Officer: Sheila Collins, Interim Director of Finance

Author: Leah Green, Finance Manager MTFP – Corporate

Finance Contact Details: SDCollins@somerset.gov.uk 01823 359028

	Seen by:	Name	Date
	County Solicitor	Honor Clarke	13/01/2020
	Monitoring Officer	Scott Wooldridge	13/01/2020
	Corporate Finance	Sheila Collins	13/01/2020
	Human Resources	Chris Squire	13/01/2020
	Property	Paula Hewitt / John Cooper	13/01/2020
	Procurement / ICT	Simon Clifford	13/01/2020
	Senior Manager	Sheila Collins	13/01/2020
	Commissioning Development Team	commissioningdevelopment@somerset.gov.uk	13/01/2020
	Local Member(s)	All	
	Cabinet Member	Mandy Chilcott	13/01/2020
	Opposition Spokesperson	Liz Leyshon	13/01/2020
	Relevant Scrutiny Chairman	Cllr Anna Groskop for Scrutiny Place	13/01/2020
Forward Plan Reference:	FP/19/10/20		
Summary:	This report sets out the month 8 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)		

	<p>sets out proposals to further develop its financial resilience over the long-term whilst also supporting the delivery of the Council's key priorities.</p> <p>The report shows an overall projected balanced position for the Council, with an adverse movement from month 7 being within Adults Services partly offset by favourable movements within all other services. There are also favourable variances reported within Accounting Bodies (Somerset Rivers Authority [SRA] and Local Enterprise Partnership [LEP]). Section 4 details these variances. This leaves £6.231m of the Corporate Contingency budget currently unallocated and therefore potentially available to further improve the Council's financial resilience in the medium term. A decision regarding use of the contingency will be considered later in the year once the end of year position is firmer and any impact of winter pressures is clearer</p> <p>The budget for 2019/20 includes a savings target of £21.547m and this report confirms forecast delivery of £21.324m.</p>
<p>Recommendations:</p>	<p>It is RECOMMENDED that the Cabinet:</p> <ol style="list-style-type: none"> 1. Note the forecast balanced position for the Council for the end of 2019/20. 2. Note that £6.231m of the corporate contingency remains unallocated. 3. Note the forecast favourable position of £0.858m for Accountable Bodies (LEP/SRA) for the end of 2019/20. 4. Note the delivery of £18.440m savings by Month 8 and the forecast delivery of £21.324m by the year end of the total target of £21.547m.
<p>Reasons for Recommendations:</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>Links to County Vision, Business Plan and Medium-Term Financial Strategy:</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>

<p>Consultations and co-production undertaken:</p>	<p>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.</p>
<p>Financial Implications:</p>	<p>The financial implications are identified throughout the report.</p>
<p>Legal Implications:</p>	<p>There are no specific legal implications arising from this report.</p>
<p>HR Implications:</p>	<p>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.</p>
<p>Risk Implications:</p>	<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>The Council will remain alert to potential implications of Brexit 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 Provisional Local Government Financial</p>

	<p>Settlement announced on 20 December 2019, the Council is now able to confirm the core grant funding assumptions for 2020/21 although assumptions for later years in the MTFP (2020-23) remain estimates. The uncertainty continues pending Government delivering the promised Comprehensive Spending Review (CSR) covering multiple years as well as other reforms to Local Government Funding (in the form of Fair Funding Review and Business Rate Retention) during 2020 ahead of the Financial Settlement for 2021/22 onwards. Although there are no implications for funding levels in the current financial year, this significant level of uncertain funding and on-going increasing demand pressures and costs, means that 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>				
	Likelihood	4	Impact	4	Risk Score

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

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

1. Background

- 1.1. This report is the seventh 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 £0.319m. 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 £0.858m.
- 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 Committee 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 £38.165m. 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)

