

## Decision Report - Executive Decision

Forward Plan Reference: FP/24/06/20

Decision Date - 2 September 2024

Key Decision - No



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## 2024/25 General Fund Revenue Budget Monitoring Report - Month 3 - End of June 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 report is the General Fund revenue monitoring report for the end of June 2024, quarter one (month three) with the forecast being an underspend of £0.2m for the 2024/25 financial year.
2. The main variances are: -
  - Adults Services favourable variance of £2.1m due to the commissioning work carried out with the market to reduce residential and nursing weekly fees.
  - Children, Families & Education Services adverse variance of £5.4m, predominantly relating to external placements.
  - Climate & Place adverse variance of £4.3m relating to an increase in Waste Services contract costs, as well as pressures in highway safety defects, capitalisation of salary costs and unachievable income targets.
  - Community Services adverse variance of £1.1m due to pressures within Open Spaces and Coroners.
  - Non-Service favourable variance of £2.6m largely relating to higher investment income and lower debt charges than anticipated.
  - Contingency budget of £6m remains unallocated at month 3.

### Recommendations

3. That the Executive:
  - a) Notes the forecast underspend of £0.2m for the year.

- b) Agree to draw £0.025m from the Hurlstone Bothy Earmarked Reserve for the Coastal Revival Fund. (£0.017m to Property Services under Strategic Asset Management, and £0.008m to Communities Services under Regulatory & Operational Services.)

**Reasons for recommendations**

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

**Other options considered**

- 5. 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**

- 6. The 2024/25 Budget was approved by Council in February 2024 as part of the Medium-Term Financial Plan (MTFP) and is the financial resourcing plan to deliver the Council Plan.

**Financial and Risk Implications**

- 7. There are two relevant Strategic Risk which are ORG0070 Budget Overspend in the current financial year and ORG0057 Sustainable Medium Term Financial Plan.

<b>ORG0057 Sustainable Medium Term Financial Plan</b>					
<b>Likelihood</b>	<b>4</b>	<b>Impact</b>	<b>5</b>	<b>Risk Score</b>	<b>20</b>
This has a current risk score of 20 which is a reduction from the previous score of 25. The reduction in the score is in recognition of the fact that at its April 2024 meeting Council approved a financial strategy that would enable the 2025/26 budget gap to be closed. However, this could increase if there are any delays to the delivery of any the various activities set out in the financial strategy.					

<b>ORG0070 Budget Overspend in the 2024/25 financial year</b>					
<b>Likelihood</b>	<b>3</b>	<b>Impact</b>	<b>2</b>	<b>Risk Score</b>	<b>6</b>

This has a risk score of 6 and reflects the fact that there the forecast figures show a minor underspend for 2024/25.

8. The financial impact of a £0.2m underspend would result in a slight increase in the level of General Reserves from £52.4m to £52.6m This remains above the £30m minimum risk-based assessment of the reserves approved by Council in February 2024.

### **Legal Implications**

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

### **HR Implications**

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

### **Other Implications:**

### **Equalities Implications**

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

### **Community Safety Implications**

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

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

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

### **Health and Safety Implications**

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

### **Health and Wellbeing Implications**

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

### **Social Value**

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

**Scrutiny comments/recommendations:**

17. This report was presented to Scrutiny for Corporate & Resources Committee, on 28 August 2024.

**Background**

18. The Full Council approved the 2023/24 Budget in February 2024, and **Table 1** provides a summary of budget, projections, and variances on a service-by-service basis as at the end of June 2024. This table shows a breakdown of the budget into expenditure and income to get the net budget for each service. Further details and mitigations being taken by the responsible director are outlined in **Appendices 1 to 8.**

19. **Table 1: 2024/25 Budget Monitoring Report as at the end of June 2024  
(Month3)**

