

Decision Report – Cabinet
Decision date – 17th October 2018

Revenue Budget 2018/19 Monitoring Update

Cabinet Member(s): Cllr Mandy Chilcott – Cabinet Member for Resources
Division and Local Member(s): All
Lead Officer: Peter Lewis, Director of Finance
Author: Peter Lewis, Director of Finance
Contact Details: 01823 359028

	Seen by:	Name	Date
	County Solicitor	Honor Clarke	08/10/18
	Monitoring Officer	Scott Wooldridge	08/10/18
	Corporate Finance	Peter Lewis	08/10/18
	Human Resources	Chris Squire	08/10/18
	Property	Paula Hewitt / Claire Lovett	08/10/18
	Procurement / ICT	Simon Clifford	08/10/18
	Senior Manager	Peter Lewis	08/10/18
	Commissioning Development Team	commissioningdevelopments@somerset.gov.uk	09/10/18
	Local Member(s)	All	
	Cabinet Member	Cllr Mandy Chilcott	08/10/18
	Opposition Spokesperson	Cllr Liz Leyshon	08/10/18
	Relevant Scrutiny Chairman	Cllr Anna Groskop for Scrutiny Place	09/10/18
Forward Plan Reference:	FP/18/09/03		
Summary:	<p>This report presents the projected revenue outturn for 2018/19 based upon actual spending to the end of August 2018 as adjusted for the proposals for change agreed by the Cabinet in September 2018 and assessed as to be delivered within this financial year. The resultant projected outturn is £3.320m over the available budget, while the contingency of £3.400m remains uncommitted at this time. This means that, should the contingency not be drawn upon, the budget would be balanced overall.</p> <p>The Senior Leadership Team (SLT) is currently assessing the</p>		

	<p>additional management action and mitigations required to further reduce this projected overspend.</p> <p>This report is only a brief summary, highlighting the main differences between month 4 and month 5; more detail will be presented in the next quarterly report.</p>
Recommendations:	<p>It is recommended that the Cabinet notes and comments upon the contents of this report and requests that the Senior Leadership Team undertakes further action to ensure that the projected overspend is reduced.</p>
Reasons for Recommendations:	<p>Preparing a coherent, confident and realistic budget for the County Council is essential to ensure that the corporate plan and service delivery priorities of the Council can be achieved, and that financial sustainability can be secured. Furthermore, 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>
Links to County Vision, Business Plan and Medium Term Financial Strategy:	<p>The Medium Term Financial Plan (MTFP) sets the funding for the County Vision and the use of those funds is then monitored, via this report, throughout the year to ensure delivery of Council objectives and actions within the resources available.</p>
Consultations and co-production undertaken:	<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 needed and where indicated in the specific proposals for change.</p>
Financial Implications:	<p>The financial implications are identified throughout the report.</p>
Legal Implications:	<p>There are no specific legal implications arising from this report.</p>
HR Implications:	<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>Our corporate risk register recognises the risk to containing our spend within budget; this report details proposals to reduce spending and, if agreed, these will address the cumulative position also.</p> <p>The Children's Services budget is significantly overspent and is on an upward trend. This risk will be mitigated by an improved understanding of the budget, better and more timely monitoring information and improved control of expenditure within the service.</p> <table border="1" data-bbox="536 607 1436 645"> <tr> <td>Likelihood</td> <td>5</td> <td>Impact</td> <td>5</td> <td>Risk Score</td> <td>25</td> </tr> </table>	Likelihood	5	Impact	5	Risk Score	25
Likelihood	5	Impact	5	Risk Score	25		
<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 considered at the Scrutiny Place committee meeting on 24th October; any specific recommendations will be made available to the Cabinet at a subsequent meeting.</p>						

1. Background

- 1.1. The Scrutiny meeting on 11 September and the Cabinet meeting on 12 September received a detailed report on the projected overspend for 2018/19

(£11.4m) along with proposed actions for dealing with that overspend. Further information was presented in regard of reserves, capital receipts flexibilities and the capital programme. The Cabinet used this information to make decisions about the proposals for change that were put forward to reduce the spend or increase available funding in 2018/19.

- 1.2. This report shows that the projected overspend is now £3.320m, having applied £8.563m of proposals for change. This sum is reduced for any proposals that are currently assessed as “at risk of non-delivery” at this time, but all others are assumed to be delivered at the maximum possible amount. More detail of the savings and their progress will be made available in the next, quarterly, monitoring report. The contingency of £3.400m is also unallocated at this time and cannot be released until later in the year when there will be more confidence in the delivery of the savings proposals and overall control of the budget. SLT are identifying additional management actions alongside managing the risks in services of further pressures and managing volatility.
- 1.3. The decisions made by the Cabinet on 12 September will be formally implemented as budget adjustments through the accounting system in readiness for reporting based on expenditure to the end of September. However, in this report they are manually adjusted within the “positive variances” column and hence show in the “movement from previous report” column too.
- 1.4. The table showing the projected outturn, and variances from month 4, are set out in Appendix A. The paragraphs below offer short explanations of the major parts of those variances noting separately the figures for spend variances and for the adjustments for the savings agreed by Cabinet in September.

