

## Decision Report - Executive Decision

Forward Plan Reference: FP/23/09/12

Decision Date – 6 March 2024

Key Decision – No



### 2023/24 Budget Monitoring Report – Month 10 – End of January 2024

Executive Member(s): Cllr Liz Leyshon Deputy Leader of the Council and Lead Member on Resources and Performance

Local Member(s) and Division: All

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#### Summary

1. This is the General Fund revenue monthly budget monitoring report for the end of January 2024, (month 10). The last report the Executive received was the quarter three (month 9), as at the end of December 2023, which forecast a net overspend of £17.5m.
2. The Council is now projecting an overspend of £16.3m for 2023/24, which equates to 3.0% of the net budget for the year. This is a small improvement of £1.2m from the previous forecast overspend.
3. The forecast overspend for the year remains driven by Adults Services and Childrens Services which are both forecasting overspends of £14.9m. Together these total £29.8m and mask that the rest of the council is forecast to be £13.5m underspent.

**Table 1: 2023/24 Budget Monitoring Report Overview of Movement in Forecast Outturn Position**

Service Area	Month 3	Month 4	Month 5	Month 6	Month 7	Month 9	Month 10	Movement
	Variance	Variance	Variance	Variance	Variance	Variance	Variance	
	£m	£m	£m	£m	£m	£m	£m	£m
Adult Services	12.1	12.1	14.9	14.9	14.9	14.9	14.9	0.0
Children, Families & Education Services	8.8	8.8	11.8	12.4	13.9	15.3	14.9	(0.4)
Remaining Services	7.7	5.2	0.6	(8.6)	(10.5)	(12.7)	(13.5)	(0.8)
<b>Total Position</b>	<b>28.6</b>	<b>26.1</b>	<b>27.3</b>	<b>18.7</b>	<b>18.3</b>	<b>17.5</b>	<b>16.3</b>	<b>(1.2)</b>

4. The Adult Services projected overspend has remained the same as reported in Month 9 due to the mitigations the service has in place to reduce it down from the potential adverse variance of £24.2m, as detailed in Appendix 1.
5. In month nine, the Council reported an unfavourable variance within Children, Families & Education Services of £15.3m which predominantly related to external placements, fieldwork (support for children at home) and special educational needs and disabilities (SEND) transport budgets. Although this remains the case, there has been a small favourable movement of £0.4m since month nine.
6. The remainder of the Council continues to forecast an underspend of £13.5m, which is an improvement of £0.8m since month nine. Although this forecast underspend includes some one-off incomes for the Council, such as increased Treasury Management Income and Connecting Devon and Somerset funding repaid. We are also seeing the impact of the services responding to the financial emergency and making savings/cutting expenditure as much as possible.
7. The Council continues to have its control boards in place, and the monitoring and outcomes of these boards are included in our quarterly monitoring reports to Executive. However, the main achievement of the boards can be seen in the reduction of the forecast overspend each month. Having these control boards in place has encouraged the whole organisation to think differently, especially knowing that Officers on the boards will challenge and scrutinise from a non-service perspective.
8. **Table 2** provides a summary of budget, projections, and variances on a service-by-service basis as at the end of January 2024. This table has been updated to breakdown the budget into expenditure and income to show the net budget for each service.

