

# Scrutiny for Policies and Place Committee

Wednesday 11 December 2019  
10.00 am Taunton Library Meeting Room



To: The Members of the Scrutiny for Policies and Place Committee

Cllr A Groskop (Chair), Cllr A Bown (Vice-Chair), Cllr P Ham, Cllr B Filmer, Cllr John Hunt, Cllr L Leyshon, Cllr M Keating and Cllr T Munt

All Somerset County Council Members are invited to attend meetings of the Cabinet and Scrutiny Committees.

Issued By Scott Wooldridge, Strategic Manager - Governance and Risk - 3 December 2019

For further information about the meeting, please contact Lindsey Tawse on 01823 355059, ltawse@somerset.gov.uk or Jamie Jackson on 01823 359040, jajackson@somerset.gov.uk

Guidance about procedures at the meeting follows the printed agenda.

This meeting will be open to the public and press, subject to the passing of any resolution under Section 100A (4) of the Local Government Act 1972.

This agenda and the attached reports and background papers are available on request prior to the meeting in large print, Braille, audio tape & disc and can be translated into different languages. They can also be accessed via the council's website on

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# AGENDA

Item Scrutiny for Policies and Place Committee - 10.00 am Wednesday 11 December 2019

**\*\*Public Guidance notes contained in agenda annexe\*\***

1 **Apologies for absence**

2 **Declarations of Interest**

Details of all Members' interests in District, Town and Parish Councils will be displayed in the meeting room. The Statutory Register of Member's Interests can be inspected via the Community Governance team.

3 **Minutes from the previous meeting held on 7th November 2019 (Pages 5 - 18)**

The Committee is asked to confirm the minutes are accurate.

4 **Public Question Time**

The Chairman will allow members of the public to ask a question or make a statement about any matter on the agenda for this meeting. **These questions may be taken during the meeting, when the relevant agenda item is considered, at the Chairman's discretion.**

5 **2019/20 Revenue Budget Monitoring Report - Quarter 2 (Month 6) (Pages 19 - 50)**

6 **2019/20 Capital Budget Monitoring - Quarter 2 Report (Pages 51 - 74)**

7 **Library Re-design (Verbal Update)**

8 **Scrutiny for Policies and Place Committee Work Programme (Pages 75 - 76)**

To receive an update from the Governance Manager, Scrutiny and discuss any items for the work programme. To assist the discussion, attached are:

- The Committee's work programme
- The Cabinet's forward plan

9 **Any other urgent items of business**

The Chairman may raise any items of urgent business.

**Are you considering how your conversation today and the actions you propose to take contribute towards making Somerset Carbon Neutral by 2030?**

# Agenda Annexe

## Guidance notes for the meeting

### 1. Inspection of Papers

Any person wishing to inspect Minutes, reports, or the background papers for any item on the Agenda should contact the Committee Administrator for the meeting – Andrew Randell on Tel: (01823) 357628 or Email: [arandell@somerset.gov.uk](mailto:arandell@somerset.gov.uk) or [democraticservices@somerset.gov.uk](mailto:democraticservices@somerset.gov.uk) They can also be accessed via the council's website on [www.somerset.gov.uk/agendasandpapers](http://www.somerset.gov.uk/agendasandpapers)

### 2. Members' Code of Conduct requirements

When considering the declaration of interests and their actions as a councillor, Members are reminded of the requirements of the Members' Code of Conduct and the underpinning Principles of Public Life: Honesty; Integrity; Selflessness; Objectivity; Accountability; Openness; Leadership. The Code of Conduct can be viewed at: <http://www.somerset.gov.uk/organisation/key-documents/the-councils-constitution/>

### 3. Minutes of the Meeting

Details of the issues discussed and recommendations made at the meeting will be set out in the Minutes, which the Committee will be asked to approve as a correct record at its next meeting.

### 4. Public Question Time

**If you wish to speak, please tell Andrew Randell the Committee's Administrator - by 5pm, 3 clear working days before the meeting ( date ). All Public Questions must directly relate to an item on the Committee's agenda and must be submitted in writing by the deadline.**

**If you require any assistance submitting your question, please contact the Democratic Services Team on 01823 357628.**

At the Chair's invitation you may ask questions and/or make statements or comments about any matter on the Committee's agenda – providing you have given the required notice. You may also present a petition on any matter within the Committee's remit. The length of public question time will be no more than 30 minutes in total.

A slot for Public Question Time is set aside near the beginning of the meeting, after the minutes of the previous meeting have been signed. However, questions or statements about any matter on the Agenda for this meeting may be taken at the time when each matter is considered.

You must direct your questions and comments through the Chair. You may not take direct part in the debate. The Chair will decide when public participation is to finish.

If there are many people present at the meeting for one particular item, the Chair may adjourn the meeting to allow views to be expressed more freely. If an item on the Agenda is contentious, with a large number of people attending the meeting, a representative should be nominated to present the views of a group.

An issue will not be deferred just because you cannot be present for the meeting. Remember that the amount of time you speak will be restricted, normally to two minutes only.

## **5. Exclusion of Press & Public**

If when considering an item on the Agenda, the Committee may consider it appropriate to pass a resolution under Section 100A (4) Schedule 12A of the Local Government Act 1972 that the press and public be excluded from the meeting on the basis that if they were present during the business to be transacted there would be a likelihood of disclosure of exempt information, as defined under the terms of the Act.

## **6. Committee Rooms & Council Chamber and hearing aid users**

To assist hearing aid users the Committee meeting rooms have infra-red audio transmission systems.

## **7. Recording of meetings**

The Council supports the principles of openness and transparency. It allows filming, recording and taking photographs at its meetings that are open to the public - providing this is done in a non-disruptive manner. Members of the public may use Facebook and Twitter or other forms of social media to report on proceedings and a designated area will be provided for anyone wishing to film part or all of the proceedings. No filming or recording may take place when the press and public are excluded for that part of the meeting. As a matter of courtesy to the public, anyone wishing to film or record proceedings is asked to provide reasonable notice to the Committee Administrator so that the relevant Chair can inform those present at the start of the meeting.

We would ask that, as far as possible, members of the public aren't filmed unless they are playing an active role such as speaking within a meeting and there may be occasions when speaking members of the public request not to be filmed.

The Council will be undertaking audio recording of some of its meetings in County Hall as part of its investigation into a business case for the recording and potential webcasting of meetings in the future.

A copy of the Council's Recording of Meetings Protocol should be on display at the meeting for inspection, alternatively contact the Committee Administrator for the meeting in advance.

## SCRUTINY FOR POLICIES AND PLACE COMMITTEE

Minutes of a Meeting of the Scrutiny for Policies and Place Committee held in the Taunton Library Meeting Room, on Thursday 7 November 2019 at 2.00 pm

**Present:** Cllr A Groskop (Chair), Cllr A Bown (Vice-Chair), Cllr P Ham, Cllr B Filmer, Cllr John Hunt, Cllr L Leyshon, Cllr M Keating and Cllr T Munt

**Other Members present:** Cllr M Chilcott, Cllr H Davies and Cllr L Redman

**Apologies for absence:** N/A

**221. Declarations of Interest - Agenda Item 2**

There were no new declarations of Interest.

**222. Minutes from the previous meeting held on 9 October 2019. (attached). – Agenda Item 3**

The minutes of the meeting held on 9 October were accepted as being accurate by the Committee.

**223. Public Question Time - Agenda Item 4**

There were no public questions.

**224. Corporate Property Asset Management Plan 2019 - 2024 - Item deferred due to pre-election notice period - Agenda Item 6**

This item was deferred due to the pre-election notice period.

**225. 2019/20 Revenue Budget Monitoring Report - Month 5. - Agenda Item 7**

This report set out the Month 5 forecast outturn position for 2019/20 for the net Revenue Budget of £327.967m. It highlighted 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) set out proposals to further develop its financial resilience over the long-term whilst supporting the delivery of the Council's key priorities.

The report continued to show an overall projected balanced position for the Council, with the main adverse variances being within Children's Services and Trading Units (Dillington House). Management action continued to be developed and implemented in these areas to mitigate pressures with an aim to end the year within the approved budget. Until these management actions were fully developed and implemented, these variances were included in the detail of the report and a proportion of the corporate contingency 'notionally' allocated to off-set them. This left £5.748m 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 would be considered later in the year once the end of year position was firmer.

The budget for 2019/20 included a savings target of £21.547m and the report confirmed current forecast delivery of £21.365m.

This report was the fourth revenue budget monitoring for 2019/20 and remained a relatively early forecast of the potential end of year position.

It was encouraging that the forecast continued to show confidence that the more robust approach to budget planning for 2019/20 onwards ensured that the budget assumptions were realistic, and deliverable with a relatively small adverse variance seen in Service forecasts of £0.805m. This was a slightly worsened position from the previous month's forecast mainly as a result of changes in the Children's services area and the increased deficit in the trading forecast for Dillington which was detailed in the report. At this stage in the year, this adverse variance was being off-set by a 'notional' allocation from Corporate Contingency while firm management actions to correct variances were being developed.

The Council would sustain tighter financial grip going forwards. This would include the continuation of formal monthly monitoring reports 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 continued to be given close attention by the Senior Leadership Team.

Forecasts for the use of reserves and the year-end balance had not significantly changed from the previous month with the current estimated balance of approximately £33m remaining in earmarked reserves at the end of the year. As part of the fuller quarterly budget monitoring reports, reserves would be reported in more detail including explanations and would include a forecast of the value of reserves that would be held at the end of the year.

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 5 forecast position indicated a small reduction of £0.370m to £2.425m against the original planned amount and was in-line with the month 4 report. A full summary of the forecasts would be included in the quarterly budget monitoring reports.

The Councils Summary forecast set out a projected balanced position when compared to the net revenue budget of £327.967m. There was a forecast adverse variance in Key Service Spend with most of the adverse variance being within Children's Services and Trading Units (Dillington House). Most other areas of the Council were within reasonable tolerance.

The Adults budget was projected to be overspent by £0.174m against the net budget of £126.533m. This was a small increase of £0.042m from the figure reported in Month 4.

The increased projection of £0.042m was as a result of moving 4 clients from a care home with quality and performance concerns which had been closed. The new placements had been made at a higher rate than previously but would ensure the assessed outcomes of those involved were met appropriately.

There had been an increase in Residential and Nursing placements over the past month, particularly Nursing placements for people with Dementia which saw a net increase of 7 placements. This was the continuation of growth that was reported in month 4 and an area that the service knows is likely to increase in the future. As a result, the Mental Health transformation plan and new models of care being commissioned were a big focus over the coming months and years.

Offsetting the increase was a decrease in the projected cost of Domiciliary Care. There was a reduction in hours delivered across the County throughout period 4, in the Sedgemoor and South Somerset areas. There were particular sourcing issues in South Somerset throughout July although these had now subsided following work done with providers in that area.

The Learning Disabilities Pooled Budget was projecting a favourable variance of £0.062m. There were increased costs for Supported Living following an increase in assessed needs for a number of clients both within the Discovery contract and those that were purchased outside of the contract. These additional costs had been offset by 3 new and 1 increased Continuing Health Care awards.

The council had recently reached a financial settlement with Unison on behalf of its members in relation to an employment tribunal claim. This had enabled the claim to be resolved in a way that was satisfactory for all parties. Costs were being finalised and would be reported as part of the next budget monitoring report.

It was likely that as forecasts became clearer a favourable variance of one-off funding would arise and will be requested at year end to be transferred to the Adult Social Care Resilience earmarked reserve. As part of the fuller quarterly budget monitoring reports a forecast would be included of the likely value of the favourable variance next month.

There were MTFP savings of £5.157m to be achieved during 2019/20. Of these £3.468m had already been fully achieved with the remaining £1.689m on track to be delivered throughout the year.

A breakdown of achievement of savings was set out for 2019/20 as at 31st August 2019 and confirmed that 99% of the proposals for change had been classified as having a green or blue status, meaning service directors were confident that these savings would be delivered or in the case of the blue savings, they have already been delivered. 1% of savings proposals were been classified as red meaning the savings are currently at risk or replacement savings had not been agreed through the change control process. The monitoring of the delivery of the savings across the three decision processes were set out in Appendix B.

## Debate

- Concerns were expressed around Schools changing to academy status, resulting in a budget deficit to the authority. It was recognised that this was not a new financial risk and acknowledged that there were pressures on Schools funding.
- Work continued to monitor the operating costs and the effects to ensure mitigation steps can be made.
- Monthly monitoring reports would be maintained with this area to ensure it could be reviewed.
- The committee requested the numbers of academy schools be provided as a comparison with the number of maintained schools. A renewed emphasis was placed to ensure maintained schools were kept on track; with high risk schools managed closely.
- The Committee commended the Strategic Manager – Chief Accountant and wished her luck in her new role outside the authority.

The Committee noted the report.

### **226. Review of Scrutiny function Report. - Agenda Item 8**

Effective scrutiny helped secure the efficient delivery of public services to drive improvements within the Council and, if done well, amongst other public service providers too. While scrutiny had matured in Somerset over the years, it still faced challenges.

As part of organisational transformation and taking forward Peer Challenge recommendations, the Council had undertaken a thorough review of its scrutiny function. The review considered best practice from other councils and the latest Government statutory guidance in May 2019. The review had also involved working with the Centre for Public Scrutiny (CfPS). Their covering report along with final review report (set out as Appendix A) provided the Committee with an opportunity to consider a series of recommendations and suggested any further developments they consider appropriate.

The majority of the recommendations in the report combined both the short term improvements that could be taken forward from the CfPS report along with recognising that necessary cultural improvements were required to develop and embed better scrutiny form part of a longer term programme of work commencing before the end of 2019 through until March 2021.

The Council undertakes an annual review of its democratic arrangements and its Constitution to ensure they remained fit for purpose for the organisation to meet its legal duties.

The Communities and Local Government Select Committee undertook an inquiry into the effectiveness of scrutiny in local government in 2017. The select committee's report



identified a number of areas for improvement. This work has led to the development of the new statutory Scrutiny Guidance which was published in May 2019.

While Scrutiny had matured in Somerset over the last decade, it still faced challenges. This included officer driven agendas, Scrutiny Committees being used as a 'tick box' for agreeing new policy and not providing the Committees the opportunity to add value, limited member engagement, overcrowded agendas and work programmes.

The Peer Challenge in 2018 identified, as one of the key recommendations, that 'Somerset County Council should review its scrutiny arrangements as part of making it more effective, ensuring all councillors were equipped to play an active role and contribute to the policy making and key decisions affecting the future of Somerset's residents and the council, and that its governance arrangements are reflective of this.'

In parallel, as part of the organisational transformation work it was recognised there was a need to improve the Council's scrutiny arrangements. As a result the Council commissioned the nationally renowned Centre for Public Scrutiny to carry out an independent review of the scrutiny function at SCC between March and May 2019. This involved attending all 3 Scrutiny Committees (Place, Adults and Health and Children and Families) during April and conducting a Member survey, before producing an initial draft report in late May. This was subsequently reviewed with the Leader, Deputy Leader and Scrutiny Chairs and Vice Chairs in June.

Following receipt of the draft Scrutiny Review report the Leader and the 3 Scrutiny Chairs agreed that the next step should involve an all member workshop to discuss the report, the recommendations within and consider these alongside the recently issued national guidance and the council's transformation work. The workshop was held in September, where members received an introductory briefing on the recently published statutory Scrutiny guidance for councils, an appraisal of the scrutiny arrangements and scrutiny resources at Devon County Council, provided a valuable opportunity for members to discuss the ideas and opportunities to make scrutiny more effective. The workshop provided the opportunity for members to discuss the Centre for Public Scrutiny's report and other ideas that members had for improving scrutiny prior to the report formally considered at all 3 Scrutiny Committees in November, as well as Cabinet, ahead of the recommendations being presented to Full Council in November. The workshop was facilitated by Ian Parry, from the Centre for Public Scrutiny who wrote the CFPS's report.

One of the main areas of focus discussed by the Members present, was that the report was focusing on an ideal scenario for 'pure scrutiny' and did not necessarily completely reflect the reality of day to day Local Authority and Committee working styles and politics. There was also concern raised that the report was in parts generic and Members felt that what the Council adopts should be more Somerset specific. This is reflected in the amended recommendation relating to the number of agenda items and a consensus that Cabinet Members and the relevant Director should co-present agenda items, rather than a select Committee style approach, which Members agreed didn't consider appropriate for Somerset County Council.

The report of the Centre for Public Scrutiny, set out in Appendix A, provided a comprehensive analysis of the current arrangements and contained 11 specific

recommendations for how scrutiny could be improved at the Council. Several of these recommendations could be defined as logistical or practical changes and therefore were relatively easy and straightforward to implement. Other recommendations were more cultural and these would take longer to embed and required a change of approach throughout the Council by Members and officers.