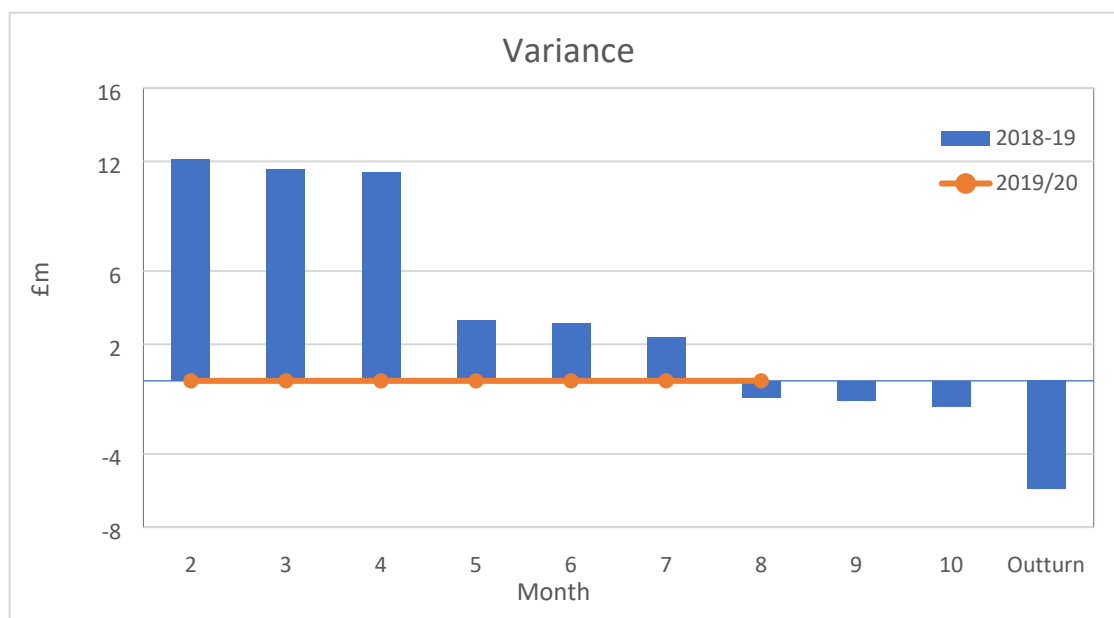
The MTFP (2019-22) process included a review of business cases supporting the transformation activity that planned to utilise capital receipts flexibilities during 2019/20 in compliance with Government Guidelines. This was originally planned at £2.795m in the MTFP. The Month 8 forecast position indicates a small reduction of £0.517m to £2.278m against the original planned amount and a small reduction of £0.019m from the month 7 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. A table showing the projected end of year position, and variances from agreed budgets, is 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 the Council 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, summary tables have been added to each service area narratives below to enable easy focus on variations. Any positive value is an adverse variation (either between month 7 and 8 or overall) that means the financial position has worsened and any bracketed value is a favourable variation (either between month 7 and 8 or overall), meaning the financial position has improved.

4.5. Adults Services: Net budget £126.173m, £0.738m projected adverse variance, adverse movement of £0.378m

Table 1 – Adults Services Main Variances

	Budget £m	Projection £m	Month 8 Variance £m	Month 7 Variance £m	Movement from month 7 £m
ASC Operations	76.096	75.985	(0.111)	(0.160)	0.049
Mental Health	15.027	16.063	1.036	0.991	0.044
LD Pooled Budget	81.268	81.556	0.288	(0.111)	0.398
Commissioning	(46.219)	(46.693)	(0.474)	(0.361)	(0.113)
Adults Services	126.173	126.911	0.738	0.360	0.378

The Adults budget is projected to be overspent by £0.738m against the net budget of £126.173m. This is an increase of £0.360m from the position reported at Month 7. 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.