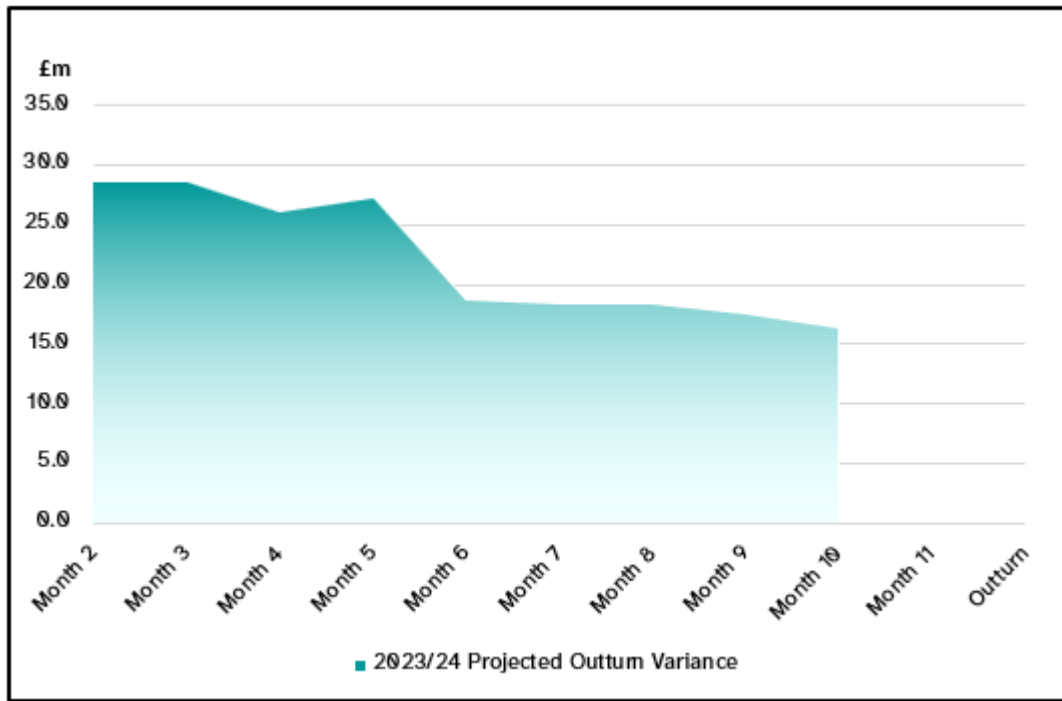
**Table 2: 2023/24 Budget Monitoring Report as at the end of January 2024  
(Month 10)**