The easier to implement changes included reducing the number of formal committee meetings in order to provide each scrutiny committee with the opportunity to focus its available resources on areas such as the development of commissioning plans, undertaking more partnership scrutiny, review opportunities for services improvements and doing more scrutiny outside of formal committee meetings e.g carrying out visits to frontline services and greater use of task and finish groups. Improvements to work planning (including quarterly joint work planning meetings across the committees), more focused agenda setting, improved meeting layouts, as well as a strict adherence to no 'for information' report as part of any formal agenda, would be relatively straightforward to implement during 2020.

The cultural work that had been identified would require a more gradual introduction, as members assumed more ownership with the work programme, actively suggest and pursue items they wished to be considered, as well as Cabinet and officers making greater use of utilising Scrutiny as a sounding board early in policy development and consider their recommendations when shaping decisions and focusing on outcomes. There would also be an emphasis of greater ownership and engagement by all Scrutiny Committee Members, as well as a depoliticising of Scrutiny where possible, for example removing the need for political group pre-meetings and replacing with pre-meetings for all Committee members, to agree themes of questioning and specific areas of interest.

These types of changes would take time to embed and as result the intention would be to have implemented and fully embed all of the recommendations by March 2021, to align with the new quadrennium. It is anticipated that all Members would begin to notice changes to the way scrutiny is working and conducted with an immediate effect.

Although the CfPS's report is comprehensive and suggested improvements and amendments in a number of areas, the Committee are invited to suggest other areas or issues that could be addressed at this time and can be incorporated in the overall review. Officers are especially keen to seek the Committee's views on the relationships with Cabinet members, senior officers and also how they would like to be consulted and incorporated within policy development.

Page 11 of the Centre for Public Scrutiny's final report detailed the Members and officers who were met with on an individual basis.

All Members were invited to take part in an online Scrutiny survey. Over 40% of Members completed the survey, the results of which formed part of the Centre for Public Scrutiny's final report. 20 County Councillors attended the Scrutiny review Member workshop in September.

While there were no direct budget implications within the CfPS recommendations, the review of other councils and the new statutory guidance identified the need for more

scrutiny training and development for members, the possibility of conducting scrutiny in different ways, including increased use of visits and travel around the County. These recommendations would result in increased Member expenses and training budget requirements. However this should be considered alongside a reduction in officer demand, especially at a senior level, to prepare reports, briefings and attend a reduced number of formal Committee meetings from 2020.

The cultural transformation required, improved work planning and policy advice support would require dedicated officer resources in addition to what the council provided through the Democratic Services Team. The Strategic Manager, Democratic Services has reviewed other councils and the CfPS recommendations and has identified, as a minimum, the need for an additional scrutiny support officer within the Democratic Services team. This additional officer resource and training resources for members were an integral part of the recommendations as they will be essential to support successful implementation by March 2021 and will have specific responsibility for policy research, liaison with members and officers throughout the Authority and scrutiny training and development.

Background papers included:-

Supporting governance, scrutiny and member support in Somerset County Council – Centre for Public Scrutiny - May 2019

Statutory Guidance on Overview and Scrutiny in Local and Combined Authorities – Ministry of Housing, Communities and Local Government – May 2019.

#### Debate

- Site visits were encouraged to provide greater knowledge of projects and areas around the county
- Training and support through flexible sessions such as masterclasses, seminars and task and finish groups in specific areas were supported to increase member awareness and considered a positive way forward.
- Where required, the use of pre-meetings to plan the running of business on the agenda alongside Informal Scrutiny meetings could be explored.
- Questioning of Cabinet members by the committee with delegation to the relevant officer for specific details or technical guidance was the preferred model and followed good practice by the centre of public scrutiny.
- The forward plan would be on an ongoing review basis by the Committee to ensure there was an adequate time to Scrutinise, the number of agenda items per committee would be limited to roughly four per agenda.
- The committee requested greater accessibility for members of the public and changing the way Scrutiny is approached to achieve this.
- It was acknowledged that there were resource implications around changing and improving Scrutiny practices. The Committee were reassured that there was dedicated Scrutiny resource allocated in the new Democratic Services Structure due to be implemented from the start of 2020.
- Member briefings and working groups were considered along with ensuring positive attendance for these.

- Concerns were expressed with the number of meetings and the travel across the County for some of the Councillors, a reduction in meetings as a result of increased activity of briefings and masterclasses could ensure Councillor availability and input.
- Greater value would be achieved if the committee were provided greater information with a summary of items set out in the forward plan.
- The committee agreed that there should be no future reports with recommendations for the report to be noted.
- The Scrutiny Manager thanked the committee for their views and ensured their opinions would be taken into account in implementing the recommendations.

The Committee:

1. Endorsed and recommended to Full Council that the Council implements a programme of cultural transformation and improvements to its scrutiny arrangements by March 2021, including the provision of additional resources in the Democratic Services Team and members training budgets to deliver the enhanced scrutiny arrangements;
2. Endorsed 10 of the 11 recommendations within the Centre for Public Scrutiny's 'Supporting governance, scrutiny and member support in Somerset County Council' report as detailed on pages 9 and 10 of Appendix A; The Committee is asked to agree to an alteration to Recommendation 6 within the CfPS report and limit the number of agenda items to an absolute maximum of 4, rather than two as currently recommended, as this more accurately reflect the current position of the Authority and the size of the workload.
3. to consider and make any further recommendations it considers appropriate to include as part of the Scrutiny Review with reference to the Government's new statutory guidance, best practice from other councils and the members workshop held in September 2019;
4. to support all recommendations relating to the Scrutiny Review being recommended by Full Council on 27th November 2019 and for the improvements to be taken forward from January 2020 to March 2021;
5. The Scrutiny for Policies and Place Committee to receive a quarterly progress report on the improvements and review of scrutiny arrangements.

## **227. West Somerset Opportunity Area (For Information Report). - Agenda Item 9**

The Opportunity Area Programme is a key part of the Education Secretary's priority of tackling social mobility, and improving opportunities for young people across the country. Twelve areas with both poor social mobility and schools that face challenges, were to receive a share of £72 million to boost opportunities for young people in these communities.

The areas chosen were amongst the weakest in both the 2016 Social Mobility Commission's index, and the Department for Education's data on school

standards and capacity to improve. West Somerset was 324th out of 324 Council areas in the social mobility index in both 2016 and 2017.

The original plan was published in October 2017 by the DFE working across business, education and community to create and maintain more opportunity for our young people. It was important that this would be a community wide initiative, supported by Early Years providers, Schools, Colleges, Businesses, The Voluntary Sector, Health, Council services, and most importantly young people and their families. The programme ran to March 2020, with a detailed delivery plan for 2018/20. The initial work identified the key challenges as:

- The geography – rurality and connectivity.
- Ageing population – an older demographic (av. age 54 years) and comparatively fewer opportunities for young people.
- Low aspirations among young people and disadvantaged families.
- Low wages and a high incidence of seasonal, part-time and low-skilled employment.
- The need to accelerate early years development.
- Access to Child care
- Narrowing the gap in educational attainment between FSM children and the rest of their peer group.
- Complex Accountabilities for Education provision across Trusts and Local Authority Schools.
- Access and Transport
- Lack of access to post 16 training and apprenticeships
- Sparsity of population – unviable service provision despite the need.

The paper outlined what constituted Social mobility and considered the lessons learnt from the two years of the opportunity area, and the legacy planning once the Opportunity area came to an end in March 2020.

As part of the Opportunity Area (OA) Programme, West Somerset would receive up to £5.4m over three years as part of the Department for Education (DFE) flagship policy to drive up social mobility. One of twelve Opportunity Areas, located across England, to benefit from local initiatives that brought together local stakeholders to deliver tailored solutions to the area's problems. Each OA had a published plan written in collaboration with the DfE, local authorities, charities, businesses and other delivery partners setting out the key priority areas. The West Somerset plan had four priorities with a fifth added after year one. This was the final year of expenditure however the DFE had agreed to activities continuing till the end of August 2020.

The priority of Early years in West Somerset was 324th out of 324 for the Early Years indicators. In 2014 in West Somerset only 30% of disadvantaged five-year-olds reached a good level of development. Appendix 1 Detailed the Early years settings and schools in West Somerset. The programme was devised by local stakeholders, including settings, The Voluntary Sector, Public Health Somerset County Council Advisers, and Sector leads. It concentrated on improving maternal health, speech language, special educational needs and the overall quality of the provision within West Somerset. The programme developed the established cluster model where settings worked together, this was now being rolled out across the county.

The targets were:

- Increasing the proportion of children achieving a good level of development at the end of the early years foundation stage to at least 70%, so that it is above the national average.
- Increasing the proportion of fsm children achieving a good level of development at the end of the early years foundation stage, so it stood above the current national average.
- Increase take up, so that at least 80% of disadvantaged two year olds accessed early education, which was well above the current national rate of take up

There were 18 schools across a three-tier system and the upper school has sixth form. There were 3000 pupils and all but two schools were good or outstanding. Key stage 2 results were low, particularly for disadvantaged boys.

Appendix 1 Detailed the Early years settings and schools in West Somerset. West Somerset was predominantly a three-tier system, with transfers halfway through key stage 2 from the first to the middle schools where the key stage 2 tests were taken, and with a second transfer partway through key stage 3.

There was substantial research about the benefits or not of the three-tier system, and the program agreed from the outset to focus on improving teaching and learning regardless of the school system. It was noted that due to the number of academies the school system is the responsibility of the Academies.

The key concern was the low level of key stage 2 results especially for pupil premium children. The improvement programme was designed by local head teachers with support from the Regional Schools Commissioner, Somerset County Council advisers, and the West Somerset Research school who supported evidence-based approaches promoted by the Education Endowment Fund. The programme focused on improving literacy predominantly with Read Write Inc, maths with Boolean maths, Leadership training, SEND with Inclusion expert and support for pupil's mental health. The plan had focused on improving teaching and learning for all pupils with the expectation that this would also increase standards for pupil premium children. The programme was also planning to support improving transitions with an increased knowledge of the curriculum across phases and plans for vulnerable children. West Somerset schools had experienced significant change during the first two years of the Opportunity Area with a reduction in the number of head teachers and the majority schools having new head teachers. The challenge for some West Somerset schools was the low population numbers in the villages meant that it was not possible to have the optimum number of pupils in each school. The programme was also focused on improving life opportunities for Vulnerable pupils.

The Targets were:

- At least 85% of children would meet the expected standards in phonics in all schools in West Somerset. Based on current numbers this would mean up to 30 more children reaching the standard
- The proportion of children reaching the expected standard in reading, writing and maths outcomes at key stage 1 will put West Somerset in the top half of the country, and the attainment gap between disadvantaged pupils and all pupils will be half what it was in September 2017
- expected standard in reading outcomes at key stage 1 reading outcomes at KS1 attainment gap between disadvantaged pupils and all pupils
- expected standard in writing outcomes at key stage 1 writing outcomes at KS1 attainment gap between disadvantaged pupils and all pupils.
- expected standard in maths outcomes at key stage 1
- Outcomes at key stage 2 will be in the top half of the country and we will close the gap in West Somerset between disadvantaged pupils and all pupils for key stage 2

Priority three set out the Transition to adulthood that Disadvantaged young people find themselves trapped as they have limited access to education employment opportunities and lack the means to move home or travel to access them. Nationally those who face the biggest barriers to success are disadvantaged youngsters and very hard to reach the sparsely populated areas. Indeed, nine of the 10 worst performing local authority areas are poorly connected (often coastal) and sparsely populated. In such areas, disadvantaged youngsters not only have fewer local services, but also received less support from universities and other third sector organisations. The problem is not just travel time. Remote schools often have too few low-income pupils to be eligible for outreach from employers or universities – meaning that people slip through the net. Isolated rural areas also suffer from weaker partnerships between local organisations – due to the distance between them local authorities and other stakeholders in rural or isolated areas need to make more consistent action to improve access to opportunities stop this can involve better transport links, better systems to ensure rural schools receive outreach and service providers, and better connection between school's charities universities and businesses. Local enterprise partnerships, or universities are well positioned to leave such efforts.

The targets were:

- Increasing the percentage of young people achieving level three qualifications such as A levels, at age nineteen and close the gap between West Somerset and Somerset in both academic and vocational qualifications. By 2020/21 we want achievement in West Somerset to equal the strong results already being achieved in the best performing parts of Somerset
- Level 3 by age 19 through Academic qualifications
- Level 3 by age 19 through Vocational qualifications

- All young people leaving West Somerset College will go onto further education, employment or training Saved in Physical, Vulnerable Learners,
- The proportion of young people progressing to higher education will put West Somerset in the top half of the country
- We will increase apprenticeship starts so start rates are as high, or better than, the rest of Somerset and so completion rates are as high, or better than, the rest of Somerset.

Priority five set out areas in Business and enterprise In West Somerset, there were limited business networking opportunities as Minehead and the wider West Somerset area did not have a strong local Chamber of Commerce but as part of the OA we are developing an employer forum, led by Jim Whittaker of Channel Training.

The Education Business Partnership has to date engaged 21 businesses with a presence in West Somerset in careers inspiration activity. We have also engaged businesses from Bridgwater and Taunton with activity in West Somerset. It is recognised in West Somerset that the majority of businesses were small and therefore difficult for them to engage in a similar level of joint working with schools. The Programme created by local stakeholders, including West Somerset council now Somerset West and Taunton, businesses, training providers, in the current development had four key priorities. In areas of depopulation, strategies that build businesses and encourage young people that there are options locally to earn a living seem to be most effective. The depopulation is most keenly felt on Exmoor particularly around the hinterland of Dulverton.

It was noted that within the community, capital investment funding had previously been awarded to support buildings to meet the needs of local people. However due to low population numbers the revenue streams have not been in place to sustain them. In a number of assets across West Somerset that require different business models to ensure their effective use. Where this is the case the project is exploring different business models utilise them to their full potential. Holiday Clubs There is a lack of child care and holiday clubs in West Somerset which makes it harder for parents in West Somerset to work. However there was a strong voluntary sector organising events across the community. The programme has funded a coordinator to market and promote the activities within the community so that they are well supported. Where there is no provision the project has explored a number of new models. One model has been busing young people from communities without child care to Kilve Court for activities which has been successful. Food Within the project we have been approached by Fare share, a national Bristolbased charity to provide food to community groups. During the last two years we have provided food at Christmas and during the summer holidays where families who benefit from free school meals during term time struggle with the additional costs of feeding their children.

West Somerset Opportunity area had enabled key strategic leads to consider the data and needs of West Somerset focused on one place rather than looking



at data for a wider area. It has facilitated a wide variety of organisations working together across the priorities. The opportunity area has identified within West Somerset.

- The power and energy of the community with capacity to help children and young people
- Partnership working including improved joint working between agencies.
- Joint identification the issues facing community - lack of post-18 training opportunities, transport, data and services
- Significant community resources which are underused due to revenue funding challenges.
- Joint problem-solving beyond schools
- Willingness the community to offer its resources to work with young people
- National Collaboration Outreach project working with Careers and Enterprise Company to develop aspirations and help young people plan their post-16 and post-19 progression routes
- Small businesses with limited capacity to support Apprenticeships but a keenness to help develop skills. The Opportunity Area is benefitting from interventions which include:
  - Voluntary groups working with parents
  - Focusing on early years development
  - Locally-based training and Training Teaching Assistants
  - Review of SEND and SEND provision
  - Professional training opportunities for teachers
  - The national programmes supporting early years and local schools.
  - Local Employment engagement
  - Improved partnership working. Following the first two years of interventions by the OA there are still areas for improvement including:
    - learners experience to be consistent, transition to be effective and not the cause of delayed progress.
    - Academies collaborating across their communities.
    - Capacity issues in small schools and making the programme offer work for them
    - Improved joint working between community services for adults and those for young people
    - Access to opportunities locally, transport and data
    - Support for business Legacy planning.

The ambition for the legacy was that the benefits realised in the OA were inherited by local partners and stakeholders to be shared more widely to improve outcomes of young people in rural and coastal districts. It was important that the OA delivered a degree of sustainability with the effects.

### Debate

- The committee requested an update of how residents in the West Somerset area had benefited. The report author would be consulted and an update would be provided to the committee before the next meeting.

The Committee noted the report.

**228. Scrutiny for Policies and Place Committee Work Programme - Agenda Item 10**

The following areas of future consideration by the committee were raised:-

- Consideration of the implementation of 5G technology would be picked up with the relevant Director.
- Finance were happy to provide an update at a future informal session in relation to the Dillington Trading position.
- An update was in relation to Connecting Devon and Somerset was requested.
- The committee requested if a webpage could be created for Councillors and members of the public to comment on agenda item when they could not attend a meeting.
- The Committee were made aware of the future likelihood of meeting cancellations due to the Pre-Election period.