4.6. Table 2 below shows the main variations and changes which contribute towards the (£0.111m) variation shown in Table 1

Table 2 – Adult Social Care Operations main variations and changes

	Month 8 Variance £m	Movement from month 7 £m
Residential & Nursing	(0.525)	0.147
Home Care	1.264	(0.147)
Direct Payments	(0.141)	0.021
Staffing Costs	(0.633)	(0.021)

Other minor variances	(0.076)	0.049
Total	(0.111)	0.049

Although the service continues to make less placements in Residential homes, which is in line with both commissioning intentions and the MTFP, the demographics of people living longer means that there is an increasing pressure against this part of the service. This has been flagged as a financial risk going forward and will need considering once final details of additional Social Care funding are confirmed.

Use of short-term placements are still being used to speed up discharge from hospital which although a benefit to the whole system is starting to be a pressure on the Councils budget. These had previously been funded from the Winter Pressures Grant however this funding is now fully committed so the increase this month is an additional pressure of £0.115m.

A reduction in the amount of Care at Home being delivered in Sedgemoor and South Somerset has led to a reduction in pressure of £0.147m. Capacity issues in the market continue and this has contributed to this reduction and the increased use of Residential.

The other main variations remain largely as reported in Month 7.

- 4.7. Table 3 below shows the main variations and changes which contribute towards the £1.036m variation shown in Table 1

Table 3 – Mental Health main variations and changes

	Month 8 Variance £m	Movement from month 7 £m
Residential & Nursing	0.590	(0.005)
Home Care	0.269	0.026
Supported Living	0.675	0.028
Staffing Costs	(0.503)	0.014
Other minor variances	0.005	(0.019)
Total	1.036	0.044

The variations reported previously for Mental Health Nursing, Home Care, Supported Living and Staffing remain with very little change from the Month 7 position.

- 4.8. Table 4 below shows the main variations and changes which contribute towards the £0.288m variation shown in Table 1

Table 4 – Learning Disabilities pooled budget main variations and changes

	Month 8 Variance £m	Movement from month 7 £m
Residential	(0.646)	0.035
Supported Living	1.036	0.405
Home Care	0.425	(0.041)
Day Care	0.153	(0.097)
Discovery	(0.973)	0.041
Other minor variances	0.293	0.055
Total	0.288	0.398

There is now a £1.036m overspend against Supported Living. This area of spend has seen a large increase this month due to a crisis placement that has been made at £4,500 per week and a number of people moving to Supported Living from Residential. This is in line with the services commissioning intentions to move people into their own homes where appropriate.

Despite the above moves from Residential placements there is still an increase in projection reported. This is due to the delay in the expected de-registration of beds in one registered care home.

The Day Services pressure has reduced by £0.097m this month to a projected overspend of £0.153m. This decrease is due to the removal of some contingency that was being held for costs as a result of the closure of Fiveways. All costs relating to this are now picked up within the Discovery contract.

- 4.9. Table 5 below shows the main variations and changes which contribute towards the (£0.474m) variation shown in Table 1.

Table 5 – Commissioning main variations and changes

	Month 8 Variance £m	Movement from month 7 £m
Commissioning Team	(0.165)	(0.014)
Central	(0.236)	(0.099)
Other minor variances	(0.073)	0.000
Total	(0.474)	(0.113)

The £0.236m underspend against the Central budget is made up of the Winter Pressures funding that is being used to offset the Interim placements pressure, and £0.099m additional income from the Clinical Commissioning Group for their 25% contribution to the increased Learning Disabilities Pooled budget pressure.

The Commissioning Team underspend remains as reported previously and is as a result of vacancies and delays in appointing new posts.

The overall Adults variance is net of an estimated £2.573m 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.

There are MTFP savings of £5.157m to be achieved during 2019/20. Of these £3.897m have already been fully achieved with the remaining £1.260m on track to be delivered throughout the year.