Service Area	Original Budget £m	Current Expenditure Budget £m	Current Income Budget £m	Current Net Budget £m	Full Year Projection £m	Month 10 Variance £m	A/(F)	RAG Status	Movement From Month 9 £m
<b>Adult Services</b>									
Adult Social Care Operations:									
Physical Disability/Sensory Loss/65 Plus	111.9	140.8	(26.6)	114.2	119.5	5.3	A	Red	0.0
Mental Health	26.5	28.3	(4.6)	23.7	24.7	1.0	A	Red	0.0
Learning Disabilities	110.4	116.7	(6.9)	109.8	117.3	7.5	A	Red	0.0
Adult Social Care Commissioning	(62.2)	8.7	(75.1)	(66.4)	(65.3)	1.1	A	Red	0.0
<b>Adult Services Total</b>	<b>186.6</b>	<b>294.5</b>	<b>(113.2)</b>	<b>181.3</b>	<b>196.2</b>	<b>14.9</b>	<b>A</b>	<b>Red</b>	<b>0.0</b>
<b>Children, Families &amp; Education Services</b>									
Children & Families	81.8	95.2	(13.3)	81.9	94.7	12.8	A	Red	(0.3)
Commissioning & Performance	10.5	13.7	(3.5)	10.2	9.9	(0.3)	(F)	Green	(0.2)
Inclusion	12.6	79.8	(65.1)	14.7	16.8	2.1	A	Red	(0.1)
Education, Partnerships & Skills	17.4	29.7	(15.6)	14.1	14.6	0.5	A	Red	0.3
Childrens Services	0.7	1.1	(0.4)	0.7	0.5	(0.2)	(F)	Green	(0.1)
<b>Children, Family &amp; Education Services Total</b>	<b>123.0</b>	<b>219.5</b>	<b>(97.9)</b>	<b>121.6</b>	<b>136.5</b>	<b>14.9</b>	<b>A</b>	<b>Red</b>	<b>(0.4)</b>
<b>Community Services</b>									
Housing	5.9	10.4	(4.1)	6.3	6.6	0.3	A	Red	0.3
Customer Services	7.0	6.8	(0.7)	6.1	6.0	(0.1)	(F)	Green	(0.1)
Cultural Services	9.3	13.3	(3.9)	9.4	8.5	(0.9)	(F)	Green	(0.6)
Regulatory & Operational Services	12.4	25.8	(11.1)	14.7	14.7	0.0	-	Green	0.0
<b>Community Services Total</b>	<b>34.6</b>	<b>56.3</b>	<b>(19.8)</b>	<b>36.5</b>	<b>35.8</b>	<b>(0.7)</b>	<b>(F)</b>	<b>Green</b>	<b>(0.4)</b>
<b>Climate &amp; Place</b>									
Climate, Environment & Sustainability	54.6	63.9	(8.6)	55.3	55.3	0.0	-	Green	(0.1)
Infrastructure & Transport	22.5	47.5	(25.2)	22.3	22.6	0.3	A	Red	(0.3)
Economy, Employment & Planning	10.6	18.2	(8.3)	9.9	9.3	(0.6)	(F)	Green	0.1
Accountable Bodies	3.7	6.2	(2.8)	3.4	(3.6)	(7.0)	(F)	Green	0.0
<b>Climate &amp; Place Total</b>	<b>91.4</b>	<b>135.8</b>	<b>(44.9)</b>	<b>90.9</b>	<b>83.6</b>	<b>(7.3)</b>	<b>(F)</b>	<b>Green</b>	<b>(0.3)</b>
<b>Strategy, Workforce &amp; Localities</b>									
Partnership & Localities	0.8	3.5	(0.2)	3.3	3.3	(0.0)	(F)	Green	0.0
Strategy & Performance	3.2	8.1	(2.2)	5.9	5.3	(0.6)	(F)	Green	0.0
Workforce	6.0	10.8	(4.1)	6.7	6.0	(0.7)	(F)	Green	0.0
Governance, Democratic & Legal Services	10.2	11.4	(1.5)	9.9	11.1	1.2	A	Red	(0.2)
<b>Strategy, Workforce &amp; Localities Total</b>	<b>20.2</b>	<b>33.8</b>	<b>(8.0)</b>	<b>25.8</b>	<b>25.7</b>	<b>(0.1)</b>	<b>(F)</b>	<b>Green</b>	<b>(0.2)</b>
<b>Resources &amp; Corporate Services</b>									
Finance & Procurement	11.9	118.8	(104.1)	14.7	13.9	(0.8)	(F)	Green	0.3
Strategic Asset Management	(9.2)	19.6	(28.8)	(9.2)	(9.2)	0.0	-	Green	(0.1)
Information Communication Technology	17.8	21.0	(2.9)	18.1	16.5	(1.6)	(F)	Green	(0.2)
<b>Resources &amp; Corporate Services Total</b>	<b>20.5</b>	<b>159.4</b>	<b>(135.8)</b>	<b>23.6</b>	<b>21.2</b>	<b>(2.4)</b>	<b>(F)</b>	<b>Green</b>	<b>0.0</b>
<b>Public Health</b>	<b>1.2</b>	<b>23.6</b>	<b>(22.6)</b>	<b>1.0</b>	<b>1.0</b>	<b>0.0</b>	<b>-</b>	<b>Green</b>	<b>0.0</b>
<b>Corporate Management</b>	<b>0.5</b>	<b>1.1</b>	<b>0.0</b>	<b>1.1</b>	<b>1.1</b>	<b>0.0</b>	<b>-</b>	<b>Green</b>	<b>0.0</b>
<b>Non-Service</b>	<b>58.7</b>	<b>70.5</b>	<b>(16.4)</b>	<b>54.1</b>	<b>51.1</b>	<b>(3.0)</b>	<b>(F)</b>	<b>Green</b>	<b>0.0</b>
<b>Traded Services Total</b>	<b>0.0</b>	<b>1.8</b>	<b>(1.8)</b>	<b>0.0</b>	<b>0.5</b>	<b>0.5</b>	<b>A</b>	<b>Red</b>	<b>0.1</b>
<b>Total Service Position</b>	<b>536.7</b>	<b>996.3</b>	<b>(460.4)</b>	<b>535.9</b>	<b>552.7</b>	<b>16.8</b>	<b>A</b>	<b>Red</b>	<b>(1.2)</b>
Corporate Contingency	6.0	5.7	0.0	5.7	5.7	0.0	-	Green	0.0
<b>Total After Contingencies</b>	<b>542.7</b>	<b>1,002.0</b>	<b>(460.4)</b>	<b>541.6</b>	<b>558.4</b>	<b>16.8</b>	<b>A</b>	<b>Red</b>	<b>(1.2)</b>
Reserves	(19.9)	0.3	(19.9)	(19.6)	(19.6)	0.0	-	Green	0.0
Transfers to Schools	0.0	0.8	0.0	0.8	0.8	0.0	-	Green	0.0
Council Tax	(338.7)	0.0	(338.7)	(338.7)	(338.7)	0.0	-	Green	0.0
Business Rates	(122.2)	0.0	(122.2)	(122.2)	(122.2)	0.0	-	Green	0.0
Grants	(57.3)	0.0	(57.3)	(57.3)	(57.8)	(0.5)	(F)	Green	0.0
Flexible Use of Capital Receipts	(4.0)	0.0	(4.0)	(4.0)	(4.0)	0.0	-	Green	0.0
Collection Fund Surplus/Deficit	(0.6)	6.1	(6.7)	(0.6)	(0.6)	0.0	-	Green	0.0
<b>Total Position</b>	<b>0.0</b>	<b>1,009.2</b>	<b>(1,009.2)</b>	<b>0.0</b>	<b>16.3</b>	<b>16.3</b>	<b>A</b>	<b>Red</b>	<b>(1.2)</b>

