

2019/20 Revenue Budget Monitoring Report – Month 2

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Cabinet Member: Cllr Mandy Chilcott – Cabinet Member for Resources
Division and Local Member: All

1. Summary

- 1.1. The Cabinet report sets out the Month 4 forecast outturn position for 2019/20 for the net Revenue Budget of £327.967m. It highlights variances to service budgets, as well as emerging issues, risks, areas of concern and proposed actions to resolve them. The Council's Medium-Term Financial Plan (2019-22) sets out proposals to further develop its financial resilience over the long-term whilst also supporting the delivery of the Council's key priorities.
- 1.2. Although still relatively early in the year, the report continues to show an overall projected **balanced position** for the Council, with the main variances being within Children's Services and Trading Units (Dillington House). Management action is under development in these areas that will aim to ensure a balanced budget by the end of the year. However, until these are more fully developed, these variances are being reported in the detail of the report (Annex A) and a proportion of the corporate contingency 'notionally' allocated to off-set the variances. This leaves £6.033m of the Corporate Contingency budget currently unallocated (following the requested transfer within the recommendations section of the Cabinet report) and therefore potentially available to further improve the Council's financial resilience in the medium term. A decision regarding use of the contingency will be considered by The Cabinet later in the year once the end of year position is firmer.
- 1.3. Children's Services are reporting an adverse variance within their budget of £0.467m which is a favourable movement of £0.030m from month 3. Movements across the service since month 3 are minimal and due to vacancy savings within the Commissioning Service and Placement Team.
- 1.4. Transport projections continue to be a focus due to ongoing concern regarding the management information and systems used in the current financial forecasting as highlighted over the last few months. Finance are continuing to work with Transport Commissioners and the Transporting Somerset Service to ensure these processes and system are working appropriately in order that Finance can provide an appropriate level of quality

and assurance.

- 1.5. Further work is also being undertaken to ensure models of demand are up to date and are being appropriately fed in to the financial forecasts. Tendering for routes to start in September will continue through August resulting in a more stable platform for management information from the service.
- 1.6. External placements projections remain reasonably stable with the projected overspend reduced by £0.021m.
- 1.7. Work has been undertaken to refine the financial model used for projecting the fostering and personal allowances for 16 and 17-year-olds.
- 1.8. The ongoing review of use of transport for contact and education by operations managers and business support has improved the forecast financial position.
- 1.9. Fees and allowances are reporting a reduced underspend of £0.130m.
- 1.10. To ensure that the financial position is closely monitored within Children's Services fortnightly meetings will take place involving key managers in the service and finance to scrutinise the current position of the children looked after budgets and to ensure appropriate management actions are identified and implemented. Improved financial management data aligned to activity is being produced in the form of a metrics report providing an overview across the service as well as a focus on areas of historic volatility.

2. Issues for consideration / Recommendations

- 2.1. The Committee is asked to comment on the projected revenue outturn for 2019/20 for the Children's Services budget, 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 third revenue budget monitoring for 2019/20 and remains a relatively 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 £0.520m. At this early stage in the year, this is being off-set by a 'notional' allocation from Corporate Contingency while firm management actions to correct variances are

being developed.

- 3.3.** The Council must, and will, sustain this tighter financial grip going forwards. This will include the continuation of formal monthly monitoring report to Cabinet and to Scrutiny for Policies and Place and continual improvements to the format, content and layout of the reports to aid effective review and scrutiny. Alongside this internal tracking and budget monitoring processes continue to be given close attention by the Senior Leadership Team.

4. Consultations undertaken

- 4.1.** See Annex A

5. Implications

- 5.1.** See Annex A

6. Background papers

- 6.1.**
- 2019/20 Revenue Budget Monitoring Report to Cabinet – 14 August 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