4.10. Children’s Services: Net budget £83.357m, £1.934m projected adverse variance, favourable movement £0.072m

Table 6 – Children’s Services Main Variances

	Budget £m	Projection £m	Month 8 Variance £m	Month 7 Variance £m	Movement from month 7 £m
Early Help	4.640	4.478	(0.162)	(0.012)	(0.150)
Fostering & Permanence	11.007	10.505	(0.502)	(0.462)	(0.040)
External Placements	18.775	20.796	2.021	1.789	0.232
Fieldwork	8.667	8.124	(0.543)	(0.345)	(0.198)
Disabilities	3.028	2.772	(0.256)	(0.115)	(0.141)
Safeguarding	1.704	1.706	0.002	0.002	0.000
Business Support	3.489	3.374	(0.115)	(0.098)	(0.017)
CLA	4.383	4.119	(0.264)	(0.241)	(0.023)
Leaving Care	2.587	3.064	0.477	0.423	0.054
Central	0.629	0.798	0.169	0.189	(0.020)
Commissioning	7.703	7.781	0.078	0.008	0.070
Improving Outcomes &	0.592	1.042	0.450	0.450	0.000

Sufficiency					
Inclusion	2.344	2.395	0.051	0.014	0.037
Home to School Transport	9.425	9.153	(0.272)	(0.277)	0.005
SEND Transport	4.384	5.184	0.800	0.681	0.119
Children's Services	83.357	85.361	1.934	2.006	(0.072)

4.11. Early Help: favourable £0.162m; movement: favourable £0.150m

The anticipated implementation of the Early Help Portal has been delayed and is not expected to develop until next financial year therefore the service will be requesting a carry forward to earmark this budget in 2020/21.

4.12. External Placements: adverse £2.021m; movement: adverse £0.232m

The projected cost of external placements has increased by £0.232m, with a total forecast overspend of £2.021m. This increase is attributed to 7 new placements this month; 1 residential, 3 family assessments and 4 fostering.

4.13. Disabilities: favourable £0.256m; movement: favourable £0.141m

A review of income for Direct Payments has been undertaken resulting in additional income of £0.050m. Anticipated spend on Homecare and other disabilities support budgets has reduced the forecast by a further £0.080m.

4.14. Children's Commissioning: adverse £0.078m; movement: adverse £0.070m

Somerset's contribution to the Adopt Southwest contract has increased by £0.050m. This is due to the Interagency savings target, set by the board, being unachievable in 19/20 plus anticipated placements for the year being more than budgeted.

Interagency fees are a nationally agreed mechanism for covering costs incurred in the preparation, approval and matching of prospective adopters and the support provided in the first 12 months. There are on-going discussions between all partners following Devon County Councils proposal to remove the savings target in 2020/21 therefore increasing Somerset's annual contribution.

In addition, Pathway to Independence's projected spend has increased by £0.016m due to an additional night worker at Hillside House.

4.15. Home to School and SEND: adverse £0.528m; movement: adverse £0.124m

The school transport budget is projecting an increase spend of £0.124m. The increase is within SEND transport where requests for transport continue to

increase in line with the number of children who have Education Health and Care Plans.

Progress against the SEND transport action plan continues to be monitored.

4.16. Cross cutting theme affecting various services -Staffing: favourable £0.833m; movement: favourable £0.105m

Staffing projections across Children’s Social Care have decreased by £0.105m. Recently we have seen a number of locums leave earlier than planned due to the successful recruitment of permanent staff within the service.

4.17. 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.

4.18. Economy Community and Infrastructure: Net budget £64.937m, £1.044m projected favourable variance, favourable movement of £0.028m

4.19. Table 7 – Economic and Community Infrastructure Main Variances

Service	Budget £m	Projection £m	Planned Use of CRF £m	Month 8 Variance £m	Month 7 Variance £m	Movement from month 7 £m
Economic Development	2.444	2.988	(0.381)	0.163	0.136	0.027
Highways and Transport Commissioning	1.364	1.714	0.000	0.350	0.443	(0.092)
Major Programmes	0.000	0.000	0.000	0.000	0.000	0.000
Commissioning (inc SRA)	0.995	1.109	(0.045)	0.069	0.024	0.045
Civil Contingencies	0.450	0.450	0.000	0.000	0.000	0.000
Leisure Management	0.100	0.100	0.000	0.000	0.000	0.000
Traded Services	3.629	3.785	(0.066)	0.090	0.025	0.065
Transporting Somerset	8.101	7.920	0.000	(0.180)	(0.208)	0.027
Infrastructure	0.409	0.411	0.000	0.001	0.001	0.000