9. The Finance Business Partnering team continue to work closely with directorate management teams to challenge the financial assumptions which are being forecast. Everyone continues to be fully engaged in understanding the reasons

behind the assumptions and are also working together as a team to mitigate overspends were possible.

**Chart 1** shows how the forecast outturn variance has moved month by month.



## Recommendations

10. That the Executive:

- a) Notes the forecast overspend of £16.3m (3.0%) for the year and the recovery action being taken and mitigations put in place to address this.

## Reasons for recommendations

11. To ensure that the Council continues to maintain tight financial control over its budget.

## Other options considered

12. No other options were considered as continuing to monitor the budget on a monthly basis is considered best practice.

## Links to Council Plan and Medium-Term Financial Plan

13. The 2023/24 Budget was approved by Council in February 2023 as part of the Medium-Term Financial Plan (MTFP) and is the financial resourcing plan to deliver the Council Plan.

## Financial and Risk Implications

14. There are two relevant Strategic Risk which are ORG0070 Budget Overspend in the current financial year and ORG0057 Sustainable Medium Term Financial Plan. For both of these risks the current scores are:

<b>Likelihood</b>	<b>5</b>	<b>Impact</b>	<b>5</b>	<b>Risk Score</b>	<b>25</b>
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15. The financial impact of an overspend of £16.3m in the current financial year would result in a reduction in the level of General Reserves from £49.8m to £33.5m. This remains above the £30m minimum risk-based assessment of the reserves approved by Council in February 2023.
16. The variances causing the net overspend are a mixture of on-going and once-off items. The on-going items will have a financial impact upon 2024/25 if they are not addressed.

## Legal Implications

17. There are no specific legal implications arising from this report.

## HR Implications

18. There are no specific HR implications arising from this report.

## Other Implications:

## Equalities Implications

19. There are no specific equalities implications arising from this report.

## Community Safety Implications

20. There are no community safety implications arising from this report.

### **Climate Change and Sustainability Implications**

21. There are no climate change and sustainability implications arising from this report.

### **Health and Safety Implications**

22. There are no health and safety implications arising from this report.

### **Health and Wellbeing Implications**

23. There are no health and wellbeing implications arising from this report.

### **Social Value**

24. There are no Social Value implications arising from this report.

### **Scrutiny comments/recommendations:**

25. This report will be presented to the Scrutiny for Corporate & Resources Committee, on 7 March 2024. As this is after the Executive meeting (6 March 2024), any comments will be taken to the next Executive meeting, being held on 8 April 2024.

### **Background**

26. Full Council approved the 2023/24 Budget in February 2023, the first budget for Somerset Council. Budget monitoring is delegated to Executive and Scrutiny, with revenue service reports presented monthly and a full overview of revenue, capital, and reserves quarterly. This report outlines the forecast year-end position of services against the 2023/24 budget of £541.6m as at the end of January 2024.
27. **Table 2** (section 8) provides a summary of each service budget, with projections and variances for the year shown against these. Further details and mitigations being taken by the responsible director are outlined in appendices 1 to 8. The significant variances at month ten are:
  - Adult Services have a £14.9m adverse variance against their budget (8.2% of service budget). This variance is mainly in the Adult Social Care and Learning Disabilities budget areas due to an increase in fee levels for both care home placements and delivery of home care.

