

Somerset County Council  
Scrutiny for Policies, Children and Families Committee  
13 December 2019

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## **2019/20 Revenue Budget Monitoring Report – Month 6 (Quarter 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 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.** Children's Services are reporting an adverse variance within their budget of £1.768m which is an adverse movement of £1.149m from month 5.
- 1.4.** 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.
- 1.5.** 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.

- 1.6. 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.
- 1.7. 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.

## **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 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