Programme Group						
Highways	10.148	10.320	0.000	0.172	0.177	(0.004)
Business Support	0.720	0.702	0.000	(0.018)	(0.001)	(0.017)
Heritage	1.638	1.631	0.000	(0.007)	(0.007)	0.000
Traffic Management	1.136	0.964	0.000	(0.172)	(0.093)	(0.079)
Somerset Waste Partnership	28.302	27.058	0.000	(1.244)	(1.244)	0.000
SCC Waste	0.193	0.181	0.000	(0.012)	(0.012)	0.000
Strategic Property	5.309	5.214	(0.163)	(0.258)	(0.258)	0.000
ECI Services Total	64.937	64.547	(0.655)	(1.044)	(1.016)	(0.028)
Somerset Rivers Authority	2.909	2.443	0.000	(0.466)	(0.466)	0.000
LEP	0.973	0.581	0.000	(0.392)	(0.326)	(0.066)
Accountable Bodies Total	3.882	3.024	0.000	(0.858)	(0.792)	(0.066)
ECI TOTAL incl. Accountable Bodies	68.818	67.571	(0.655)	(1.902)	(1.809)	(0.093)

4.20. Economic and Community Infrastructure (ECI) are forecasting a favourable variance of £1.044m for 2019/20. The major variations are explained below in order of size:

4.21. Economic Development is projecting an adverse variance of £0.163m. 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. The adverse movement of £0.027m since month 7 is due to the additional costs SCC are incurring due to the delayed procurement for building SEIC2

4.22. Highways and Transport Commissioning is projecting a £0.350m adverse variance. This is as a result of new urgent technical studies and additional staff to improve service levels in highways development management. The favourable movement of £0.092m from month 7 is due to more accurate forecast costs for the Edithmead junction scheme and staff vacancies.

4.23. The Commissioning budget is projecting an overspend of £0.069m, the movement of £0.045m is in the main due to the need for us to fulfil our statutory duty to respond to the traffic and works act order application in relation to the Bridgwater barrier and this will incur some additional costs.

4.24. Traded Services is projecting an overspend of £0.090m, an adverse movement of £0.065m from month 7. This is due to a reduction of certificate income within the Registration Service, further loss of income within the asbestos service and a pressure within the libraries service this financial year for a rental payment.

4.25. Transporting Somerset is £0.180m underspent. The adverse movement of £0.027m

from month 7 is as a result of updated projections for Concessionary Fares.

- 4.26. Highways is forecasting a £0.172m 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. There has been a £0.004m favourable variance from month 7 due to a number of minor changes. 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 £0.287m since its highest point in month 4.
- 4.27. Business Support are projecting an underspend of £0.018m, the favourable movement of £0.017m from month 7 is due to staffing vacancies as a result of delayed recruitment.
- 4.28. Traffic Management is forecasting a £0.172m favourable variance. The favourable movement of £0.079m from month 7 is due to an increase in projections for parking and Temporary Traffic Regulation Order (TTRO) income. It will be requested at outturn that the parking income is put to the Parking Services earmarked reserve.
- 4.29. Somerset Waste Partnership is forecasting an £1.244m underspend. This underspend is because 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. There has been no movement from month 7 as up to date data was not available, however intelligence indicates no significant overall movement. Volumes continue to be volatile and dependent on outside factors such as the weather.
- 4.30. Strategic 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. There is also an underspend in Facilities management as a result of staff vacancies and lower than budgeted office costs. There has been no overall net movement since month 7 as any minor favourable variances have been offset by small adverse variances.
- 4.31. 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).
- 4.32. Economic and Community Infrastructure have £3.165m of savings for 2019/20. Of this £2.561m has been achieved, £0.590m is on track to be achieved by the end of the financial year and £0.014m is unachievable. This unachievable saving for Highways winter and emergency service is currently being considered as part of the change control process.
- 4.33. **Accountable Bodies (LEP and SRA): Net budget £3.882m, £0.858m projected favourable variance, favourable movement of £0.066m**

4.34. The Local Enterprise Partnership (LEP) is projecting a favourable movement of - £0.066m from month 7. This is due to a further update in forecasts. It was budgeted that £0.647m of the LEP earmarked reserve would be used, however it is now anticipated that £0.581m will be required.