The Committee noted the Work Programme.

**229. Any other urgent items of business - Agenda Item 11**

There were no other items of business.

**(The meeting ended at 3.22 pm)**

**CHAIRMAN**

## 2019/20 Revenue Budget Monitoring Report – Quarter 2 (Month 6)

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

### 1. Summary

- 1.1. The Cabinet report sets out the Quarter 2 (month 6) 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. The report shows an overall projected **balanced position** for the Council, with the main adverse movement from month 5 being within Children's Services. Section 5 of the cabinet report details the management actions underway to mitigate these pressures with an aim to end the year within approved budgets. Until these management actions are more fully developed and fully implemented, these variances are included in the detail of the report and a proportion of the corporate contingency 'notionally' allocated to off-set the variances. This leaves £6.127m 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 5. A decision regarding use of the contingency will be considered later in the year once the end of year position is firmer.
- 1.3. As the Cabinet report is a more detailed quarterly report, it includes more detail on aged debt, reserves, use of capital receipts flexibilities and an up-date on the Improving Lives Programme 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 £21.547m and this report confirms forecast delivery of £21.316m.

## **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 Cabinet report (Annex A) is the second quarterly 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 £0.423m. This is being off-set by a 'notional' allocation from Corporate Contingency while firm management actions to correct variances are being implemented.
- 3.3. 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.

## **4. Consultations undertaken**

- 4.1. See Annex A

## **5. Implications**

- 5.1. See Annex A

## **6. Background papers**

- 6.1.
  - 2019/20 Revenue Budget Monitoring Report (month 5) to Scrutiny Place – 4<sup>th</sup> November 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.

**2019/20 Revenue Budget Monitoring – Quarter 2 (month 6) 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](mailto:SDCollins@somerset.gov.uk) 01823 359028

	<b>Seen by:</b>	<b>Name</b>	<b>Date</b>
	County Solicitor	Honor Clarke	05/11/2019
	Monitoring Officer	Scott Wooldridge	05/11/2019
	Corporate Finance	Sheila Collins	05/11/2019
	Human Resources	Chris Squire	05/11/2019
	Property	Paula Hewitt / John Cooper	05/11/2019
	Procurement / ICT	Simon Clifford	05/11/2019
	Senior Manager	Sheila Collins	05/11/2019
	Commissioning Development Team	<a href="mailto:commissioningdevelopments@somerset.gov.uk">commissioningdevelopments@somerset.gov.uk</a>	05/11/2019
	Local Member(s)	All	
	Cabinet Member	Mandy Chilcott	05/11/2019
	Opposition Spokesperson	Liz Leyshon	05/11/2019
	Relevant Scrutiny Chairman	Cllr Anna Groskop for Scrutiny Place	05/11/2019
<b>Forward Plan Reference:</b>	FP/19/05/10		
<b>Summary:</b>	This report sets out the Quarter 2 (month 6) 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		

	<p>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.</p> <p>The report shows an overall projected <b>balanced position</b> for the Council, with the main adverse movement from month 5 being within Children’s Services. Section 5 details the management actions underway to mitigate these pressures with an aim to end the year within approved budgets. Until these management actions are more fully developed and fully implemented, these variances are included in the detail of the report and a proportion of the corporate contingency ‘notionally’ allocated to off-set the variances. This leaves £6.127m 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 5. A decision regarding use of the contingency will be considered later in the year once the end of year position is firmer.</p> <p>As this a more detailed quarterly report, it includes more detail on aged debt, reserves, use of capital receipts flexibilities and an up-date on the Improving Lives Programme 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.</p> <p>The budget for 2019/20 includes a savings target of £21.547m and this report confirms forecast delivery of £21.316m.</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 budget position for the end of 2019/20</li> <li>2. Note that £6.127m of the corporate contingency remains unallocated.</li> <li>3. Note the delivery of £17.884m savings by Quarter 2 and the forecast delivery of £21.316m by the year end.</li> <li>4. Note the improving financial resilience of the Council, with the level of reserves now being projected as £56.347m by the year end (comprising £36.657m of Earmarked Reserves and £19.690m of General Fund).</li> </ol>

<b>Reasons for Recommendations:</b>	<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>
<b>Links to County Vision, Business Plan and Medium-Term Financial Strategy:</b>	<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>	<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>
<b>Financial Implications:</b>	<p>The financial implications are identified throughout the report.</p>
<b>Legal Implications:</b>	<p>There are no specific legal implications arising from this report.</p>
<b>HR Implications:</b>	<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>
<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,</p>

	<p>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>	<p><b><u>Equalities Implications</u></b></p> <p>There are no specific equalities implications arising from the contents of this report.</p>				
	<p><b><u>Community Safety Implications</u></b></p> <p>There are no community safety implications arising from the contents of this report.</p>				



	<p><b><u>Sustainability Implications</u></b></p> <p>There are no sustainability implications arising from this report.</p> <p><b><u>Health and Safety Implications</u></b></p> <p>There are no health and safety implications arising from this report.</p> <p><b><u>Privacy Implications</u></b></p> <p>There are no privacy implications arising from this report.</p> <p><b><u>Health and Wellbeing Implications</u></b></p> <p>There are no health and wellbeing implications arising from this report.</p>
<p><b>Scrutiny comments / recommendation (if any):</b></p>	<p>This report will be presented to Scrutiny for Policies and Place Committee, on 11 December 2019 and Scrutiny for Policies, Children and Families on 13 December 2019; comments arising will be made available to the Cabinet at a subsequent meeting.</p>

## 1. Background

- 1.1. This report is the second quarterly revenue budget monitoring for 2019/20 and remains an early forecast of the potential end of year position.
- 1.2. 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 £0.423m. This is being off-set by a 'notional' allocation from Corporate Contingency while firm management actions to correct variances are being implemented.
- 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. The Council holds reserves in two forms:

- Earmarked reserves held for specific purposes and to mitigate against future known or predicted liabilities, and;
- The General Fund to mitigate against unforeseen spends or major unexpected events.

2.2. During 2018/19 significant progress was made in replenishing the Council's reserves position, with total balances at the end of the year being £26.075m for Earmarked Reserves and £17.689m for General Fund Reserve. This was an improvement of over £20m during 2018/19.

2.3. This second Quarter budget monitoring report sets out the forecast position and use of earmarked reserves during 2019/20 and the forecast position of General Fund reserve with a summary set out in the tables below (Tables 1, 2 & 3).

2.4. Earmarked reserves are set aside for specific purposes and any anticipated transfer to and from those reserves is in line with those original purposes. Table 1 below confirms the contributions to earmarked reserves that were approved by the Council on 20 February 2019 as part of the budget setting strategy to increase the financial resilience of the council.

### 2.4.1. Table 1 Earmarked Reserves: Approved movements for 2019/20 (February 2019 Council decisions)

<b>Earmarked Reserves 2019/20</b>	<b>£m</b>
<b>Balance as at 31st March 2019</b>	<b>26.075</b>
<u>Budgeted In-Year Movements 2019/20 as agreed in the MTFP:</u>	
Set Up Invest to Save Fund	2.852
Set Up Business Rates Pilot County-Wide Pot	4.015
Set Up Prevention Fund	1.000
Budgeted Increase to Insurance Fund	0.541
<b>Balance as at 1st April 2019</b>	<b>34.483</b>

2.5. A review of the approach, in 2019/20 and future years, to the use of reserves has recently been completed that now provides greater consistency and transparency across services. This up-dated approach more clearly sets out the original forecast impact on overall reserve balances (see table 2) and the impact of changes to

these forecasts during the year. (In future years the original reserve forecasts will be built into service budgets enabling variances to be included within the overall variances report by services).

**2.5.1. Table 2 Earmarked Reserves: Original anticipated use of earmarked reserves for 2019/20**

Service	Original Estimated Draw from or Contribution to Earmarked Reserves (£m)
<b>Balance as at 1st April 2019</b>	<b>34.483</b>
<b>Draws from Earmarked Reserves:</b>	
Adults	(2.500)
Economic & Community Infrastructure Services	(2.126)
Non-Service	(0.034)
<b>Contributions to Earmarked Reserves:</b>	
Adult Services	2.511
Public Health	0.567
Economic & Community Infrastructure Services	0.178
Corporate & Support Services	1.202
Non-Service	2.187
Trading Units	0.189
<b>Total net increase in Earmarked Reserves</b>	<b>2.174</b>
<b>Estimated Balance of Earmarked Reserves</b>	<b>36.657</b>

**2.5.2.** Narrative is included within the service sections below (Section 5) with explanation of any changes to the original anticipated use of earmarked reserves (as shown above in table 2). These changes will be presented within the outturn report for 2019/20 for approval alongside other reserve requests so that the impact on reserves and the overall council financial resilience is visible and a full position of reserves is known.

**2.6.** The forecast end of year position for earmarked reserves clearly demonstrates the continued positive improvement in the Council's financial resilience. These movements will be monitored closely for the remainder of the year and details reported in quarterly reports during the year.

**2.7. General Fund**

The 2019/20 revenue budget includes plans to improve the Council's resilience of its General Fund Reserve by £2.000m as set out in Table 3 below:

### 2.7.1. Table 3 General Fund Reserve Movements 2019/20

General Fund 2019/20	£m
<b>Balance as at 31st March 2019</b>	<b>17.689</b>
<u>In Year Movements 2019/20:</u>	
Budgeted Contribution	2.000
<b>Balance as at 1st April 2019</b>	<b>19.690</b>
<i>Less notional impact of Negative Earmarked Reserve</i>	<i>-1.322</i>
<b>Closing Balance as at 31st March 2020</b>	<b>18.367</b>

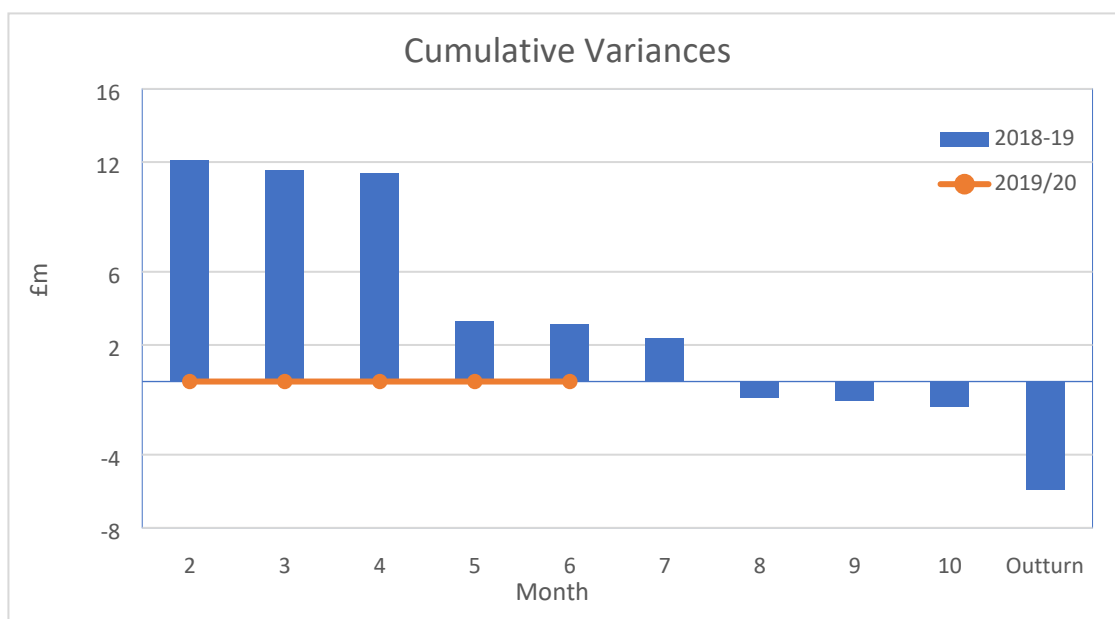
### 3. Capital Receipts Flexibilities (CRF)

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 6 forecast position indicates a reduction of £0.449m to £2.346m against the original planned amount and is a small reduction from what was forecast in the month 5 report (£2.425m). Appendix B gives a summary of the transformational projects and current forecast value.

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

- 4.1.** The Councils forecast shows a projected balanced position when compared to the revenue budget of £327.967m. There is a forecast overspend in Key Service Spend with most of the variance being within Children’s Services and Trading Units (Dillington House). Most other areas of the Council are within reasonable tolerance.
- 4.2.** The following graph (Graph 1) compares the reported monthly budget variances in 2018/19 and the current financial year.

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

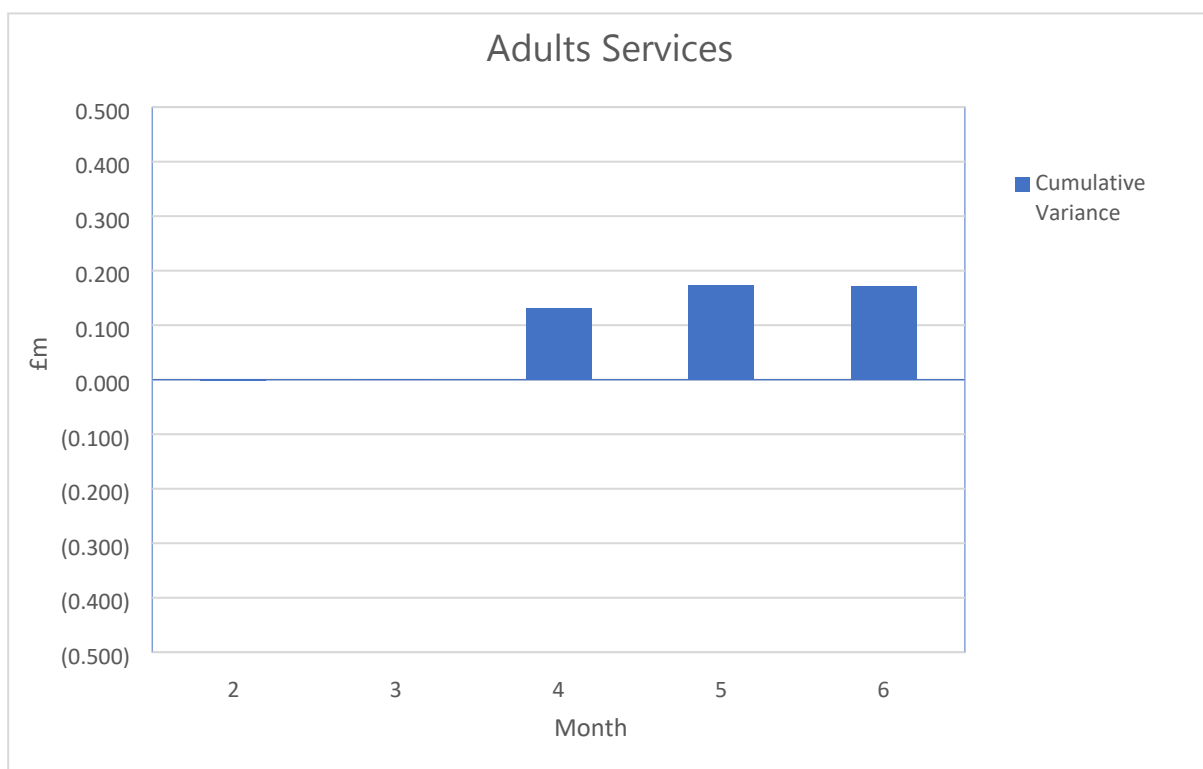


**4.3.** The table showing the projected end of year position, and variances from agreed budgets, are set out in Appendix A. The paragraphs below offer short explanations of the major parts of those variances. As part of continuing improvements to financial management the format of the table in Appendix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

## 5. Key Variances

**5.1. Adults Services: Net budget £126.522m, £0.171m projected adverse variance, favourable movement of £0.003m**

**Graph 2 – Adults Services 2019/20 cumulative variance to budget**



The Adults budget is projected to be overspent by £0.171m against the net budget of £126.522m. Although this is a small decrease of £0.003m from the figure reported in Month 5, there are a number of positive and negative movements which should be noted and are reported below.

There has been an increase in the use of Short-Term placements to assist with discharge from hospital which has increased costs by £0.106m. The service is analysing all the data available to understand this increase but given that these placements are benefitting the system as a whole by speeding up discharge, they will be funded from the Social Care Grant.

The projected cost of Domiciliary Care continues to decrease as capacity in certain areas of the County remains low. There was a reduction in hours delivered in the Sedgemoor and South Somerset areas, which is similar to what was reported last month. The projected cost has reduced by £0.085m.

Staffing projections have reduced by £0.217m since the previous report due to a number of vacancies having their start dates pushed back, and new vacancies created by people leaving the service.