Service Area	Current Expenditure Budget £m	Current Income Budget £m	Current Net Budget £m	Full Year Projection £m	Month 3 Variance £m	A/(F)	RAG Status	Movement From Month 2 £m
<b>Adult Services</b>								
Adult Social Care Operations:								
Physical Disability/Sensory Loss/65 Plus	166.1	(27.9)	138.2	135.8	(2.4)	(F)	Green	(2.4)
Mental Health	43.3	(6.3)	37.0	35.8	(1.2)	(F)	Green	(1.2)
Learning Disabilities	145.3	(7.7)	137.6	136.7	(0.9)	(F)	Green	(0.9)
Adult Social Care - Commissioning	21.7	(94.9)	(73.2)	(70.8)	2.4	A	Red	2.4
<b>Adult Services Total</b>	<b>376.4</b>	<b>(136.8)</b>	<b>239.6</b>	<b>237.5</b>	<b>(2.1)</b>	<b>(F)</b>	<b>Green</b>	<b>(2.1)</b>
<b>Children, Families &amp; Education Services</b>								
Children & Families	114.2	(16.2)	98.0	103.1	5.1	A	Red	5.1
Commissioning & Performance	18.3	(7.3)	11.0	10.6	(0.4)	(F)	Green	(0.4)
Education	58.8	(26.3)	32.5	33.2	0.7	A	Red	0.7
Childrens Services	0.4	0.0	0.4	0.4	0.0	-	Green	0.0
<b>Children, Family &amp; Education Services Total</b>	<b>191.7</b>	<b>(49.8)</b>	<b>141.9</b>	<b>147.3</b>	<b>5.4</b>	<b>A</b>	<b>Red</b>	<b>5.4</b>
<b>Community Services</b>								
Housing	10.7	(4.1)	6.6	6.7	0.1	A	Amber	0.1
Customer Services	9.1	(3.3)	5.8	5.8	0.0	-	Green	0.0
Cultural Services	12.7	(3.6)	9.1	9.1	0.0	-	Green	0.0
Regulatory & Operational Services	24.5	(11.5)	13.0	14.0	1.0	A	Red	1.0
<b>Community Services Total</b>	<b>57.0</b>	<b>(22.5)</b>	<b>34.5</b>	<b>35.6</b>	<b>1.1</b>	<b>A</b>	<b>Red</b>	<b>1.1</b>
<b>Climate &amp; Place</b>								
Climate, Environment & Sustainability	66.7	(8.7)	58.0	61.0	3.0	A	Red	3.0
Infrastructure & Transport	50.1	(26.9)	23.2	24.2	1.0	A	Red	1.0
Economy, Employment & Planning	18.1	(9.9)	8.2	8.5	0.3	A	Red	0.3
Accountable Bodies	4.1	(0.5)	3.6	3.6	(0.0)	(F)	Green	(0.0)
<b>Climate &amp; Place Total</b>	<b>139.0</b>	<b>(46.0)</b>	<b>93.0</b>	<b>97.3</b>	<b>4.3</b>	<b>A</b>	<b>Red</b>	<b>4.3</b>
<b>Strategy, Workforce &amp; Localities</b>								
Partnership & Localities	3.1	(0.2)	2.9	2.9	0.0	-	Green	0.0
Strategy & Performance	7.6	(1.1)	6.5	6.5	0.0	-	Green	0.0
Workforce	10.1	(3.9)	6.2	6.2	0.0	-	Green	0.0
Governance, Democratic & Legal Services	11.2	(1.4)	9.8	9.8	0.0	-	Green	0.0
<b>Strategy, Workforce &amp; Localities Total</b>	<b>32.0</b>	<b>(6.6)</b>	<b>25.4</b>	<b>25.4</b>	<b>0.0</b>	<b>-</b>	<b>Green</b>	<b>0.0</b>
<b>Resources &amp; Corporate Services</b>								
Finance & Procurement	119.3	(104.9)	14.4	14.6	0.2	A	Amber	0.2
Strategic Asset Management	19.3	(24.0)	(4.7)	(4.4)	0.3	A	Red	0.3
Information Communication Technology	20.1	(2.9)	17.2	16.5	(0.7)	(F)	Green	(0.7)
<b>Resources &amp; Corporate Services Total</b>	<b>158.7</b>	<b>(131.8)</b>	<b>26.9</b>	<b>26.7</b>	<b>(0.2)</b>	<b>(F)</b>	<b>Green</b>	<b>(0.2)</b>
<b>Public Health</b>	<b>24.0</b>	<b>(23.0)</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>1.5</b>	<b>(0.1)</b>	<b>1.4</b>	<b>1.4</b>	<b>0.0</b>	<b>-</b>	<b>Green</b>	<b>0.0</b>
<b>Non-Service</b>	<b>79.7</b>	<b>(10.8)</b>	<b>68.9</b>	<b>66.3</b>	<b>(2.6)</b>	<b>(F)</b>	<b>Green</b>	<b>(2.6)</b>
<b>Traded Services Total</b>	<b>1.8</b>	<b>(1.8)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-</b>	<b>Green</b>	<b>0.0</b>
<b>Total Service Position</b>	<b>1,061.8</b>	<b>(429.2)</b>	<b>632.6</b>	<b>638.5</b>	<b>5.9</b>	<b>A</b>	<b>Red</b>	<b>5.9</b>
Corporate Contingency	6.0	0.0	6.0	0.0	(6.0)	(F)	Green	(6.0)
<b>Total After Contingencies</b>	<b>1,067.8</b>	<b>(429.2)</b>	<b>638.6</b>	<b>638.5</b>	<b>(0.1)</b>	<b>(F)</b>	<b>Green</b>	<b>(0.1)</b>
Reserves	0.0	(38.5)	(38.5)	(38.5)	0.0	-	Green	0.0
Council Tax	0.0	(361.1)	(361.1)	(361.1)	0.0	-	Green	0.0
Business Rates	0.0	(128.4)	(128.4)	(128.4)	0.0	-	Green	0.0
Grants	0.0	(66.0)	(66.0)	(66.1)	(0.1)	(F)	Green	(0.1)
Collection Fund Surplus/Deficit	0.0	(7.7)	(7.7)	(7.7)	0.0	-	Green	0.0
Capitilisation Direction	0.0	(36.9)	(36.9)	(36.9)	0.0	-	Green	0.0
<b>Total Position</b>	<b>1,067.8</b>	<b>(1,067.8)</b>	<b>0.0</b>	<b>(0.2)</b>	<b>(0.2)</b>	<b>(F)</b>	<b>Green</b>	<b>(0.2)</b>