4.35. Somerset Rivers Authority (SRA) is forecasting the same outturn position as at month 7. It was budgeted that £0.361m of the SRA earmarked reserve would be used, however it now anticipated that this not needed and will be returned to the reserve alongside an additional £0.105m.

4.36. Corporate and Support Services: Net Budget £21.143m, £0.284m projected favourable variance, favourable movement of £0.067m

4.37. Table 8 – Corporate and Support Services Main Variances

Service	Budget £m	Projection £m	Planned Use of CRF £m	Month 8 Variance £m	Month 7 Variance £m	Movement from month 7 £m
Chief Executive	0.238	0.237	0.000	0.000	(0.002)	0.001
Communications	0.282	0.300	0.000	0.018	0.022	(0.004)
Customers and Communities	3.070	3.127	(0.154)	(0.097)	(0.080)	(0.017)
Democratic Services	1.419	1.493	(0.010)	0.064	0.050	0.014
Legal Services	3.261	3.223	0.000	(0.038)	(0.006)	(0.033)
Finance	3.042	2.967	0.000	(0.075)	(0.075)	(0.000)
Commercial Advisory & Procurement	0.220	0.205	0.000	(0.015)	(0.010)	(0.005)
Business Support	0.000	0.000	0.000	0.000	0.000	0.000
Change	0.738	1.353	(0.615)	0.000	0.000	0.000
HR and OD	2.672	2.611	0.000	(0.061)	0.000	(0.061)
ICT	6.201	6.341	(0.220)	(0.080)	(0.116)	0.036
Total C&SS	21.143	21.858	(0.999)	(0.284)	(0.217)	(0.067)

4.38. Corporate and Support Services are forecasting a favourable variance of £0.284m for 2019/20. This is due to the following;

4.39. The Communications budget is projecting an adverse variance of £0.018m which is a favourable movement of £0.004m from month 7. This favourable movement is due to staff vacancy savings.

- 4.40.** Customers and Communities teams are forecasting favourable variance of £0.097m. This is due to staff vacancy savings £0.112m offset in part by a shortfall in income and increased training costs. The favourable movement of £0.017m from month 7 is due to further staff vacancies and less of a shortfall in income.
- 4.41.** Democratic Services are projecting an adverse variance of £0.064m, 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 £0.014m from month 7 is due to the increased projected spend for Heart of the South West following their report to the joint committee which agreed the spend for this year.
- 4.42.** Legal Services are forecasting a favourable variance of £0.038m which is a favourable movement of £0.033m from month 7. The movement is due to a reduction in external costs due to a significant reduction in hearing costs.
- 4.43.** The Finance service is projecting a favourable variance 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.
- 4.44.** Commercial and Procurement is projecting a favourable variance of £0.015m. This variance is as a result of staff vacancy savings off set by the £0.120m unachievable saving for the review of fees and charges. The favourable movement from month 7 of £0.005m is due to reduced contractual costs. Also included in the month 7 position is the favourable variance of £0.015m on the Building Schools for the Future reserve.
- 4.45.** HR&OD are projecting a favourable variance of £0.061m. This favourable variance is in the main due to a forecast underspend within the Pathway to Employment budget. The budget was set up to support young people from disadvantaged backgrounds into employment opportunities and HR will be seeking approval to carry forward £0.058m of this underspend to continue to support this scheme in 2020/21.
- 4.46.** The ICT favourable variance now stands at a favourable variance of £0.080m. This is as a result of underspends in transformation projects and increased income received by the service. The adverse movement of £0.036m from month 7 is due to the anticipated reduction in contract costs not materialising as soon as hoped.
- 4.47.** Corporate & Support Services have £3.574m of savings for 2019/20. Of this £3.218m has been achieved, £0.146m is on track to be achieved and £0.210m is currently unachievable. This is made up of £0.035m of unachievable savings within

Democratic Services for income recovery and generation, £0.055m of unachievable savings in IT Services which are subject to change control 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.