The Learning Disabilities Pooled Budget remains on track with a very small favourable variance of £0.003m, although this is an increase of £0.059m from the position reported at month 5. The main increases were due to new Day Services, the ending of Continuing Health Care for one person and increased costs for a Residential client.

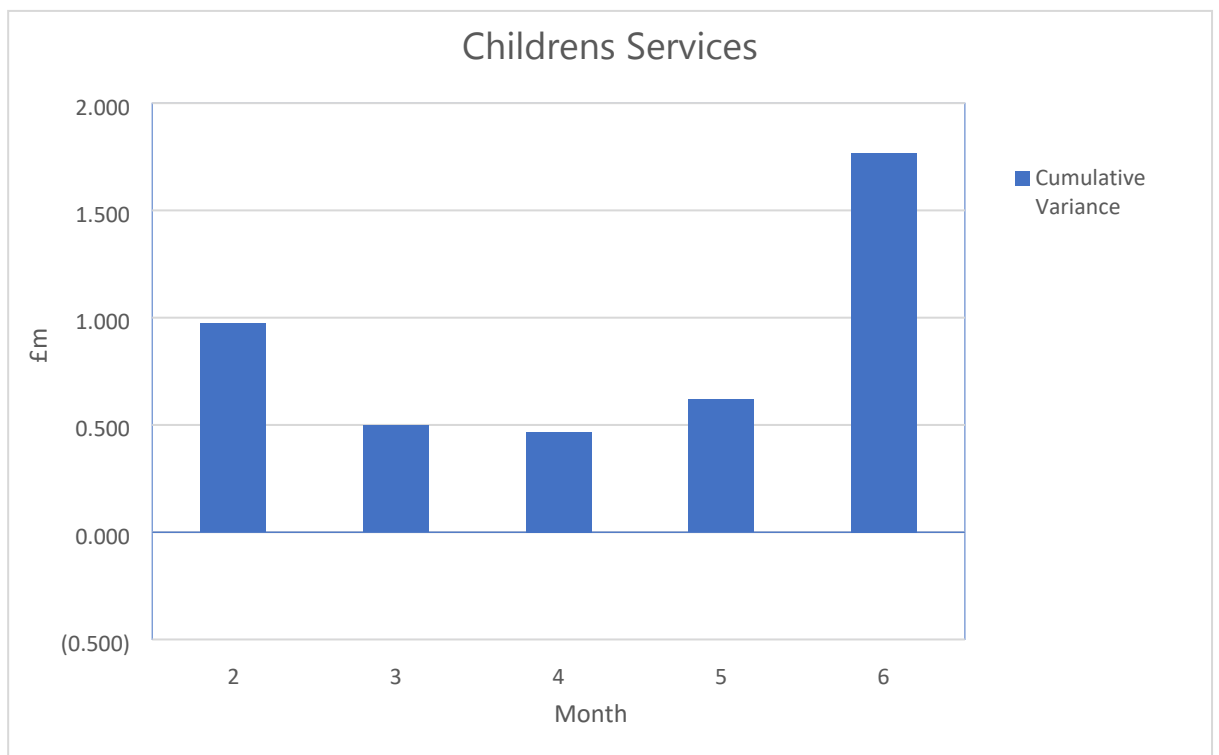
These increases have been largely offset by anticipated reductions in Supported Living and Day Services delivered through the Discovery contract.

This 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 figure could change as the year progresses should new pressures arise but will allow the service to build up further resilience for future service commissioning.

There are MTFP savings of £5.157m to be achieved during 2019/20. Of these £3.798m have already been fully achieved with the remaining £1.359m on track to be delivered throughout the year.

**5.2. Children’s Services Net budget £83.426m, £1.768m projected adverse variance, adverse movement £1.149m**

**Graph 3 – Children’s Services 2019/20 cumulative variance to budget**



**External Placements: adverse £2.056m; movement: adverse £0.933m**

A Somerset market management conference is taking place on the 25<sup>th</sup> November led by Children’s Commissioners with private sector providers of care and accommodation. This is part of the strategy to involve these stakeholders in shaping Somerset’s future care market to enable more flexible approaches and ways of providing homes and care, including support for children to return to their family.

Commissioning activity led through the Peninsula Framework is currently focussed on market management – improving quality and cost reduction - in the private fostering market. A revised framework agreement, with reduced costs is anticipated by the end of December 2019. It is anticipated that similar market management activity with residential providers early in 2020, will also evidence some reduction in costs in this area.

External placements projections have increased by £0.933m resulting in a total projected overspend of £2.056m. The increase is due to 11 children changing placement during the last month; 7 have moved from a fostering to a residential setting due to a lack of suitably skilled and resilient foster carers in house or in the private sector.

Transformational activities in relation to external placements continue to deliver cost avoidance, with £1.761m already achieved against a target of £1.649m. Reducing the cost of residential placements through individual provider negotiations and reduction in the number of these placements through successful step down to suitable alternative provision has achieved savings of £1.189m. Savings in post 16 provision currently achieved are £0.569m of £0.859 anticipated by year end.

Service management actions are focussed on prevention into care, placement stability and reconnection with families. The primary objective of these actions is to improve the lives of our children and young people, but most will also result in a financial benefit.

**Staffing: favourable -£1.026m; movement: favourable -£0.399m**

Staffing projections across Children's Social Care have reduced by £0.399m this month as a result of the start dates being revised to the new year for any current vacancy. Ongoing difficulties in recruiting and retaining experienced permanent social work front line staff and managers and family support staff account for a significant proportion of the projected underspend. This is not a sustainable position due to the impact on staff morale and the ability to deliver high quality support to families. The HR and Organisational Development Director is leading the development of a workforce strategy to address these issues.

**Transport: adverse £0.293m; movement: adverse £0.196m**

The costs of transporting children to school are projected to increase by £0.196m; a reduction of £0.304m in Home to School and an increase of £0.500m in SEND. The reduction in Home to School is as a result of specific market disruption activity, a project called The Big Bus, which sees an inhouse fleet offering several routes to offset costs of additional children travelling.



The increase in SEND reflects the increase in the number of eligible children and young people with EHCPs being transported now the new academic year has begun. There has been an increase of 66 children with SEND accessing transport with additional routes commissioned to meet demand.

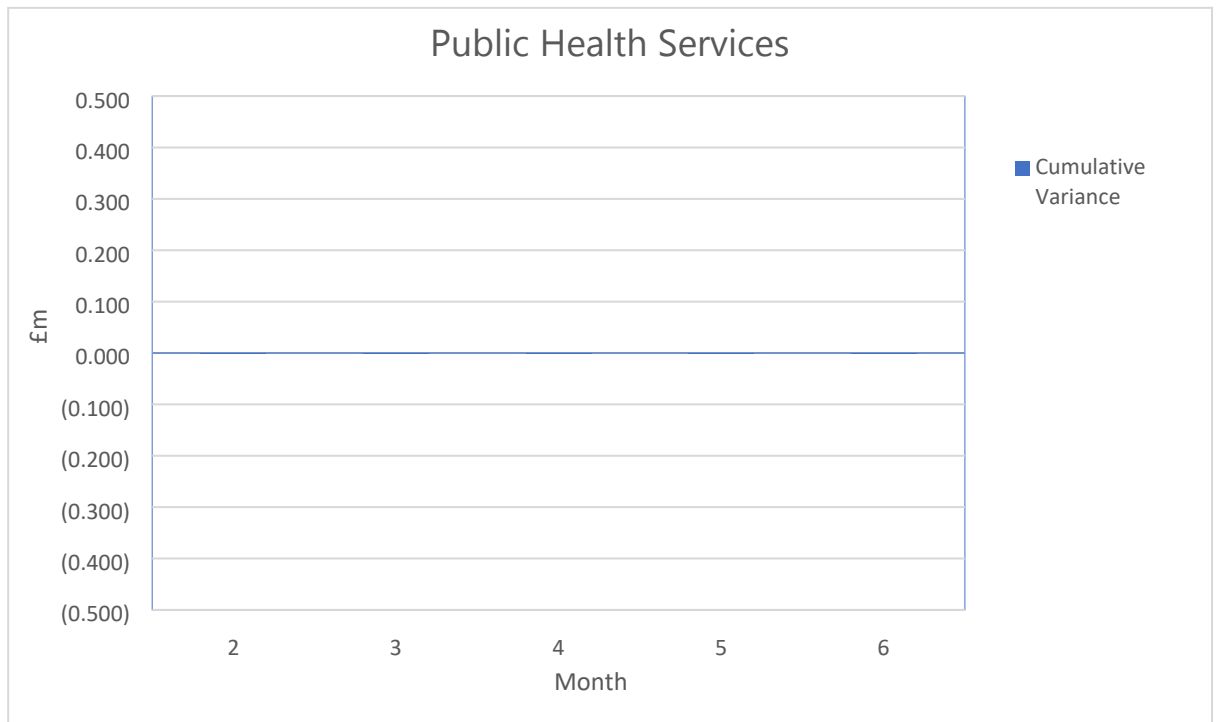
The top 20 high cost routes to each provision type will be reviewed to ensure the transport is the most appropriate and cost effective for that journey. The decision-making process is also being reviewed in conjunction with Transporting Somerset to ensure that it is robust, and a business case is being considered to increase the number of personal travel plans.

**Sponsored Academy Balances: adverse £0.450m; movement: adverse £0.450m**

King Arthur’s Community School has become a sponsored academy (i.e. required to join a multi academy trust following an inadequate ofsted inspection) as part of the Sherborne Area Schools Trust. At the point of transfer the school was in deficit which remains with the local authority, to be funded from its core budget. This is not an allowable charge to the Dedicated Schools Grant. The value of the deficit is still being validated but current estimate is £0.450m.

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

**Graph 4 – Public Health 2019/20 cumulative variance to budget**



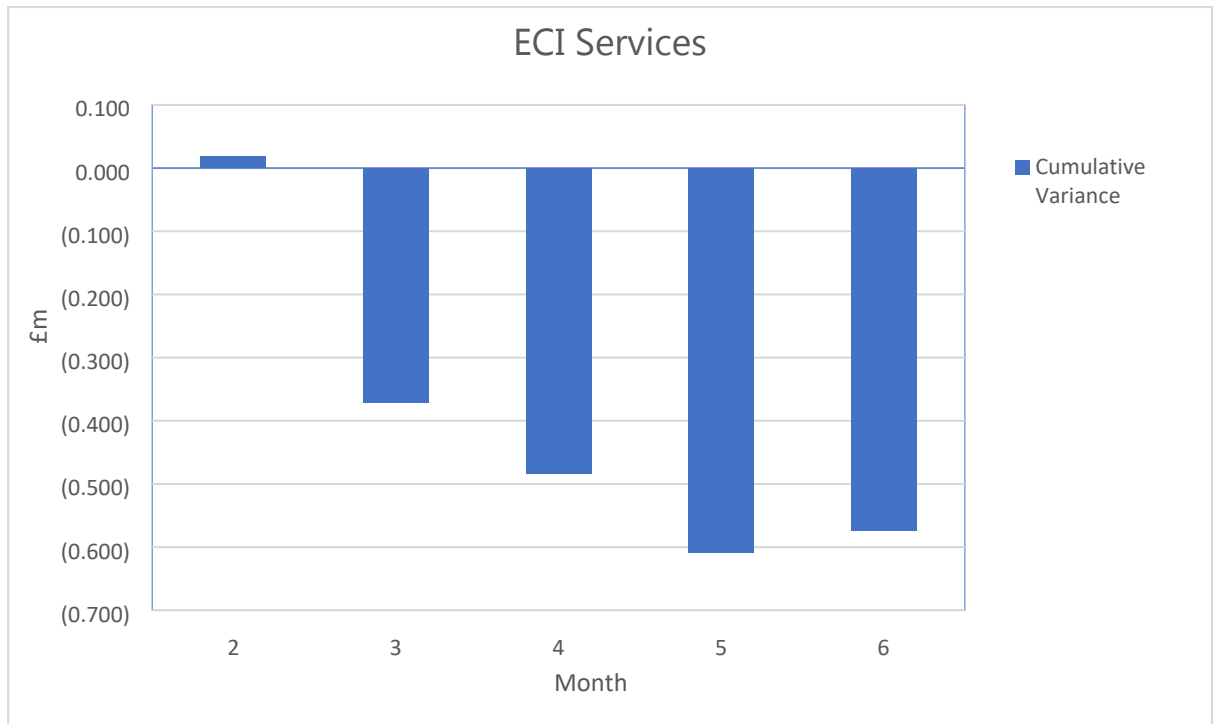
Public Health is projected to be on budget. This variance is net of an estimated £0.567m to be transferred to the Public Health Earmarked Reserve. This money will be

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.

**5.4. Economic and Community Infrastructure: Net budget £68.738m, -£0.574m projected favourable variance, adverse movement of £0.034m**

**Graph 5 – Economic and Community Infrastructure 2019/20 cumulative variance to budget**



Economic and Community Infrastructure (ECI) are forecasting a favourable variance of £0.574m for 2019/20. The major variations are:

Property Services are projecting a £0.253m favourable variance. This is due to a delay in the sale of properties resulting in rental income for the year being higher than anticipated. The movement of £0.217m from month 5 is as a result of detailed analysis of the service to ensure projections are accurate. Some projections have been increased to reflect the level of spend anticipated. This also includes the £0.012m increase in costs on the activity associated with the Repairs and Maintenance reserve resulting in a reduced surplus that will be requested to be returned to the reserve at the end of the year.

Transporting Somerset are forecasting a £0.012m favourable variance which is a

favourable movement of £0.020m from month 5. This is due to an anticipated underspend on County Ticket based upon early indicative figures. This has been offset in part by an increase in Concessionary Fares projections as a result of fares increases and passenger numbers.

Highways and Transport Commissioning are projecting a £0.371m 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 £0.009m from month 5 is due to a number of small over and underspends within the service.

Highways is forecasting a £0.286m adverse variance. This is due to the Term Maintenance Contract rebate being lower than initially anticipated and a shortfall in Highway licence income. The £0.079m favourable movement from month 5 is due to decrease in the projected Rights of Way expenditure, a reduction in tree spend following a review of dead, diseased and dying trees and staff vacancy savings. The highways adverse variance is being closely monitored and a plan is in place to track and reduce this further.

Traffic Management are forecasting a £0.024m favourable variance. The adverse movement of £0.097m to the favourable variance reported in month 5 is a result of additional expenditure for the street works permitting project and Road Safety equipment for roadshows. This in part is offset by increased Traffic Regulation Order income (road closures and diversions) and a £0.019m favourable variance due to updated income projections that will be requested to be transferred to the Parking earmarked reserve at outturn.

Somerset Waste Partnership are forecasting an £1.099m favourable variance, a favourable movement of £0.0297 from month 5. This is down to waste volumes being less than the budgeted 1.5% growth, future months are now forecast on 1% growth in line with household growth. The most significant areas that have seen a reduction are kerbside collections of both residual waste and dry recycling and reduced residual tonnages at the HRWC. Green waste has been higher, but this is the usual trend for this time of year. Volumes continue to be volatile and dependent on outside factors such as the weather.

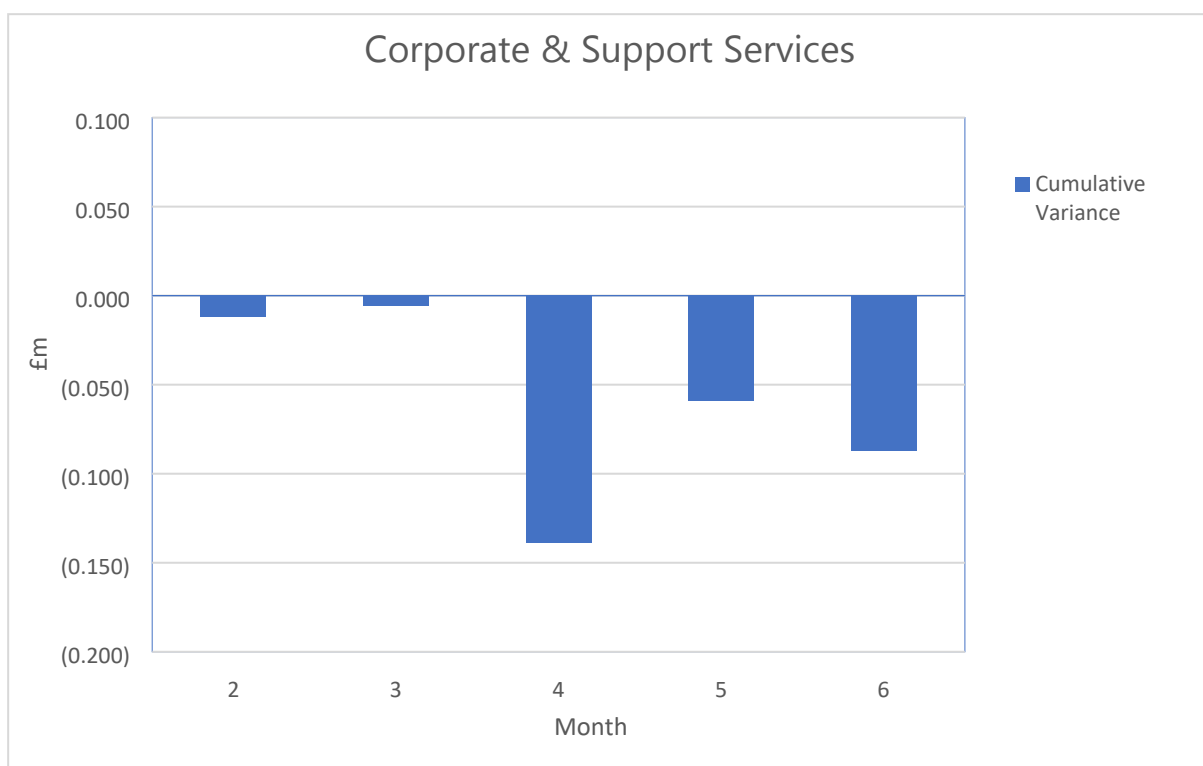
Economic Development are projecting an adverse variance of £0.136m. This adverse movement of £0.103m from month 5 is due to the anticipated costs within Planning Control associated with enforcement appeals and reduced income because of continued staff vacancies in the service.