## Spend Control Board

20. As Members are aware, the Spend Control Board was initially established in October 2023, with the Council implementing additional controls, whereby all purchases over £100 were reviewed and challenged to avoid any non-essential spend. As of 1 April 2024, the terms of Board were reviewed, and the limit was increased, so that any purchases over £500 are now subject to review.

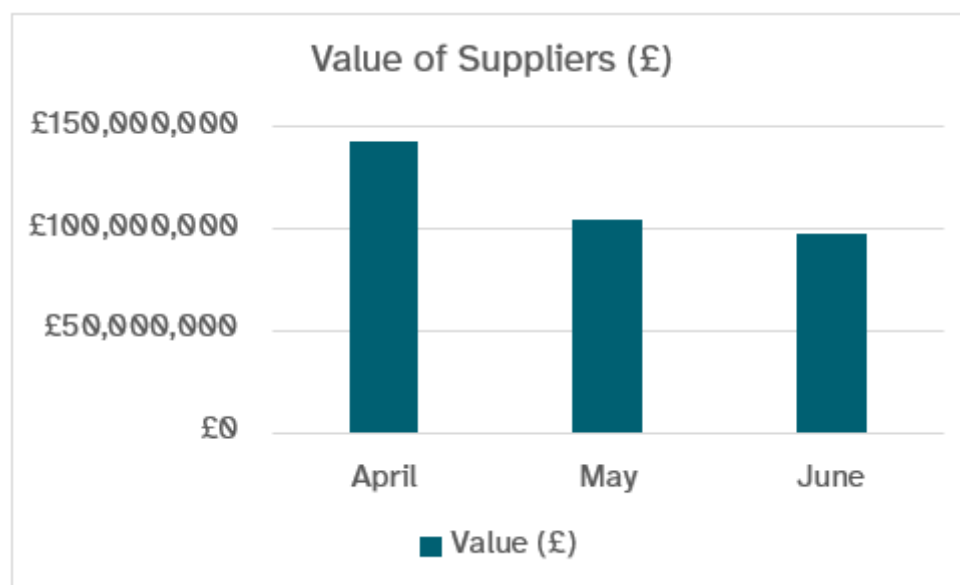
21. In relation to the payment of suppliers, the Council has seen the number of suppliers paid has remained relatively steady. As shown in **Chart 2** below, 9,153 suppliers were paid in April, rising in May to 10,586, before reducing again to 9,716 in June.

**Chart 2 – Number of Suppliers paid April to June 2024**



22. The value of suppliers paid, has reduced within the first quarter of 2024/25 as shown in **Chart 3** below. In April £142.6m was paid, followed by £104.3m in May, and £97.7m in June.

