



Somerset Council
Climate and Place Scrutiny Committee
20th September 2023

2023/24 Budget Monitoring Report – Month 4 update (end July)

Lead Officer: Jason Vaughan, Executive Director Resources and Corporate (S151)

Author: Christian Evans, Strategic Manager – Finance Business Partnering

Contact Details: Christian.evans@somerset.gov.uk

Executive Lead Member: Deputy Leader of the Council and Lead Member for Resources and Performance. Lead Member for Transport and Digital. Lead Member for Economic Development, Planning and Assets. Lead Member for Environment and Climate Change

1. Summary

- 1.1.** The Executive considered the month 4 budget monitoring update report at its meeting on 6th September 2023. Extracts of the report will be presented to each of the scrutiny committees to allow for scrutiny of them.

2. Issues for consideration / Recommendations

- 2.1.** Scrutiny is asked to consider: -
1. If there are any general comments or observations that they would wish to make to the Executive on the reports.
 2. If the actions set out in the report are appropriate and if there were any further actions, they would wish to see included.

3. Background

- 3.1.** The 2023/24 Budget is the first for the new Somerset Council and it brought together the budgets of the five predecessor councils adjusted for new assumptions and identified savings. It is well documented that there are significant delays in the auditing of local authority accounts and this national issue means that there are a number of statement of accounts from the predecessor councils for prior years that are still outstanding. This brings an amount of uncertainty, as well as resourcing implications, and in practical terms means that some of the information for Somerset Council such as the 2022/23 outturn, reserves position, and capital position are still being finalised.
- 3.2.** Full Council approved the 2023/24 budget in February 2023. Budget Monitoring is delegated to Executive and Scrutiny and revenue service reports will be presented monthly with 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 £493.4m as at the end of July 2023.

4. Report

4.1. After taking into account all service expenditure and contingencies the projected outturn position is £519.5m against a net budget of £493.4m. This gives a £26.1m adverse variance which represents a variance of 5.8% as at the end of July.

- Adult Services has a £12.1m adverse variance against their budget (6.5% of service budget). This variance is mainly in the adult social care and Learning Disabilities budget areas.
- Children's Services has a £8.8m adverse variance against their budget (7.2% of service budget). This variance is in External Placements.
- Climate and Place has a £2.7m adverse variance against their budget (5.8% of service budget). This adverse variance is seen in Waste Services, Infrastructure and Transport and Economy, Employment and Planning.
- Strategy, Workforce and Localities has a £1.5m adverse variance against their budget (7.4% of service budget). This variance is seen in Legal Services. Resources and Corporate Services has a £1.3m adverse variance against their budget (6.5% of service budget). This variance is seen in Revenues, Housing Benefits, Property, and ICT.

4.2. Table 1: 2023/24 Budget Monitoring Report as at the end of July 2023 (Month 4)

Service Area	Original Budget	Current Budget	Full Year Projection	Month 4 Variance	Movement		Direction
	£m	£m	£m	£m	A/(F)	From Month 3	From Month 3
Adult Services	186.6	185.5	197.6	12.1	A	0.0	⇒
Children & Family Services	123.1	123.1	131.9	8.8	A	0.0	⇒
Public Health	1.2	1.2	1.2	0.0	-	0.0	⇒
Communities Services	35.2	34.9	34.9	0.0	-	0.0	⇒
Climate & Place	87.1	87.6	90.3	2.7	A	(2.4)	↑
Direct Services Position	433.3	432.3	455.9	23.6	A	(2.4)	↑
Strategy, Workforce & Localities	20.2	20.2	21.7	1.5	A	0.0	⇒
Resources & Corporate Services	20.5	21.5	22.8	1.3	A	(0.1)	↑
Accountable Bodies	3.7	3.7	3.7	0.0	-	0.0	⇒
Non-Service	9.8	9.8	9.3	(0.5)	(F)	0.0	⇒
Traded Services	0.0	0.0	0.2	0.2	A	0.0	⇒
Total Service Position	487.4	487.4	513.5	26.1	A	(2.5)	↑
Corporate Contingency	6.0	6.0	6.0	0.0	-	0.0	⇒
Total after Contingencies	493.4	493.4	519.5	26.1	A	(2.5)	↑
Reserves	(19.9)	(19.9)	(19.9)	0.0	-	0.0	⇒
Council Tax	(345.4)	(345.4)	(345.4)	0.0	-	0.0	⇒
Business Rates	(116.1)	(116.1)	(116.1)	0.0	-	0.0	⇒
Revenue Support Grant	(7.9)	(7.9)	(7.9)	0.0	-	0.0	⇒
Flexible Use of Capital Receipts	(4.0)	(4.0)	(4.0)	0.0	-	0.0	⇒
Total Month 4 Position	0.0	0.0	26.1	26.1	A	(2.5)	↑