4.48. Non-Service: Net budget £21.340m, £1.443m projected favourable variance favourable movement of £0.044m

4.49. Special Grants: Favourable £0.279m, movement; favourable £0.035m

The Council received a non-ring-fenced grant which was of £0.035m higher than originally anticipated during the budget setting process.

4.50. Audit Fee: Favourable £0.012m, movement; favourable £0.009m

The Audit Fee budget of £0.109m is forecast to be underspent by £0.012m. This is a £0.009m favourable movement from the Month 7 position, which is due to a rebate received from the external auditors Grant Thornton.

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

4.52. 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.

4.53. Support Services for Education: Trading Surplus -£0.183m, movement; £nil

There has been no movement in the forecast position from what was reported in month 7. The trading surplus of £0.183m will be contributed to the Trading Earmarked Reserve for Support Services for Education at the end of the financial year.

4.54. Contingencies: Net Budget £6.550m, £0.319m projected notional allocation, movement of £0.168m

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 £6.231m 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 9) shows a summarised breakdown of achievement of savings for 2019/20 as at 30th November 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 9 – Revenue Savings 2019/20

Service	Agreed Savings £	Red (at risk) £	Green (on track) £	Blue (delivered) £
Adult Services	5,506,800	-	1,259,500	4,247,300
Children's Services	4,592,800	-	888,300	3,704,500
Corporate & Support Services	3,573,500	209,500	145,503	3,218,497
Economic & Community Infrastructure	3,165,300	14,164	590,400	2,560,736
Non-Service	4,708,800	-	-	4,708,800
Total	21,547,200	223,664	2,883,703	18,439,833
Percentage of Delivery		1.04%	13.38%	85.58%

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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. • 18th December 2019 Cabinet Month 7 Budget Monitoring Report

Appendix A – Revenue Budget Monitoring (month 8) – Headline Summary Table

Service	Total Revised Budget	Adverse Variances (+)	(Favourable) Variances (-)	Month 8 Net Variance Adverse / (Favourable)		Month 7 Net Variance	Movement from Month 7
	£m	£m	£m	£m	%	£m	£m
Adult Services	126.173	5.212	(4.474)	0.738	0.58%	0.360	0.378
Children's Services	83.357	7.970	(6.036)	1.934	2.32%	2.006	(0.072)
Public Health	0.586	0.000	0.000	0.000	0.00%	0.000	0.000
Economic & Community Infrastructure Services	64.937	3.337	(4.381)	(1.044)	(1.61%)	(1.016)	(0.028)
Accountable Bodies (LEP/SRA)	3.882	0.000	(0.858)	(0.858)	(22.10%)	(0.792)	(0.066)
Key Services Spending	278.934	16.519	(15.749)	0.770	0.28%	0.557	0.213
Corporate & Support Services	21.143	0.888	(1.172)	(0.284)	(1.34%)	(0.217)	(0.067)
Non-Service Items	21.340	0.706	(2.148)	(1.443)	(6.76%)	(1.398)	(0.044)
Trading Units	0.000	0.417	0.000	0.417	0.00%	0.417	0.000
Support Services & Corporate Spending	42.483	2.010	(3.320)	(1.309)	(3.08%)	(1.198)	(0.111)
Corporate Contingencies	6.550	0.000	(0.319)	(0.319)	(4.87%)	(0.151)	(0.168)
Total SCC Spending	327.967	18.530	(19.388)	(0.858)	(0.26%)	(0.792)	(0.067)

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