

2019/20 Revenue Budget Monitoring – Quarter 1 (Month 3) Report

Lead Officer: Sheila Collins, Interim Director of Finance
Author: Leah Green, Finance Manager MTFP – Corporate
Finance Contact Details: SDCollins@somerset.gov.uk 01823 359028
Cabinet Member: Cllr Mandy Chilcott – Cabinet Member for Resources
Division and Local Member: All

1. Summary

- 1.1.** This report sets out the Quarter 1 (month 3) 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-term whilst also supporting the delivery of the Council's key priorities.

- 1.2.** Although still early in the year, the report shows an overall projected **balanced position** for the Council, with the main variances being within Children's Services and Trading Units (Dillington House). Management action is under development in these areas that will aim to ensure a balanced budget by the end of the year. However, until these are more fully developed, these variances are being reported in the detail of the report (see **Appendix A**) and a proportion of the corporate contingency 'notionally' allocated to off-set the variances. This leaves £6.061m 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 by the Cabinet regarding use of the contingency will be considered later in the year once the end of year position is firmer.
- 1.3.** As **Appendix A** is a quarterly report, more detail on debt charges, reserves, capital receipts and an up-date on the Improving Lives Programme are included than would be the case for the intervening monthly reports. This confirms the positive direction of travel to continue to strengthen the reserves position through taking appropriate opportunities to replenish reserves were sensible.
- 1.4.** The budget for 2019/20 includes a savings target of £21.550m and this report confirms delivery of £16.694m to date. Of the remainder, very close monthly tracking and change control mechanisms continue to be in place as they have

been since September 2018, to ensure full delivery during the year.

2. Issues for consideration / Recommendations

- 2.1.** The Committee is asked to comment on the projected revenue outturn for 2019/20, whether there are any suggestions for additional management actions or alternative options that they would like to recommend to the Cabinet.
- 2.2.** The Committee is asked to consider any issues or information they would like to be addressed or included in future reports.

3. Background

- 3.1.** The report (**Appendix A**) is the second revenue budget monitoring for 2019/20 and remains an early forecast of the potential end of year position.
- 3.2.** Nevertheless, 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 service forecasts of £0.667m. At this early stage in the year, this is being off-set by a 'notional' allocation from Corporate Contingency while firm management actions to correct variances are being developed.
- 3.3.** The Council must, and will, sustain this tighter financial grip going forwards. This will include the continuation of formal monthly monitoring report to Cabinet and to Scrutiny for Policies and Place and continual 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.

4. Consultations undertaken

- 4.1.** See Appendix A

5. Implications

- 5.1.** See Appendix A

6. Background papers

- 6.1.**
 - 2019/20 Revenue Budget Monitoring Report to Cabinet – 8 July 2019
 - Revenue Budget – Medium Term Financial Plan 2019-22 to Full Council – 20 February 2019

Note: For sight of individual background papers please contact the report author.