4.3. Climate & Place – Executive Director Mickey Green, Lead Members – Cllr Dixie Darch, Cllr Mike Rigby, Cllr Ros Wyke

- 2023/24 net budget £87.7m, projected adverse variance of £2.4m

Table 2: 2023/24 Climate & Place as at the end of July 2023 (Month 4)

Service Area	Current Budget	Full Year Projection	Month 4 Variance	A/(F)	Movement From Month 3	Direction From Month 3
Climate, Environment & Sustainability						
Civil Contingencies	0.4	0.4	0.0	-	0.0	→
ECI Management	0.4	0.4	0.0	-	0.0	→
Business Support	1.3	1.3	0.0	-	0.0	→
Waste Services	49.4	50.2	0.8	A	(2.6)	↑
Drainage Board Levy	2.3	2.3	0.0	-	0.0	→
Climate Change Costs	0.8	0.8	0.0	-	0.0	→
Infrastructure & Transport						
Highways and Transport Commissioning	1.8	1.8	0.0	-	0.0	→
Community Infrastructure	0.6	0.6	0.0	-	0.0	→
Infrastructure Programmes Group	0.4	0.6	0.2	A	0.0	→
Highways	16.4	17.7	1.3	A	0.2	↓
Traffic Management	1.0	1.0	0.0	-	0.0	→
Transporting Somerset	9.3	9.3	0.0	-	0.0	→
Car Parks	(7.3)	(7.3)	0.0	-	0.0	→
Fleet Management	0.3	0.3	0.0	-	0.0	→
Economy, Employment & Planning						
Economy and Planning	2.2	2.6	0.4	A	0.0	→
Commissioning Development	0.1	0.1	0.0	-	0.0	→
Building Control	0.5	0.5	0.0	-	0.0	→
Development Control	1.5	1.5	0.0	-	0.0	→
Planning Policy	3.5	3.5	0.0	-	0.0	→
Economic Development	2.8	2.8	0.0	-	0.0	→
Climate & Place Total	87.7	90.4	2.7		(2.4)	↑

Climate & Place - key explanations, actions, & mitigating controls

Climate and Place is currently forecasting an outturn variance of £2.4m. The forecasted overspend is due to the following:

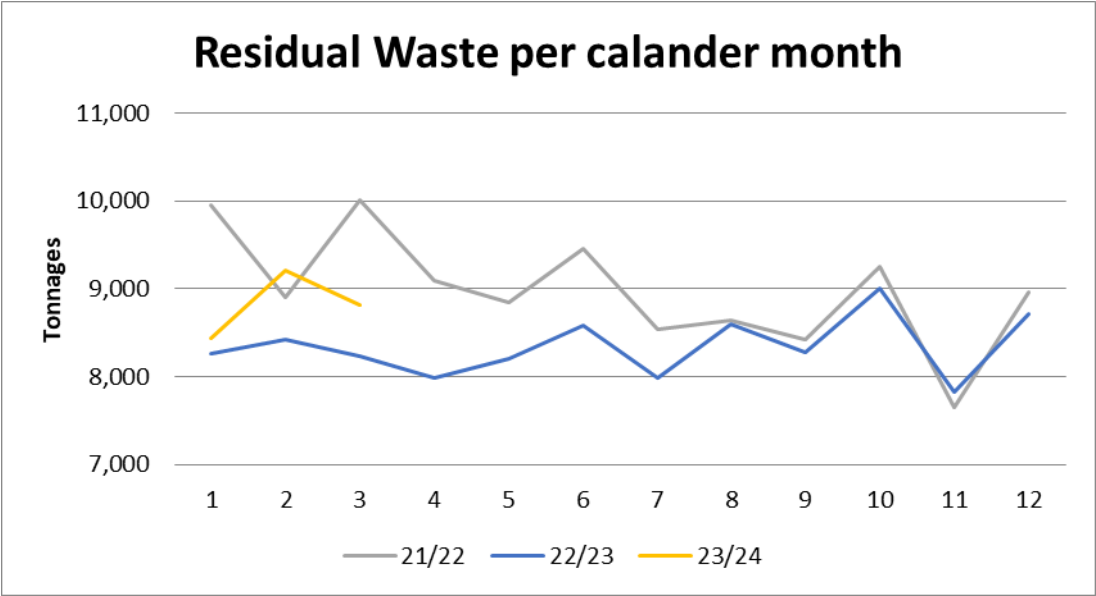
Waste Services

There is a forecast overspend of £0.8m, with a favourable movement of £2.6m since month three. The movement relates to reviewing the waste contract risk and revising the potential liabilities to the end of the financial year.