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 and County Ticket).

Economic and Community Infrastructure have £3.165m of savings for 2019/20. Of this £2.400m has been achieved and £0.765m is on track to be achieved by the end of the financial year.

**5.5. Corporate and Support Services: Net Budget £21.103m, £0.087m projected favourable variance, favourable movement of £0.028m**

**Graph 6 – Corporate and Support Services 2019/20 cumulative variance to budget**



Corporate and Support Services are forecasting a favourable variance of £0.087m for 2019/20. This is due to the following;

Commercial and Procurement is projecting an adverse variation of £0.032m. The adverse movement from month 5 of £0.073m is due to an increase in staffing costs due to vacancies being filled by temporary staff and the additional cost of audits by external audit. Included in the month 6 position are additional costs of £0.013m associated with the Building Schools for the Future contract and this reduces the anticipated transfer to the earmarked reserve set aside for future contractual costs and will be requested at outturn.

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.

The ICT favourable variance now stands at £0.038m. This is as a result of underspends in transformation projects and increased income received by the service.

Customers and Communities teams are forecasting a favourable variance of £0.077m. This is due to staff vacancy savings of £0.089m offset in part by a shortfall in income. The favourable movement of £0.020m from month 5 is due to further staff vacancies.

Democratic Services are projecting an adverse variance of £0.040m, 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 the business need to continue as the Host Authority for several significant Partnership Governance arrangements and additional work as part of the Improving Lives Programme and Peer Challenge recommendations for Member training and the review of the council's scrutiny function. The favourable movement of £0.020m from month 5 is as a result of some staff vacancy savings and a £0.012 favourable variance as a result of reduced projected spend on publicity and promotions for the Heart of the South West Joint Committee which will be requested to be transferred to the earmarked reserve at outturn.

Legal Services are forecasting a £0.049m adverse variance, which is an adverse movement of £0.038m from month 5. This adverse variance is due to counsel fees which continues to be a pressure on the legal service budget. This also includes £0.012m of an unachievable saving for changing working practices, this is currently being reviewed through the change control process. These pressures are offset in part by staff vacancy savings.

The communications budget is projecting an £0.018m favourable variance as a result of staff vacancy savings and income projections being higher than anticipated for the year.

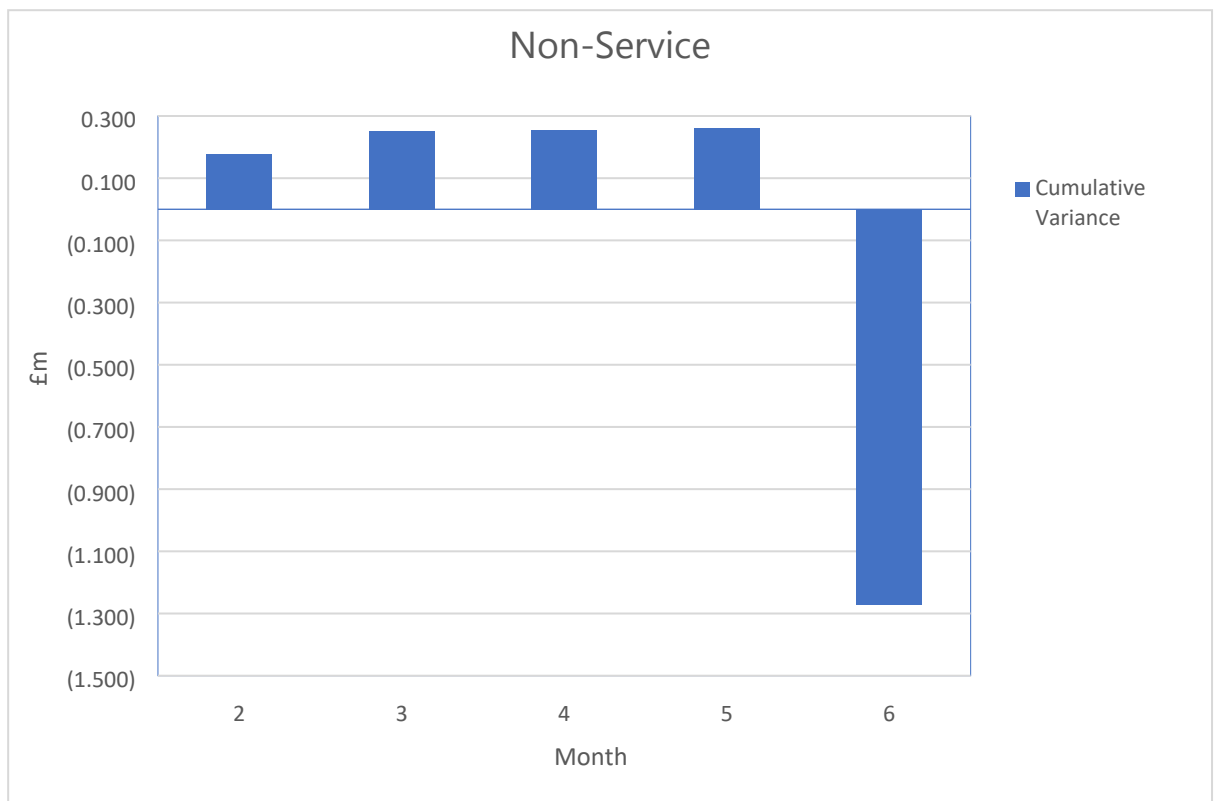
The HR&OD budget is projecting a balanced position as at month 6 however finance and the service are working through a number of in-service adverse and favourable variances in detail to ensure that this remains the case. It is anticipated that any variation to this will be known by month 7.

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 £0.035m 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.

**5.6. Non-Service Net Budget: £21.042m, projected favourable variance: -£1.272m, favourable movement -£1.533m**

**Graph 7 – Non-Service 2019/20 cumulative variance to budget**



**Pension Deficit: favourable -£0.864m, movement; favourable -£0.864m**

Following the allocation of the corporate pension deficit budget and the allocation of charges to services, there is a favourable variance of £0.864m. This is mainly due to maintained schools being charged a more proportionate share of the pensions deficit, funded by their delegated budget share. This has resulted in a reduced pressure on the Council’s budget. This is an ongoing favourable variance and has been included in MTFP assumptions in future years.

**Investment and Debt Income and Expenditure: favourable -£0.603m, movement; favourable -£0.650m**

The cash flow of the Council is being carefully managed so that there is no need for additional external borrowing to fund the Capital Programme during 2019/20. This results in a favourable variance of £0.650m due to no additional interest charges that were assumed when the budget was set.

**5.7. Trading Units: Net budget £0.00m, adverse £0.417m, movement; £nil**

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

Dillington is currently forecasting a deficit of £0.417m following a deep dive budget/performance review of month 5 accounts and forecasts. The adverse variance reflects revised projections of income levels across all areas of activity particularly weddings. Further updates have been made by adjusting costs to reflect the reduction in activity.

There are positives with increased income this year from conferences, events and online B&B bookings. Actions are taking place to continue building on these positives and to identify potential alternative revenue streams for 2019/20.

Adult Education has not managed 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 will be 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 57% higher than the current year, with bookings and enquiries continuing.

An independent review is imminent to assess the latest business plan and financial forecasts for the next 3 years and consider how Dillington can effectively deliver services as part of the County Council's portfolio.

**Support Services for Education: trading surplus £0.189m, movement; favourable £0.112m**

SSE Outdoors' favourable variance has increased by £0.041m due to an increase in residential bookings resulting in additional income. The planned refurbishment work is also not expected to be fully completed in this financial year therefore a reduction in project spend has contributed to the change between months 5 and 6.

Somerset Centre for Integrated Learning's (SCIL) favourable variance has increased by £0.072m which is predominantly due to increased income resulting from additional pupil numbers for the year 1 Foundation Degree course. Plus, new programmes within the Apprenticeship Service has also attracted more income. Expenditure across

SCIL has reduced due to the service reviewing their publications and advertising priorities.

**5.8. Contingencies: Net Budget £6.550m, -£0.423m projected notional allocation, favourable movement of £0.382m (£6.127m remaining following notional allocation)**

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 however an element is being shown to off-set the adverse variance of £0.423m currently forecast in service areas and Trading Units which is a favourable movement of £0.382m from month 5 (See table 4). If the current adverse variance in other services and Trading Units is not mitigated by additional management action the remaining available contingency budget would be £6.127m. If no other pressures materialise during the year the outturn position would be an overall favourable variance of this sum for the Council.

**5.8.1 Table 4 – Corporate Contingencies Movements**

<b>Contingencies</b>	<b>£m</b>
Original Budget	7.226
Virement to Children's (as per month 2)	(0.498)
Virement to ECI (as per month 4)	(0.175)
Overall Adverse Variances at Month 6 (Notional Allocation)	(0.426)
	<b>6.127</b>

**6. Delivery of Savings**

**6.1.** 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.

**6.2.** 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.

**6.3.** The following table (Table 5) shows a summarised breakdown of achievement of savings for 2019/20 as at 30<sup>th</sup> September 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 C.

**6.4. Table 5 – Revenue Savings 2019/20**

Service	Agreed Savings £	Red (at risk) £	Green (on track) £	Blue (delivered) £
Adult Services	5,506,800	-	1,359,100	4,147,700
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	-	765,400	2,399,900
Non-Service	4,708,800	-	-	4,708,800
<b>Total</b>	<b>21,547,200</b>	<b>231,300</b>	<b>3,432,303</b>	<b>17,883,597</b>
<b>Percentage of Delivery</b>		<b>1.07%</b>	<b>15.93%</b>	<b>83.00%</b>

**7. Aged Debt Analysis**

**7.1.** The overall debt position shows a total gross debt of £7.993m, of which £1.465m (18%) is over 90 days old. This is an improvement on last year, where the figure was 23% at quarter 2. Previous areas where debt has been difficult to collect promptly have improved. A summary of aged debt can be found in Table 6 below.

**7.2.** Detailed debt information is reported to Audit Committee on a quarterly basis. In addition, last year, a SWAP audit report was issued on debt management, which informed updates to the Income Code of Practice. Mandatory training awareness sessions have also been provided to all officers involved in actively managing debt and additional support has been provided to services on specific debt management processes and controls.

**7.3.** Members are reminded that over the last 3 years, the Council has collected 99% of all the debt raised on our Accounts Receivable system.

**7.4. Table 6 – Aged Debt Analysis by Service**

Service	Not Overdue	0-30 Days	31-90 Days	91-365 Days	365+ Days	Total (Gross)	Unassigned Cash	Total (Net)
	£m	£m	£m	£m	£m	£m	£m	£m
<b>Adult Services</b>	0.104	0.700	0.698	0.472	0.291	<b>2.265</b>	<b>(0.109)</b>	<b>2.156</b>
<b>Children's Services</b>	0.267	0.112	0.054	0.136	0.023	<b>0.592</b>	<b>(0.015)</b>	<b>0.577</b>
<b>Public Health</b>	0.000	0.517	0.000	0.000	0.000	<b>0.517</b>	<b>0.000</b>	<b>0.517</b>
<b>Economic &amp; Community Infrastructure</b>	0.871	2.554	0.204	0.314	0.172	<b>4.115</b>	<b>0.000</b>	<b>4.115</b>
<b>Corporate &amp; Support Services</b>	0.020	0.104	0.014	0.037	0.007	<b>0.182</b>	<b>0.000</b>	<b>0.182</b>
<b>Support Services for Education (Trading Units)</b>	0.004	0.291	0.014	0.013	0.000	<b>0.322</b>	<b>(0.015)</b>	<b>0.307</b>
<b>Total (£m)</b>	<b>1.266</b>	<b>4.278</b>	<b>0.984</b>	<b>0.972</b>	<b>0.493</b>	<b>7.993</b>	<b>-0.139</b>	<b>7.854</b>
<b>Total (%)</b>	<b>16%</b>	<b>54%</b>	<b>12%</b>	<b>12%</b>	<b>6%</b>	<b>100%</b>		

**7.5. Adult Services: £2.156m**

Focus continues to be on debts over 90 days old which have reduced from £1.079m reported at Quarter 1 to £0.763m now. Debts in the 30 to 90-day bracket have increased slightly however there are a number of debts owed by Somerset Clinical Commissioning Group in this figure which we anticipate will be paid shortly. All debts are either being actively pursued by the Adults Finance Team or are with Legal for further action.

**7.6. Children's Services: £0.577m**

Of the debts over 30 days, 66% relates to 2 invoices owed by the Somerset Clinical Commissioning Group for agreed contributions to fees of children with complex needs in residential placements. These invoices are part of ongoing discussions to ensure settlement as soon as possible. The remaining debt is for Education Safeguarding penalty notices, paid seats on school transport and recharges for training provided by the Somerset Safeguarding Children Partnership. All debts over 30 days have been referred to legal.

**7.7. Economic & Community Infrastructure: £4.115m**

ECI are reporting a total of £0.486m outstanding debt over 90 days old, which is 11.81% of ECI's total debt. These debts are all being actively chased by services or by legal/debt recovery. The total value of debt is high as usual at this time of year due to a large amount of county ticket invoices having been raised.

## **7.8. Corporate & Support Services: £0.182m**

Corporate and Support Services: £0.182m a reduction of £0.062m from month 5. The total value of debts over 90 days is £0.044m, all debts are being actively chased or have been referred Legal/Debt recovery.

## **7.9. Support Services for Education: £0.307m**

The majority of debt (96%) is under 30 days old and relates to services and courses purchased via the SSE website. This is expected to be recovered in line with the timescales set out within the Income Code of Practice.

## **8. Improving Lives Programme**

**8.1.** We are continuing to mobilise and scope The Improving Lives Programme (ILP) which will redesign the organisation to create a sustainable Council that better manages demand, puts prevention at the heart of its thinking and has a culture that promotes innovation and values our staff.

**8.2.** Over the last three months, we have undertaken a 'deep dive' into each of the four enabling workstreams within the ILP: Digital Customer, Prevention, Commissioning for the Future and Behaviours & Culture. The purpose of these deep dives was to understand the activity being scoped by each workstream, the maturity of their plans and how the outputs and capability being delivered by the themes can change and improve the way we deliver services. This is being used to inform the scope of the ILP programme by prioritising the opportunities identified. We are also reviewing all service led transformation activity to identify whether delivery could be scaled corporately rather than within services, for example, we will look at how technology being utilised to help service users in one service might also support those in another.

**8.3.** Notable achievement across the four enabling workstreams over the last three months includes:

- Digital Customer – good progress is being made with several key enabling pieces of work, including how we use our systems to better capture quality data intelligence that can be used to improve commissioning. The benefits of using of AV1 robots to support students who are long term absent from school to integrate back into the environment is being explored through a test and learn approach. Work is progressing with the delivery of a SEND portal which will support Professionals and the SEND service to submit and receive the correct information accurately and in line with statutory deadlines. The workstream is engaging services to help them understand how digital capability can help them improve service delivery.

- Commissioning – plans for the co-location of commissioning teams to enable more joined up working are being finalised. A new integrated commissioning gateway has been designed in order to facilitate more joint and consistent commissioning and the app that will host it is being built by ICT.
- Culture and Behaviour – a vision for the future workforce has been developed and agreed. This will be used to provide structure and direction to the activities that have been identified to change the culture and behaviours needed to support the new organisation. Staff engagement with the Somerset People Attributes continues through team meetings and via the staff roadshows. Testing is also underway through recruitment and staff development to begin embedding them and capture learning. A knowledge site for sharing and celebrating great work and ideas has been scoped and a project team is now in place to progress this.
- Prevention – a prevention learning programme, designed to embed a prevention ethos, has been developed and launched. This includes Prevention Masterclasses and eLearning modules which are designed to improve general confidence in prevention. These will form part of a wider Prevention training programme which is currently being developed.