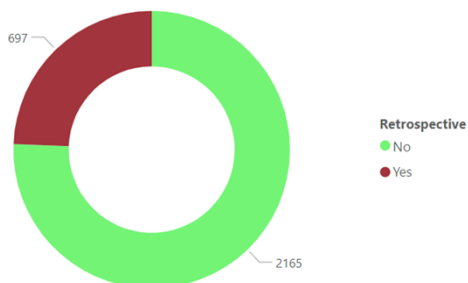
**Chart 3 – Value of Suppliers paid April to June 2024**



23. Last financial year, the Council enforced a 'No Purchase Order, No Pay' policy. Since then, the Exchequer Team have rejected any supplier invoice if the goods or services in question, are not on our exemption list, and the supplier failed to quote a live Purchase Order (PO) number. Communication was made to all suppliers on the system (approx. 22,000) ahead of the Council enforcing this policy, therefore it should not be unexpected if an invoice gets returned for not quoting a Purchase Order number.
24. Finance continues to work with the services to ensure they are following the policy and ensuring they issue a Purchase Order number ahead of an invoice being received, to avoid any payment delays to the supplier. The Council will always pay for goods and services it has received and enforcing this policy is not about withholding payment to suppliers, it is about ensuring services are following the correct procedure for procuring goods and services, and for budgeting and forecasting purposes. Services have continued to improve in their compliance, and this is partly down to a better understanding of the process required, but also the culture change in the organisation which has taken time to embed.
25. When the spend control board was originally set up last financial year, the Council saw a high number of retrospective purchase orders being processed through the finance system. This meant that the control boards were unable to stop expenditure which they may have otherwise challenged. With the 'No Purchase Order, No Pay' policy being enforced, we have seen a decline in retrospective orders as demonstrated in the below graphic.

### Spend Board Review – Retrospective PO Activity January to June 2024

Retrospective PO's



**£92.38M**

Value of Orders Reviewed

**£5.27M**

Value of Retro Orders

#### Orders Reviewed Summary (Retro Yes/No)

Year	No	Yes	Total
<b>2024</b>	<b>2363</b>	<b>695</b>	<b>3017</b>
January	465	238	696
February	477	170	643
March	466	130	588
April	508	58	565
May	339	61	400
June	193	45	237
<b>Total</b>	<b>2363</b>	<b>695</b>	<b>3017</b>

### Background Papers

- Medium Term Financial Strategy (MTFS) 2025/26 to 2029/30 report to Executive and Council April 2024.

- 2024/25 Budget, Medium-Term Financial Plan & Council Tax Setting report to Council February 2024.
- 2024/25 General Fund Revenue Budget Monitoring Outturn Report to Scrutiny for Corporate & Resources August 2024 and to Executive September 2024

## **Appendices**

Appendix 1: Adults Services

Appendix 2: Children, Families & Education Services

Appendix 3: Community Services

Appendix 4: Climate and Place (including Accountable Bodies)

Appendix 5: Strategy, Workforce and Localities

Appendix 6: Resources and Corporate Services

Appendix 7: Public Health

Appendix 8: Other service areas (including Collection Fund)

Appendix 9: MTFP Savings Monitoring

Appendix 10: Treasury Management

Appendix 11: Debtor Management



**Report Sign-Off (if appropriate) (internal use only - not for publication)**

	<b>Officer Name</b>	<b>Date Completed</b>
Legal & Governance Implications	David Clark	14/08/2024
Communications	Peter Elliot	13/08/2024
Finance & Procurement	Nicola Hix	14/08/2024
Workforce	Dawn Bettridge	13/08/2024
Asset Management	Jason Vaughan	14/08/2024
Executive Director / Senior Manager	Jason Vaughan	12/08/2024
Strategy & Performance	Alyn Jones	15/08/2024
Executive Lead Member	Cllr Liz Leyshon	13/08/2024
Consulted:		
Local Division Members	All	
Opposition Spokesperson	Cllr Mandy Chilcott Deputy Leader of the Opposition and Opposition Spokesperson for Resources and Performance	Sent Report 12/08/2024
Scrutiny Chair	Cllr Bob Filmer, Chair - Scrutiny Corporate & Resources Committee	Sent Report 12/08/2024