- Children, Families & Education Services have a £14.9m adverse variance against their budget (12.3% of service budget), a favourable movement of £0.4m from month nine. The overall variance predominantly relates to external placements, fieldwork (support for children at home), and SEND transport budgets.
- Community Services have a £0.7m favourable variance against a budget of £36.3m (1.9% of Service budget). The underspend mostly relates to the Theatres budget which is due to additional income from ticket sales and underspends on premises budgets.
- Climate & Place (including Accountable Bodies) has a favourable variance of £7.3m against their budget of £90.9m (8.0% of service budget). This is an improvement of £0.3m since month nine. The underspend mainly relates to income received via Connecting Devon and Somerset.
- Strategy, Workforce & Localities have a £0.1m favourable variance (0.4% of service budget). There are some overspends within the service which mostly relate to external legal costs where specific expertise is required. These overspends are offset by vacancies and reducing Learning and Development costs by focusing on e-learning, statutory and mandatory training.
- Resources & Corporate Services have a £2.4m favourable variance (10.2% of service budget). Most of the favourable variance is seen in the Finance & Procurement budget and the Information Communication Technology budget and relates to the holding of vacant posts and additional grant income.
- Non-Service has a favourable variance of £3.0m due to once-off, in-year favourable treasury management activities, together with careful management of the Council's cashflow, which has at times seen higher than anticipated cashflow levels.

## **2023/24 Budget & Forecast Outturn Position**

28. The 2023/24 budget was put together using the information from the five predecessor councils before the full officer structure was finalised. Each council recorded things in different ways, therefore there is still some alignment of budgets to take place which will require budget virements. Service Directors are

currently developing their service structures which will require further adjustments to the budget in order to reflect the new staffing establishment.

29. After accounting for all service expenditure and contingencies the projected outturn position at month ten is £558.4m against a net current budget of £541.6m. This gives a £16.3m adverse variance which represents a variance of 3.0%.
30. With the financial challenges outlined in this paper the Council needs to move at pace to deal with the difficult financial situation that the council now faces. Further information for each service is shown in appendices 1 to 8, along with details on movements, actions to be taken, future risks and opportunities.

### **Background Papers**

31. 2024/25 General Fund Revenue Budget and Medium-Term Financial Plan & Council Tax Setting report to Council February 2024
32. Medium Term Financial Strategy (MTFS) 2024/25 to 2026/27 report to Corporate & Resources Scrutiny & Executive July 2023
33. 2023/24 Budget, Medium-Term Financial Plan & Council Tax Setting report to Council February 2023
34. Medium Term Financial Strategy (MTFS) 2024/25 to 2026/27 report to Corporate & Resources Scrutiny & Executive November 2023
35. 2024/25 General Fund Revenue Budget & Capital Programme update report to Corporate & Resources Scrutiny & Executive
36. 2024/25 General Fund Revenue Budget update report to Executive January 2024
37. 2024/25 General Fund Revenue Budget update report to Executive February 2024
38. 2024/25 Budget, Medium-Term Financial Plan & Council Tax Setting report to Council February 2024



## **Appendices**

Appendix 1: Adult Services

Appendix 2: Children, Families & Education Services

Appendix 3: Community Services

Appendix 4: Climate & Place (including Accountable Bodies)

Appendix 5: Strategy, Workforce & Localities

Appendix 6: Resources & Corporate Services

Appendix 7: Public Health

Appendix 8: Other service areas

## Report Sign-Off

	<b>Officer Name</b>	<b>Date Completed</b>
Legal & Governance Implications	David Clark	26/02/2024
Communications	Peter Elliot	26/02/2024
Finance & Procurement	Nicola Hix	22/02/2024
Workforce	Dawn Bettridge	26/02/2024
Asset Management	Oliver Woodhams	26/02/2024
Executive Director / Senior Manager	Jason Vaughan	22/02/2024
Strategy & Performance	Sara Cretney	26/02/2024
Executive Lead Member	Cllr Liz Leyshon	26/02/2024
Consulted:		
Local Division Members	All	
Opposition Spokesperson	Cllr Mandy Chilcott Deputy Leader of the Opposition and Opposition Spokesperson for Resources and Performance	Sent: 27/02/2024
Scrutiny Chair	Cllr Bob Filmer, Chair - Scrutiny Corporate & Resources Committee	Sent: 27/02/2024