**8.4.** Following the Strategic and Service Manager Workshop in June, where staff exhibited examples of where the design principles are being brought to life across SCC, work has been completed to run the exhibition as part of the Staff Roadshows from October to December this year. As well as the opportunity to hear from, and speak with, the Chief Executive and Leader, the roadshows aim to raise the level of general awareness about the ILP programme amongst staff whilst giving them the chance to find out about some of the innovative work going on across the Council. All Councillors have been invited to the Improving Lives Exhibition part of the roadshows and will have the same opportunity as staff to hear about these initiatives and ask questions.

**8.5.** Other programmes:

**8.5.1. Children's Service Transformation Programme** – The objectives of the programme to improve outcomes for children and young people within a sustainable budget, have been aligned to the Improving Lives design principles and aim to deliver improvements in demand management, prevention, digital customer thinking and commissioning for the future. The programme continues to focus on priority areas of high opportunity to transform commissioning and practice and ensure future sustainability of the Service in the light of known service funding and future demand pressures. The workstreams are progressing well with changes in behavior, practice and improvement in evidence across the Programme, e.g. in the Fostering Service and 16+. The workstreams are enabled by required changes to technology, systems and culture with interventions in place to ensure continued good progress.

- 8.5.2. Adults Service Transformation Programme** – The transformation program continues to focus on how we promote people’s independence. The vision is for ‘people in Somerset to live healthy and independent lives, supported by thriving and connected communities, with timely and easy access to high-quality and efficient support when they need it’ delivered through seven workstreams, Mental Health, Learning Disability, Collaboration, Technology, Community Connect, Accommodation and Investing in Carers.
- 8.5.3.** The ‘Steps to Independence’ model is currently being tested on a small pilot group to better support adults with a learning disability to become more independent. Its focus’ on developing life skills such as preparing for work, cooking, budgeting, going shopping, etc as well as making friends, getting fit or learning to travel independently.
- 8.5.4.** Community Connect is a philosophy and way of working being adopted by community, health and social care organisations to improve wellbeing and keep people living independent lives for as long as possible. A review of how this works for people with more complex needs in Somerset has been completed and development plans will now be created to enhance the model and better enable people to help themselves, identifying local solutions so people can live a good life in their community. Alongside this, our customer access points are also under review to ensure people are accessing the right information when they need it.
- 8.5.5.** Preparation is complete to launch a pilot in Somerset, ‘Brain in Hand’, for how assistive technology can be used to maximise an individual’s independence. It will be used to help people gain independence and remain independent, focusing on prevention and providing person centred care. It will enable the step down of ‘care’ but provides ongoing support when needed. The pilot includes people with we are currently working with who have a mental health need or learning disability.
- 8.5.6.** The Somerset Community Connect website went live this summer and is an online **information and advice guide** and **directory of services** for adult residents in Somerset to find information, advice and services to manage their own health and wellbeing. It also provides a platform to find out about local “events” - groups, activities and services within their community. We are now developing how this can provide information on what help and support is available at home (micro providers) <https://www.somersetcommunityconnect.org.uk/>
- 8.5.7.** Work is underway to replace the case management system with an application called Eclipse. A series of workshops to review the current processes are underway, and we are preparing for a trial migration of data from AIS to Eclipse in October. Ongoing work on reporting, training and testing to plan the approach for implementation March 2020.

- 8.6.** The Prevention fund (£1.000m) continues to attract expressions of interest with 1 Expression recently submitted asking for £0.050m. 4 projects totalling £0.530m have now commenced delivery and benefits are being tracked. The members prevention grant which closes on the 30th November has received 12 successful bids to a total of £0.008m of the £0.110m available. Our third grant of £0.025m designated for the youth parliament implementation in Q4 is being developed. The Prevention theme has now mobilised and has begun to develop and implement a plan to build capability in the organisation for continuous improvement into 2020.
- 8.7.** Robust tracking and delivery of MTFP savings for 2019/20 is continuing as part of the financial imperative process. Delivery of each saving has been profiled throughout the financial year with a clear picture of the actions required to achieve them which is providing the necessary assurance. As at 30th September 2019 £12.945m of the savings agreed by Full Council in February 2019 have been achieved against a target of £15.062m.
- 8.8.** As at 30 September 2019, the estimated cost of additional resources required to facilitate the Improving Lives Programme during 2019/20 is £0.439m.

## **9. Options considered and reasons for rejecting them**

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

## **10. Background Papers**

- 10.4**
- 4<sup>th</sup> November 2019 Scrutiny for Policies and Place Month 5 Revenue Budget Monitoring Report

## Appendix A – Revenue Budget Monitoring (quarter 2, month 6) – Headline Summary Table

Service	Total Revised Budget	Adverse Variances (+)	(Favourable) Variances (-)	Month 6 Net Variance Adverse / (Favourable)		Month 5 Net Variance	Movement from Month 5
	£m	£m	£m	£m	%	£m	£m
Adult Services	126.522	5.270	(5.099)	0.171	0.14%	0.174	(0.003)
Children's Services	83.426	7.491	(5.722)	1.768	2.12%	0.619	1.149
Public Health	0.586	0.000	0.000	0.000	0.00%	0.000	0.000
Economic & Community Infrastructure Services	68.738	2.759	(3.334)	(0.574)	(0.84%)	(0.608)	0.034
<b>Key Services Spending</b>	<b>279.272</b>	<b>15.520</b>	<b>(14.155)</b>	<b>1.365</b>	<b>0.49%</b>	<b>0.185</b>	<b>1.180</b>
Corporate & Support Services	21.103	0.730	(0.818)	(0.087)	(0.41%)	(0.059)	(0.028)
Non-Service Items	21.042	0.698	(1.970)	(1.272)	(6.04%)	0.261	(1.533)
Trading Units	0.000	0.417	0.000	0.417	0.00%	0.417	0.000
<b>Support Services &amp; Corporate Spending</b>	<b>42.145</b>	<b>1.846</b>	<b>(2.788)</b>	<b>(0.942)</b>	<b>(2.24%)</b>	<b>0.619</b>	<b>(1.561)</b>
Corporate Contingencies	6.550	0.000	(0.423)	(0.423)	(6.46%)	(0.805)	0.382
<b>Total SCC Spending</b>	<b>327.967</b>	<b>17.366</b>	<b>(17.366)</b>	<b>(0.000)</b>	<b>(0.00%)</b>	<b>(0.000)</b>	<b>0.000</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

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## Appendix B – Planned use of Capital Receipts Flexibilities (Quarter 2, Month 6)

Service		Original Planned Costs £m	Current Forecast Costs £m	Previous Forecast Costs £m	Description
Adult Services	Learning Disabilities	0.624	<b>0.624</b>	0.624	Contractual transformation costs
Children and Families	Getset	0.055	<b>0.000</b>	0.000	Supporting the Family Support Service model
ECI Services	Property	0.206	<b>0.163</b>	0.206	Costs associated with property rationalisation and transforming the use of assets
	Economic Development	0.381	<b>0.381</b>	0.381	Supporting the roll-out of Broadband, underpinning how services can be delivered to the public
	Commissioning	0.070	<b>0.046</b>	0.046	Commissioning development and working towards integrated commissioning solutions
	Libraries	0.066	<b>0.066</b>	0.066	Costs associated with the activity supporting the Library transformation
<b>Key Services</b>		<b>1.402</b>	<b>1.280</b>	<b>1.323</b>	

Corporate and Support Services	Core Council Programme	1.006	<b>0.683</b>	0.718	Costs within the Core Council Programme team who support transformational projects across the Council
	ICT and related costs	0.233	<b>0.220</b>	0.220	Costs associated with supporting the digital transformational changes across the Council
	Customers and Communities	0.154	<b>0.154</b>	0.154	Costs supporting the transformation of the customer "front door" service delivery
	Community Governance	0.000	<b>0.010</b>	0.010	Costs for the Cabinet Member for Education and Transformation who supports transformational work for the Council.
<b>Support Services and Corporate</b>		<b>1.393</b>	<b>1.067</b>	<b>1.102</b>	
<b>SCC Total</b>		<b>2.795</b>	<b>2.346</b>	<b>2.425</b>	

## 2019/20 Capital Budget Monitoring – Quarter 2 Report

Lead Officer: Sheila Collins, Interim Director of Finance  
Author: Ian Trunks, Finance Manager - Capital  
Contact Details: [SDCollins@somerset.gov.uk](mailto:SDCollins@somerset.gov.uk) 01823 359028  
Cabinet Member: Cllr Mandy Chilcott, Cabinet Member for Resources  
Division and Local Member: All

### 1. Summary

- 1.1. The Cabinet report provides the Month 6 indication regarding the potential Capital Budget outturn position for the 2019/20 financial year. It highlights variances to the Medium-Term Financial Plan (MTFP) assumptions, as well as emerging issues, risks, areas of concern and proposed actions to resolve them.
- 1.2. This report is a summary and shows a projected **underspend** for the authority against the approvals within the current capital programme.

Services have provided their forecasts for the capital programme. The first quarter's forecast will provide the benchmark for the rest of the year and final outturn position. Services will need to explain any significant variances to this.

Forecasting expenditure can be challenging as there are many factors which can impact on delivery of a capital programme including external factors such as a reliance on contractor activity, the weather, and capacity within the Council's providers to design and support the programme.

### 2. Issues for consideration / Recommendations

- 2.1. The Committee is asked to comment on the projected capital outturn for 2019/20, whether there are any suggestions for management actions or alternative options that they would like to recommend to the Cabinet.
- 2.2. The Committee is asked to comment on the new format of the budget report, whether there are any suggestions or comments on the presentation of information within it.
- 2.3. 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 Cabinet report (**Annex A**) is second capital monitoring report for the year. It shows that there is a projected underspend of £1.735m against existing approvals of £788.425m.
- 3.2.** The Cabinet report (**Annex A**), along with its appendices, provides further detail on the budget monitoring for comment by Scrutiny Members.
- 3.3.** An overview of the Capital Programme indicates that the programme is being managed proactively by services within the resources that they have available. Commitments are not being entered into without an available budget and generic approvals are being managed as costs become more certain and the programme of work adjusted accordingly. However, there remains a need to fully scrutinise the forecasts received in order to be certain of their accuracy as we head further into the financial year.
- 3.4.** We will continue to present the formal quarterly monitoring reports that are considered by Cabinet to Scrutiny for Policies and Place at their next available meeting. We will continue make improvements to the format, content and layout of the reports to aid effective review and scrutiny.

### **4. Consultations undertaken**

- 4.1.** See **Annex A**

### **5. Implications**

- 5.1.** See **Annex A**

### **6. Background papers**

- 6.1.** Month 6 (Qtr. 2) Capital Budget Monitoring Report to Cabinet - 13<sup>th</sup> November 2019
- 6.2.** Month 6 (Qtr. 2) Capital Budget Monitoring Report Appendices to Cabinet – 13<sup>th</sup> November 2019

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

## Somerset County Council

## Appendix A

## Cabinet

- 13 November 2019

**Capital Investment Programme Approvals**

Col 1	Col 2	Col 3	Col 4		Col 5		Col 6	Col 7
			Approval Amendments					
Row No.	Service Area	Approvals as at end of July 2019	New Schemes Aug to end Sept	N O T E S	Alterations to Existing Schemes	N O T E S	Technical Changes	Approvals as at end Sept 2019
		£m	£m		£m		£m	£m
1	Schools - Primary and Secondary Sector	217.072			-1.514	1	-2.124	213.434
2	Local Enterprise Partnership	147.077						147.077
3	Economic Development	126.189						126.189
4	Highways Engineering Projects	97.081			+0.155	2		97.236
5	Highways and Traffic Management	95.504			+1.453	3		96.957
6	Support Services	36.908			+0.006	4		36.914
7	Somerset Waste Partnership	24.510						24.510
8	Early Years and Community Services	12.669					+2.124	14.793
9	Flood And Water	10.310						10.310
10	Schools - SEN and Access	7.122			-0.315	5		6.807
11	Other Services	14.443			-0.245	6		14.198
12	<b>TOTAL</b>	<b>788.885</b>			<b>-0.460</b>			<b>788.425</b>

## Notes:

- Schools – Primary and Secondary Sectors (-£1.514m)  
This figure relates to the removal of duplicated S106 Contribution approval.
- Highway Engineering Projects (+£0.155m)  
This figure relates to the addition of Contribution approval secured through the Hinkley Point C Community Impact Mitigation fund for a Traffic Calming Scheme in Cannington.

3. Highways and Traffic Management (+£1.453m)

This figure comprises of:

- +£1.155m of contribution approval from EDF Energy to be spent on Safety Schemes within the Bridgwater area;
- +£0.298m of grant approval for an Intelligent Transport System.

4. Support Services (+£0.006m)

This figure relates to the addition of revenue funding for phase two of the lift installation works at Dillington House as part of the SCIL works.

5. Schools SEN and Access (-£0.315m)

This sum relates to the removal of Schools Access funding to match the revised grant figures.

6. Other Services (-£0.245m)

This sum relates to the removal of contribution funding for the Maples Centre which has been transferred across to Discovery.

Members should note that within the Technical changes column (col 5) there were a number of changes to the reporting structure of the Capital Programme, resulting in the movement of approval between Early Years and Schools. This ensures that we are reporting the correct figures within our programme headings and any central government returns.

## Somerset County Council

## Appendix B

## Cabinet

- 13 November 2019

**Forecast Expenditure for 2019/20 and Future Years**

<i>Col 1</i>	<i>Col 2</i>	<i>Col 3</i>	<i>Col 4</i>	<i>Col 5</i>	<i>Col 6</i>	<i>Col 7</i>
<b>Service Area</b>	<b>Current Year £m</b>	<b>2020/21 £m</b>	<b>2021/22 £m</b>	<b>2022/23 £m</b>	<b>2023/24 onwards £m</b>	<b>Total</b>
Schools - Primary and Secondary Sector	43.996	40.653	25.186	25.522	1.731	137.088
Local Enterprise Partnership	47.916	11.247				59.163
Economic Development	6.416	6.395	9.045	12.000	12.871	46.727
Highways Engineering Projects	19.361	17.219	1.358			37.938
Highways and Traffic Management	36.111	4.142	0.731			40.984
Support Services	10.349	2.837	0.740	0.799		14.725
Somerset Waste Partnership	16.540	4.638	3.376			24.554
Early Years and Community Services	0.668	2.577	3.321	2.870	1.979	11.415
Flood And Water	0.023					0.023
Schools - SEN and Access	0.517	0.634	0.700	0.700	0.369	2.920
Other Services	2.805	1.087	0.209	0.099	0.100	4.300
<b>TOTAL</b>	<b>184.702</b>	<b>91.429</b>	<b>44.666</b>	<b>41.990</b>	<b>17.050</b>	<b>379.837</b>
<b>Financing</b>						
Borrowing	59.218	50.547	30.293	29.715	2.922	172.695
Capital Reserve	1.133					1.133
Capital Receipts	1.977	1.516	1.375			4.868
Revenue	0.026					0.026
Third Party Contributions	10.970	2.536	7.140	0.082	1.598	22.326
Grants	111.378	36.830	5.858	12.193	12.530	178.789
Leasing						
<b>TOTAL</b>	<b>184.702</b>	<b>91.429</b>	<b>44.666</b>	<b>41.990</b>	<b>17.050</b>	<b>379.837</b>

## Somerset County Council

## Appendix C

## Cabinet

- 13 November 2019

**Net projected adverse or favourable variances as at 30 September 2019**

<i>Col 1</i>	<i>Col 2</i>	<i>Col 3</i>	<i>Col 4</i>	<i>Col 5</i>	
<b>Service Area</b>	<b>Approvals Position as at end September 2019 £m App A Col 7</b>	<b>Predicted Adverse Variance £m</b>	<b>Predicted Favourable Variance £m</b>	<b>+Over/- Under spend as % of Approval Col 3 or 4/Col 2</b>	<b>N O T E S</b>
Schools - Primary and Secondary Sector	<b>213.434</b>		-0.008	-0.00%	1
Local Enterprise Partnership	<b>147.077</b>				
Economic Development	<b>126.189</b>				
Highways Engineering Projects	<b>97.236</b>	+0.220		0.23%	2
Highways and Traffic Management	<b>96.957</b>		-0.668	-0.69%	3
Support Services	<b>36.914</b>		-0.944	-2.56%	4
Somerset Waste Partnership	<b>24.510</b>	+0.044		0.18%	
Early Years and Community Services	<b>14.793</b>		-0.089	-0.60%	5
Flood And Water	<b>10.310</b>				
Schools - SEN and Access	<b>6.807</b>				
Other Services	<b>14.198</b>		-0.290	-2.04%	6
<b>TOTAL</b>	<b>788.425</b>	<b>+0.264</b>	<b>-1.999</b>	<b>-0.22%</b>	

Notes – Summarised below are details of the key items (adverse or favourable variances greater than £0.050m) contributing towards the £1.735m forecasted favourable variance reported in the above table.