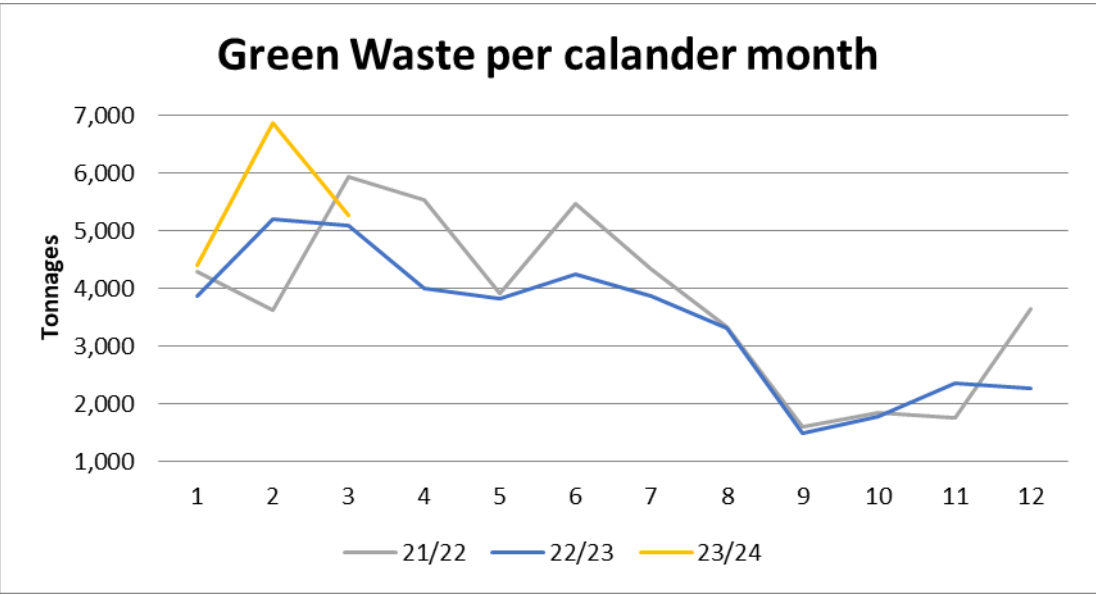
Highways

There is a forecast overspend of £1.3m, with an adverse movement of £0.2m since month three. The movement relates to anticipated costs associated with preparing data ready for the new Highways contract.

Climate & Place - key performance cost drivers



.The above graph shows the residual waste (per tonnage) per month. The residual waste includes Kerbside collected waste and waste deposited at the recycling centre. The graph currently shows the reduction of waste in 2022/23 compared to 2021/22, however this highlights the unexpected increase in tonnages for 2023/24. An additional bank holiday collection due to the Kings Coronation in May and a subsequent alteration to waste collection days (that lead to a temporary relaxation in side waste policy) increased tonnage and pressure on the Recycling Centres. Further pressures on the residual waste service during May and June arose from the disposal of flood damaged materials. Residual Waste during July & August have reduced and are tracking marginally above 2022 levels.



The above graph shows the green waste (per tonnage) per month. It is expected to see a downwards trend between month 6-12 (September to April) due to the seasonality of garden waste. The graph currently highlights a higher tonnage of green waste compared to 2021/22 and 2022/23, to date Garden Waste arisings have been significantly higher than in both 21/22 and 22/23, this has been driven by the unusually mild, damp, weather this year propagating plant growth and increasing the moisture content of the material.

Climate & Place - key risks, future issues & opportunities

Due to the current economic climate, there are several key risks and future issues that need to be taken into consideration:

- **Contract inflation** is applied at various times throughout the year, as the increase in contract could be led by RPI or CPI it is currently difficult to predict accurately what the impact for each contract might be. In addition, there are a number of contractual disputes which are being worked through in relation to waste. It is anticipated that these can be resolved in a timely matter, but in resolution may see increased costs agreed.
- **Impact of cost-of-living crisis.** As costs continue to rise, spending habits may change therefore it is possible that services across Economic and Community Infrastructure will see a decrease in income budgets.
- **Staff vacancy levels.** Difficulties in recruiting permanent staff across Climate and Place continue to impact on the ability to deliver services, where possible agencies have been used to fill critical roles. However, this has a financial impact as generally the cost of these staff is higher than budgeted for.

Risks can be identified due to the change in climate. It is almost difficult to be able to identify financially what the impact of climate change will be year on year, but risks with a potential financial impact (in particular with our demand related services – including waste, aspects of highways etc.) include:

- Icy conditions will see a high demand on the Highways service to grit primary and secondary routes.
- An increase in rainfall raises the risk of flooding across the County. This will require input from the Emergency Planning department, Highways and Traffic Management to help ensure residents can safely navigate around the affected areas.
- The extreme changes in weather will impact the road surfaces which continues to increase the safety defects reported and increases the costs of investigation and corrective action for potholes.

Climate and Place are working with finance colleagues to ensure pressures within budgets are highlighted and that income has been received as anticipated. There is a risk that further pressures will be identified as this work continues.

5. Implications

- 5.1. There are no implications from this report. Scrutiny members are asked to note the information and recommend any actions to Executive Committee.

6. Background papers

- 6.1.** The information within this paper has been taken from the Executive Committee 6th September budget monitoring Month 3, and Month 4 update.

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