2. Key Variances

- 2.1. **Children’s Services** are forecasting an increase in the overspend of £0.331m before the adjustments for the savings proposals (**£1.604m**) agreed by the Cabinet in September. This is mainly within the cost of placements, which has increased by £0.465m due to the extension of unregulated placements, an unsuccessful reunification and a new residential placement at £8,752 per week. There is also a projected increase in taxi usage for journeys to contact, which is currently being investigated; this has added a further £0.200m. A new transport control process is being put into place. There has been an increase in SEND Transport of £0.113m mostly due to increased numbers across Further Education and placements at Mendip Free School. These increases have been offset primarily by reduced staffing projections in frontline social work teams and reduced staffing and running costs in the short break care residential units resulting in a net increase overall of £0.331m.

Some of the proposals for change (related to Dedicated Schools Grant) considered by the Cabinet in September require consultation with, and agreement by, the Schools Forum. This consultation is ongoing and is not expected to conclude until early November; should agreement not be gained then the outturn projection will be adversely affected.

- 2.2. **Economic and Community Infrastructure’s** forecast has improved and at the

end of August was reporting a potential underspend of £0.168m (0.027% of the budget) before the adjustment for the additional savings (**£2.512m**) approved by Cabinet in September. There continue to be inflationary and service pressures in Transporting Somerset, and the on-going need to provide consultancy support for Planning Control in the absence of officers. However, the situation has improved, because of the holding of vacancies within the service and through additional income through road closures in Traffic Management. The forecast is still subject to volatility in winter and emergency works, waste tonnages and concessionary fares numbers. ECI managers are regularly tracking the additional savings required and are confident that these can be delivered in the financial year.

- 2.3.** In **Adults Services** there have been increased costs of Learning Disabilities this month, which has led to an increase in the projected cost of £0.206m. In addition the savings agreed by the Cabinet in September (**£0.356m**) have been applied. There have been 5 new packages of support, including one transitioning from Children's Services. Alongside these new packages was an increased cost for a person brought back in-county and the loss of continuing health care (CHC) funding for one person.
- 2.4.** **Corporate and Support Services** is showing an increase of £0.247m on the previous report. The main reason for this has been a further review of the profile of cross-cutting performance savings, some of which are now deemed unlikely to be deliverable in this financial year. Procurement and Finance have therefore taken a more prudent view as to what is now included in the projections which has led to an increase of £0.397m. Offsetting this is a further £150k positive variance generated by underspends, vacancies and renegotiating contracts. In addition there are a further £3.025m of adjustments arising from the Cabinet decisions in September.
- 2.5.** We are reporting an increased underspend of £0.189m in **Corporate Funding** from the previous report plus the **£1.000m** of adjustment in the **Non-Service Items** line arising from the Cabinet decisions in September. The reason for this variance is a better than anticipated gain from the Somerset Business Rates Pool.

3. Options considered and reasons for rejecting them

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

4. Background Papers

- 4.1.** Month 4 Revenue Budget Monitoring report to Cabinet – 12 September 2018.

Appendix A – Revenue Budget Monitoring – Headline Summary Table

Service	Original Base Budget	Budget Movements	Total Budget Approvals	Negative (+) Variances	Positive (-) Variances	Planned Use of Earmarked Reserves	Planned Use of Capital Receipts Flexibility	Net Variance Under (-) / Overspend		Previous Cabinet Report *	Movement from Previous Report
	£m	£m	£m	£m	£m	£m	£m	£m	%	£m	£m
Adults and Health - Operations	141.284	0.035	141.319	6.887	-6.180	0.000	-2.557	-1.850	-1.31%	-1.700	-0.150
Children and Families - Operations	46.279	4.920	51.199	11.749	-0.459	0.000	-0.050	11.240	21.95%	11.196	0.044
Children and Learning - Commissioning	19.750	0.391	20.141	6.985	-2.192	-0.197	-0.118	4.478	22.23%	5.795	-1.317
Public Health	1.026	-0.003	1.023	0.000	-0.100	0.000	0.000	-0.100	-9.78%	-0.100	0.000
ECI Services	62.774	0.178	62.952	3.502	-4.627	-1.131	-0.490	-2.746	-4.36%	-0.066	-2.680
Key Services Spending	271.113	5.521	276.634	29.123	-13.558	-1.328	-3.215	11.022	3.98%	15.125	-4.103
Corporate and Support Services	24.078	0.799	24.877	6.265	-6.280	1.149	-2.694	-1.560	-6.27%	1.218	-2.778
Non-Service Items (Inc Debt Charges)	22.692	-6.319	16.373	0.009	-4.460	0.000	0.000	-4.451	-27.18%	-3.441	-1.010
Trading Units	0.000	0.000	0.000	0.466	-0.447	0.152	-0.171	0.000	0.00%	0.000	0.000
Support Services and Corporate Spending	46.770	-5.520	41.250	6.740	-11.187	1.301	-2.865	-6.011	-14.57%	-2.223	-3.788
Updated Business Rates Receipts	0.000	0.000	0.000	0.338	-2.029	0.000	0.000	-1.691	0.00%	-1.502	-0.189
SCC Total Spending	317.883	0.001	317.884	36.201	-26.774	-0.027	-6.080	3.320	1.04%	11.400	-8.080