- This sum comprises of the following:
  - £4.600m favourable variance of borrowing against Schools Basic Need;
  - £0.600m adverse variance of borrowing against Somerton King Ina School;



- £1.000m adverse variance of borrowing for Bridgwater College Academy;
- £3.000m adverse variance of borrowing against Bridgwater New Special School.

Members should note that within the quarter one report, we mentioned the above was subject to a decision paper to vire approval between the projects. This decision was published on the 3<sup>rd</sup> October 2019 and will be reflected in the quarter three report.

2. This sum comprises of the following:
  - £0.198m adverse variance of approval for Taunton NIDR.
3. This sum comprises of the following:
  - £0.527m favourable variance of grant for Yeovil Eastern Corridor;
  - £0.078m favourable variance of contributions for Bridgwater Hospital Roundabout.
4. This sum comprises of the following:
  - £0.901m favourable variance of borrowing for Corporate ICT Investment.
5. This sum comprises of the following:
  - £0.089m favourable variance of capital receipts for Brock House Children's Centre.
6. This sum comprises of the following:
  - £0.116m favourable variance of borrowing for Fleet Management;
  - £0.080m favourable variance of grant for Bridgwater and Taunton Canal;
  - £0.064m favourable variance of grant for Transforming Adult Social Care;
  - £0.056m adverse variance of approval for Somerset Rural Life Museum.

## Somerset County Council

## Appendix D

## Cabinet

- 13 November 2019

**Movements in Forecast Expenditure during Quarter 2**

<i>Col 1</i>	<i>Col 2</i>	<i>Col 3</i>	<i>Col 4</i>	<i>Col 5</i>	<i>Col 6</i>
<b>Service Area</b>	<b>Current Year £m</b>	<b>2020/21 £m</b>	<b>2021/22 £m</b>	<b>2022/23 £m</b>	<b>2023/24 onwards £m</b>
<b><u>Forecast Expenditure Movements</u></b>					
<b>TOTAL as at end July</b>	<b>195.798</b>	<b>87.057</b>	<b>54.440</b>	<b>38.886</b>	<b>4.497</b>
Schools - Primary and Secondary Sector	-4.152	+1.339	-0.117	-0.360	-0.305
Local Enterprise Partnership	-5.421	+5.421			
Economic Development		-4.614	-10.339	+2.432	+12.521
Highways Engineering Projects	+0.222	-0.067			
Highways and Traffic Management	+1.061	+0.344			
Support Services	-0.208	-0.920	+0.153	+0.695	
Somerset Waste Partnership	-1.940	+1.988	-0.005		
Early Years and Community Services	+0.180	+0.783	+0.449	+0.337	+0.337
Flood And Water					
Schools - SEN and Access	-0.315				
Other Services	-0.523	+0.098	+0.085		
<b>TOTAL as at End September</b>	<b>184.702</b>	<b>91.429</b>	<b>44.666</b>	<b>41.990</b>	<b>17.050</b>
<b><u>Financing Movements</u></b>					
<b>TOTAL as at end July</b>	<b>195.798</b>	<b>87.057</b>	<b>54.440</b>	<b>38.886</b>	<b>4.497</b>
Borrowing	-2.784	+1.182	+0.478	+0.695	
Capital Reserve					
Capital Receipts					
Revenue	+0.006				
Third Party Contributions	-0.845	+0.231	-2.909	-0.198	+0.207
Grants	-7.473	+2.959	-7.343	+2.607	+12.346
Leasing					
<b>TOTAL as at End September</b>	<b>184.702</b>	<b>91.429</b>	<b>44.666</b>	<b>41.990</b>	<b>17.050</b>

**Appendix D continued.****Notes:**

The following notes relate to movements of over £0.050m between years on individual schemes. This appendix excludes movements that result from the changes in the levels of approvals described in Appendix A. The balance of the change between the figures in the tables above and below will comprise one or more schemes having movements below the £0.050m threshold and any movements following the changes in approvals in Appendix A.

**Schools – Primary and Secondary Sector**

<b>N O T E S</b>	<b>Project</b>	<b>Current Year £m</b>	<b>2020/21 £m</b>	<b>2021/22 £m</b>	<b>2022/23 £m</b>	<b>2023/24 onwards £m</b>
1	DFCG Grant	-0.873	+0.873			
2	New Bridgwater Primary School	-0.295	+0.295			
3	Generic Schools Basic Need	-0.063	-0.031	+0.095		
4	Castle Cary Primary School	-1.233	+0.025	+0.471		+0.737
5	Yeovil, Keyford New Primary School	-0.238				+0.238
6	Taunton Bishop Fox's	-1.019	+0.797	+0.222		
7	Schools Condition	-0.040	+0.083	-0.043		

1. **Devolved Formula Capital Grant (DFCG)** – This is grant awarded by the DfE to schools for small scale capital projects. It is difficult to ascertain an accurate forecast against this due to the number of schools involved. Forecasts are based on previous year's trends compared against the current year's expenditure.
2. **New Bridgwater Primary School** – Revised forecast to reflect the additional S106 funding.
3. **School Basic Need** – The profile of spend has been revised following the latest School population forecasts.
4. **Castle Cary Primary School** – The profile of spend has been revised following the latest School population forecasts.
5. **Yeovil Keyford New Primary School** – The profile of spend has been revised following the latest School population forecasts.
6. **Taunton Bishops Fox's School** – The project has experienced a delayed start to Ecological issues (Badger Setts) which need to be relocated prior to works commencing.
7. **Schools Condition Programme** – A condition project at Wellsprings School has been deferred for delivery until Summer 2020.

### Local Enterprise Partnership

N O T E S	Project	Current Year £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 onwards £m
	1	LEP	-5.421	+5.421		

1. **Local Enterprise Partnership** – Some slippage in the forecast as a result of external organisations revising their spend profiles. There are ongoing discussions between SCC and the LEP regarding the accuracy of some forecasts.

### Economic Development Projects

N O T E S	Project	Current Year £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 onwards £m
	1	Broadband Phase 2(a)		-4.614	-10.339	+2.432

1. **Broadband Phase 2(a)** – The contractor fell into default on their contracts which have now been cancelled. As a result, the programme will now be delayed as re-procurement takes place and a new contractor appointed.

### Highway Engineering Projects

N O T E S	Project	Current Year £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 onwards £m
	1	M5 J25	+0.067	-0.067		

1. **M5 Junction 25** – Small acceleration in spend has been forecasted as the scheme progresses and the contractor continues to refresh the programme of scheduled works.

## Highways and Traffic Management

NOTES	Project	Current Year £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 onwards £m
1	Vehicle Incursions to Network Rail Infrastructure	-0.120	+0.120			
2	Bridge Structures	+0.552	-0.552			
3	Traffic Signals	-0.458	+0.458			
4	Minor Traffic Management	-0.130	+0.130			
5	Small Improvement Schemes	-0.220	+0.220			

- Vehicle Incursion to Network Rail Infrastructure** – These works are driven by Network Rail and are largely outside the control of our Bridges Team. It is envisaged that a small amount of expenditure will be incurred this year.
- Bridge Structures** – The service is still in the process of awarding a contract for major works but are optimistic this will be done in the next few months, allowing for works to take place in the later part of this year. The service is expecting to be able to provide a more confident forecast at Quarter Three.
- Traffic Signals** – A delay in the capital works is as a result of the framework contract not being in place due to resource issues within Commercial and Procurement and Legal Services. Works are expected to start in April 2020.
- Minor Traffic Management** – Slippage due to a lack of resources available within the team to order works.
- Small Improvement Schemes** – Programme of works has slipped slightly but is expected to be completed within the overall time frame of March 2021.

## Support Services

NOTES	Project	Current Year £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 onwards £m
1	Corporate Property	-0.078	+0.078			
2	A Block Priority 1 Improvements	+1.270	-1.256	-0.014		
3	Corporate ICT Investment	-0.286				
3	Somerset Outdoor Residential Learning Service	-1.110	+0.253	+0.162	+0.695	

- Corporate Property** – Potential works at Bridgwater Library have been delayed due to an associated unsuccessful external funding bid for other improvements (see Other Services section below).
- A Block Priority Improvements** – Following confirmation of the contract sum and programme with the main contractor, we now have a

more accurate profile of expenditure. The service is confident we should see a greater level of spend in the current year than the more cautious estimate provided at quarter 1.

3. **Corporate ICT Investment** – Reduced forecast due to some of the programme of works now being treated as revenue in nature, along with a reduction in staff resource being capitalised.
4. **Somerset Outdoor Residential Learning Service** – A revised forecast has been provided by the service based upon the current programme of works and expected completion dates.

### Somerset Waste Partnership

NOTES	Project	Current Year £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 onwards £m
1	Somerset Waste Partnership	-1.940	+1.988	-0.005		

1. **Somerset Waste Partnership** – The change in forecast is due to a shift in delivery dates for some of the new vehicles. Although the actual shift is only by a few weeks, the timing of the original date means the revised date now falls within the next financial year.

### Other Services

NOTES	Project	Current Year £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 onwards £m
1	Library Service Redesign	-0.098	+0.013	+0.085		
2	Transforming Adult Social Care	-0.064				
3	Rights of Way	+0.079	-0.079			

1. **Library Service Redesign** – As work continues to be programmed it is now likely that some building works original scheduled to start at the end of this financial year will now commence in early 2020/21.
2. **Transforming Adult Social Care** – This relates to unspent approval on an historical ICT bid within Adult Social Care. As there are no current plans for the remaining approval, the forecast has been removed and the approval can either be considered for reallocation or removal from the capital programme.
3. **Rights of Way** – Small acceleration in spend projected as more works are expected to be commissioned in year.

## Decision Report – Cabinet

Decision Date – 13<sup>th</sup> November 2019**2019/20 Capital Budget Monitoring – Quarter 2 (Month 6) 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: Ian Trunks - Finance Manager, Capital

Finance Contact Details: [SDCollins@somerset.gov.uk](mailto:SDCollins@somerset.gov.uk) 01823 359028

	<b>Seen by:</b>	<b>Name</b>	<b>Date</b>
	County Solicitor	Honor Clarke	04/11/2019
	Monitoring Officer	Scott Wooldridge	04/11/2019
	Corporate Finance	Sheila Collins	25/10/2019
	Human Resources	Chris Squire	04/11/2019
	Property	Paula Hewitt / John Cooper	04/11/2019
	Procurement / ICT	Simon Clifford	04/11/2019
	Senior Manager	Sheila Collins	25/10/2019
	Commissioning Development Team	<a href="mailto:commissioningdevelopments@somerset.gov.uk">commissioningdevelopments@somerset.gov.uk</a>	04/11/2019
	Local Member(s)	All	04/11/2019
	Cabinet Member	Cllr Mandy Chilcott	25/10/2019
	Opposition Spokesperson	Cllr Liz Leyshon	04/11/2019
	Relevant Scrutiny Chairman	Cllr Anna Groskop for Scrutiny Place	04/11/2019
<b>Forward Plan Reference:</b>	FP/19/16/09		
<b>Summary:</b>	This report sets out the Quarter 2 (Month 6) forecast outturn position for 2019/20 for the Capital Budget of £788.425m. It highlights variances to service budgets, as well as emerging issues, risks, areas of concern and proposed actions to resolve them.		

	At the half way point in the year, the report is currently forecasting an overall favourable variance of £1.735m.
<b>Recommendations:</b>	<p><b>It is recommended that the Cabinet:</b></p> <ol style="list-style-type: none"> <li>1. Note the forecasted budget position for the currently approved 5-year programme with a forecast favourable variance of £1.735m;</li> <li>2. Approve the request to vire £0.040m of grant funding from the Smart Ticketing project to the New Fleet Management System project, as detailed in Section 5 of this report.</li> </ol>
<b>Reasons for Recommendations:</b>	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.
<b>Links to County Vision, Business Plan and Medium-Term Financial Strategy:</b>	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.
<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>	The Council's corporate risk register recognises the difficulties to containing spend within budget in the face of service



	<p>pressures, reducing funding and the challenges of delivering ever more savings and efficiencies.</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>Following the Spending Round (SR19) additional funding for Local Authorities has been indicated, mainly for social care and high needs education. However, this is not certain until the Local Government Financial Settlement is announced later in the year. Also any assurances on longer term capital funding from government departments (i.e. department for education) were postponed, with government to publish its plans for capital spending later in Autumn. This leaves uncertainty for funding future projects.</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>Specific risks related to individual funding sources are outlined in section 4 of the report.</p>					
	<b>Likelihood</b>	<b>4</b>	<b>Impact</b>	<b>4</b>	<b>Risk Score</b>	<b>16</b>

<p><b>Other Implications (including due regard implications):</b></p>	<p><b><u>Equalities Implications</u></b></p> <p>There are no specific equalities implications arising from the contents of this report.</p> <p><b><u>Community Safety Implications</u></b></p> <p>There are no community safety implications arising from the contents of this report.</p> <p><b><u>Sustainability Implications</u></b></p> <p>There are no sustainability implications arising from this</p>				
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	<p>report.</p> <p><b><u>Health and Safety Implications</u></b></p> <p>There are no health and safety implications arising from this report.</p> <p><b><u>Privacy Implications</u></b></p> <p>There are no privacy implications arising from this report.</p> <p><b><u>Health and Wellbeing Implications</u></b></p> <p>There are no health and wellbeing implications arising from this report.</p>
<b>Scrutiny comments / recommendation (if any):</b>	This report will be presented to Scrutiny for Policies and Place Committee, on 11 <sup>th</sup> December 2019 and comments arising will be made available to the Cabinet at a subsequent meeting.

## 1. Background

- 1.1. This report is the second quarterly capital budget monitoring for 2019/20 and provides a mid-year forecast of the potential end of year position.
- 1.2. It is encouraging that the forecast continues to show confidence that the programme management ensures that the budget assumptions are realistic and achievable. Of the £788.425m active approval; £406.853m has been spent in previous years, leaving approval of £381.572m against which forecasts have been made. The month 6 position gives a forecast spend over the coming 5 years of £379.837m presenting an overall favourable variance of £1.735m (0.45%).
- 1.3. The following table summarises the budget by service area:

**Table 1. Budget Summary by Service Area**

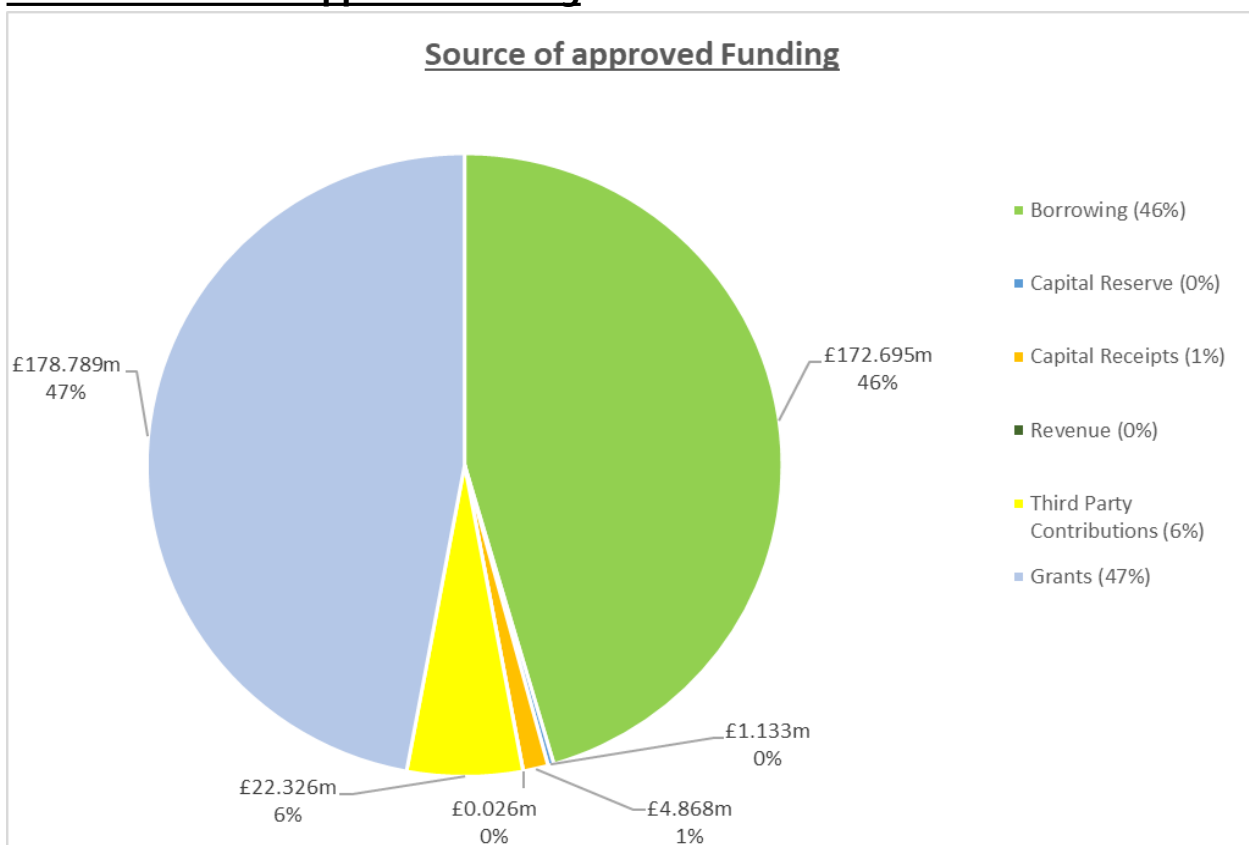
Service Area	A	B	(A - B) = C	D	(D-C) = E
	Approvals as at end Sept 2019	Expenditure incurred to 31/03/19	Remaining approval from 01/04/2019	Forecast Expenditure	Net (favourable) / adverse
	£m	£m	£m	£m	£m
Schools - Primary and Secondary Sector	213.434	76.375	137.059	137.088	0.029

## Annex A

Local Enterprise Partnership	<b>147.077</b>	87.914	59.163	59.163	0.000
Economic Development	<b>126.189</b>	79.461	46.728	46.727	(0.001)
Highways Engineering Projects	<b>97.236</b>	59.518	37.718	37.938	0.220
Highways and Traffic Management	<b>96.957</b>	55.306	41.651	40.984	(0.667)
Support Services	<b>36.914</b>	21.244	15.670	14.725	(0.945)
Somerset Waste Partnership	<b>24.510</b>	0.000	24.510	24.554	0.044
Early Years and Community Services	<b>14.793</b>	3.252	11.541	11.415	(0.126)
Flood and Water	<b>10.310</b>	10.287	0.023	0.023	0.000
Schools - SEN and Access	<b>6.807</b>	3.888	2.919	2.920	0.001
Other Services	<b>14.198</b>	9.608	4.590	4.300	(0.290)
	<b>788.425</b>	<b>406.853</b>	<b>381.572</b>	<b>379.837</b>	<b>(1.735)</b>

**1.4** The capital programme is funded by various sources, summarised as follows:

**Table 2. Sources of Approved Funding**



There have been some movement in funding sources since quarter 1 and these are reported in **section 4**.

## 2. Active approvals

- 2.1** The Council monitors the total capital schemes that have been approved in past years: known as active approvals. As at 31<sup>st</sup> July 2019 these stood at £788.885m. In this quarter the total approval has reduced to £788.425m due to the various movements detailed in **Appendix A** of this report.
- 2.2** The Director of finance (known as the S151 Officer) has delegated authority to accept any additional grants or funding that is made available to the County Council together with authority to consequently expand the approved capital programme, providing there are no negative revenue budget implications as a result of that action.
- 2.3** There has been one virement undertaken during the second quarter. Virements are the movement of approvals between budget lines. Virements are examined to identify their purpose; they do not require formal ratification by members as they are classed as technical changes. The virements have been undertaken to enable the effective management of generic approvals by creating individual projects as detailed proposals are developed and cost estimates become available. These do not change the overall funding budget of the programme. Details of the virement can be found within **Appendix A**.
- 2.4** Also reported within the Technical Changes for this quarter is movement of £1.814m of approvals from Schools Primary and Secondary to Early Years and Community Services. This is to correct an issue within our reporting structure identified earlier in the year.

### 3. Forecast against budget and expenditure profile

- 3.1** At the end of September 2019 services were forecasting future expenditure of £379.837m, as detailed in **Appendix B**, against the remaining approval of £381.572, over the current and subsequent four financial years. This forecast gives an expected favourable variance of £1.735m.
- 3.2** The following table shows the movement of the overall favourable variance from what was forecast last quarter, after allowing for any movement in approvals during this quarter. A positive value indicates an adverse movement and a negative value indicates a favourable movement.

**Table 3. Movement in Forecasts from Qtr. 1**

	Remaining programme approval	2019/20 Qtr. 1+1		2019/20 Qtr. 2		Movement from the last quarter
		Total forecast spend @ 31/07/2019	Net (favourable) / adverse	Total forecast spend @ 30/09/2019	Net (favourable) / adverse	
Service Area	£m	£m	£m	£m	£m	£m

## Annex A

Schools - Primary and Secondary Sector	137.097	137.085	(0.012)	137.088	(0.009)	0.003
Local Enterprise Partnership	59.163	59.163	0.000	59.163	0.000	0.000
Economic Development	46.728	46.728	0.000	46.727	(0.001)	(0.001)
Highways Engineering Projects	37.718	37.937	0.219	37.938	0.220	0.001
Highways and Traffic Management	41.651	41.032	(0.619)	40.984	(0.667)	(0.048)
Support Services	15.670	15.011	(0.659)	14.725	(0.945)	(0.286)
Somerset Waste Partnership	24.510	24.510	0.000	24.554	0.044	0.044
Early Years and Community Services	11.503	11.415	(0.088)	11.415	(0.088)	0.000
Flood and Water	0.023	0.023	0.000	0.023	0.000	0.000
Schools - SEN and Access	2.919	2.919	0.000	2.920	0.001	0.001
Other Services	4.590	4.395	(0.195)	4.300	(0.290)	(0.095)
	<b>381.572</b>	<b>380.218</b>	<b>(1.354)</b>	<b>379.837</b>	<b>(1.735)</b>	<b>(0.381)</b>

### 3.3 The main movements in the adverse or favourable variances are commented as follows:

- Highways and Traffic Management – an increase in the anticipated favourable variance of £0.048m. This is due to a scheme at South Petherton Hospital being no longer achievable. Alternative uses for the funding are being investigated by the service.
- Support Services– an increase in the anticipated favourable variance of £0.286m. This is due to a revised forecast from ICT indicating less resource is being used on capital projects than originally anticipated.
- Somerset Waste Partnership – a change in forecast from a balanced position to an adverse variance of £0.044m. This is due to improved environmental options becoming available, increasing the cost of some vehicles (Electric Bin Lifts).
- Other Services– an increase of the anticipated favourable variance of £0.095m. This is due to reporting a favourable variance within Adult Social Care against old approvals for the Adults ICT Transformation. The service has not provided any forecast for this approval therefore it has been assumed it is no longer required.

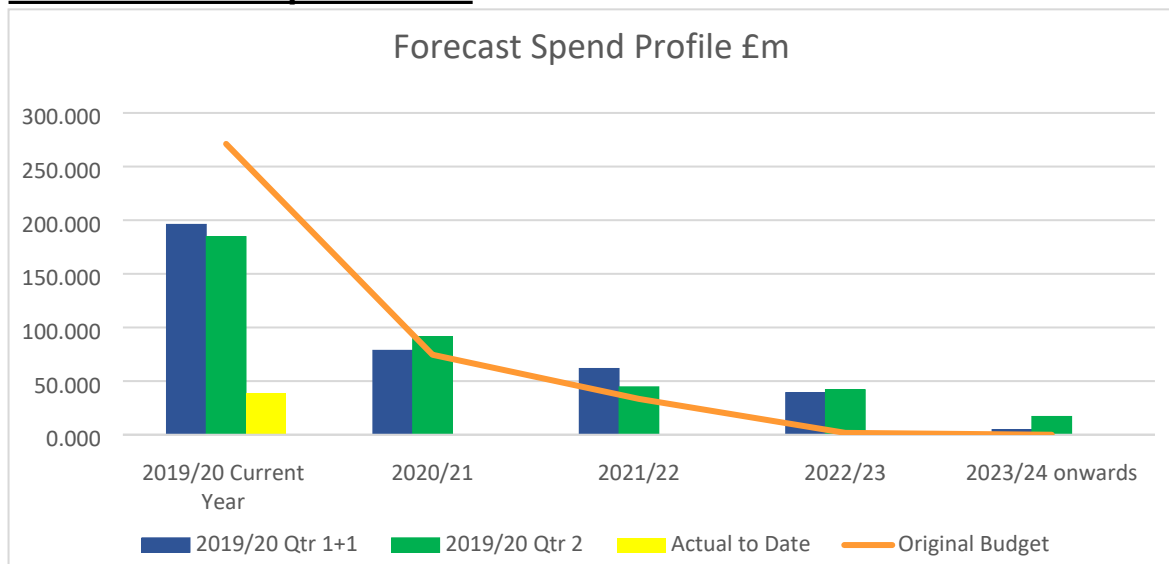
### 3.4 A more detailed look at the overall adverse and favourable variances within the capital programme can be found in **Appendix C**.

### 3.6 As the capital programme spans multiple years, services are required to provide a forecasted

spend profile for the current plus 4 years. This allows us to undertake budget monitoring and programme management which in turn allows us to adequately plan the availability of funding resources.

**3.7** The latest spend profile compared to the previous quarter is set out below follows:

**Table 4. Forecast Spend Profile**



**Appendix D** shows the forecasted spend and reasons for movements.

**3.8** Forecasting capital expenditure levels is particularly difficult due to the reliance on contractor activity, the weather and capacity within the Council’s providers to design and support the programme. The actual programme is also only fully developed later in the financial year as individual projects are finalised and specifically programmed from the generic programmes. Clearly it is only at this stage that a realistic estimate of the timing of expenditure can be made.

**3.9** This overview of the Capital Programme indicates that the programme is being managed proactively by services within the resources that they have available. Commitments are not being entered into without an available budget and generic approvals are being managed as costs become more certain and the programme of work adjusted accordingly. However, there remains a need to fully scrutinise the forecasts received in order to be certain of their accuracy as we head further into the financial year. Finance will also be undertaking further work with Services to challenge forecasts in order to provide senior managers and members with reassurance on the accuracy of forecasts.

## 4 Funding

This section provides an update on the funding of the capital programme over the coming five years. **Appendix A** provides reference to the movements in the funding detailed below.

## **4.1 Capital Receipts**

- 4.1.1** The capital programme has planned expenditure of £4.868m (no change from the last quarter) to be funded by capital receipts.
- 4.1.2** Capital Receipts are the sums received from the sale of assets where the proceeds exceed £0.010m. Net useable receipts received up to September 2019, after taking into account the costs of sale, amounted to £1.629m. Current estimates based on progressing sales indicate £7.677m might be realised from sales by the end of the financial year. Realising this sum will however depend on circumstances outside the direct control of the County Council including the wider economic outlook and third parties. It could also be compromised if any of the properties are the subject of a Community Asset Transfer application.
- 4.1.3** During 2019/20, the Council plans to continue to use the flexibility permissible by the Government to fund qualifying revenue costs of service reform and transformation from capital receipts to the value of £2.346m.

## **4.2 Grants**

- 4.2.1** The capital programme has planned expenditure of £178.789m (£175.693m reported in the last quarter) to be funded by capital grants.
- 4.2.2** The Council submitted a Housing Infrastructure bid for £93m to Homes England in March 2019. Homes England are currently in the process of reviewing bids, seeking further information where needed, and arranging some site visits. It is anticipated that any announcement on successful bids will be made towards the end of 2019.

## **4.3 Contributions (S106 / CIL / Other)**

- 4.3.1** The capital programme has planned expenditure of £22.326m (£25.839m reported in the last quarter) to be funded by capital contributions from third parties e.g. property developers.
- 4.3.2** As part of the move towards reporting a full capital programme, we are in the process of adding the known approvals for all contribution funded schemes. In previous years, contribution approval was only added when the income had been received. As more contributions are received, this reduces the need for SCC resourced funding.
- 4.3.3** Future quarterly reports to update members on the position of contributions, to highlight where funding is not secured and therefore the council is potentially cash flowing/ underwriting until the funding is in place. This will include a new appendix to RAG status contributions, as below:

- Red – Unsecured/ unsigned agreements;
- Amber – Secured/ signed agreements but funding yet to be received;

- Green – Agreement in place and funding received.

Work is continuing to collate this information in the right format to enable consistent reporting across the council.

#### **4.4 Borrowing**

**4.4.1** The capital programme is approved fully funded. This means that the Council have approved the use of borrowing to ensure that resources are available to enable delivery of the capital programme. However, it is not anticipated all the borrowing approved is expected to be taken and where possible other external sources of funding are being sought. For example, the Housing Infrastructure bid to Homes England.

**4.4.2** The capital programme has planned expenditure of £172.695m (£173.124m reported in the last quarter) to be funded by borrowing.

**4.4.3** External borrowing stands at £324.5m. The cost implications of this borrowing are factored into the revenue MTFP. The current annual cost of borrowing is budgeted to be £19.187m.

#### **4.5 Capital Fund**

**4.5.1** Capital investment and planning decisions are predominantly taken during the MTFP process in setting the annual budget. During this process a view is taken on the level of available resources which allows a minimal reserve to be held for unforeseen in year requirements. This reserve is a revenue reserve held for specific capital contingency. The current balance held is £2.548m.

**4.5.2** The current commitments to this reserve total £1m. This is cashflow for the M5 J25 Scheme.

**4.5.3** If significant in year requirements are identified and the funding cannot be met from existing resources, it is possible that the Council would need to consider external borrowing to fund the requirements or revise and reduce the core investment plan. If external borrowing is to be used, then it must be noted that there will be an additional charge to the revenue budget. The Capital Fund is held to mitigate the likelihood or impact of this possibility.

### **5. Request for transfer of funding**

**5.1** In March 2017, a Member Key decision was taken to “agree that the £3.859m productivity investment fund grant (DfT) for 17/18 financial year is allocated towards providing additional spend on highway structural maintenance, additional spend on the major transport schemes programme, and spend on a public transport smart ticketing project, with the precise value of the allocation to each programme or project determined by the Director and Lead Commissioner for Economic and Community Infrastructure.”

As part of the grant terms and conditions, SCC had to publish the allocations on their website. The allocations were as follows:



<b>Project/ Programme</b>	<b>Indicative allocation from the productivity investment fund 17/18</b>
Highway resurfacing programme	£0.5m
Major schemes programme	£3m
Public transport smart ticketing project	£0.359m
<b>Reserve Programme</b>	
Traffic signals replacement programme	£0m
<b>TOTAL</b>	<b>£3.859m</b>

The majority of this funding has been utilised but there is £0.057m left within the Public Smart Ticketing project. The service would like to use £0.040m to fund a new Fleet Management System. The grant can be used for this project as it still allows for improvements to public transport networks. The remaining £0.017m will be used to complete the Smart Ticketing project.

**Members are requested to approve the virement of £0.040m of grant funding from Public Transport Smart Ticketing project to the New Fleet Management System project.**

Following approval from members, the SCC website will be updated to reflect the change in use for this funding.

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

**6.1** There are no alternative options presented within this paper.

## **7. Background papers**

- 7.1**
- 2019-20 Quarter 1 Capital Budget Monitoring Report to Cabinet – September 2019
  - 2019/20 Capital MTFP Report to Full Council – February 2019

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### Scrutiny for Policies and Place Committee Work Programme

Agenda item	Meeting Date	Lead Officer
	<b>04 November 2019</b>	
Revenue Budget Monitoring Report – Month 5		Elizabeth Watkin
Corporate Asset Management Plan		S Gale/J Cooper
West Somerset Opportunities Area Update (for information)		Julia Ridge
Scrutiny Review Report		Jamie Jackson
	<b>11 December 2019</b>	
Revenue Budget Monitoring Report – Month 6		Elizabeth Watkin
Capital Budget Monitoring Report – Q2		Sheila Collins/Ian Trunks
Library Re-design Update		Ollie Woodhams/Sue Crowley
	<b>5 February 2020</b>	
5G Update		Michele Cusack/Paul Hickson
Registration Services Update		Genevieve Branch
SCC's Capital Investment Strategy		Sheila Collins/Elizabeth Watkin

**Note:** Members of the Scrutiny Committee and all other Members of Somerset County Council are invited to contribute items for inclusion in the work programme. Please contact Jamie Jackson, Service Manager Scrutiny, who will assist you in submitting your item. [jajackson@somerset.gov.uk](mailto:jajackson@somerset.gov.uk) 01823 359040

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