



Somerset Council
Community Services Scrutiny Committee
13th December 2023

2023/24 Budget Monitoring Report – Month 6 update (end of September)
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Executive Lead Member: Deputy Leader of the Council and Lead Member for Resources and Performance, Lead Member for Communities, Housing and Culture

1. Summary

- 1.1.** The Executive is considering the month 6 budget monitoring update report at its meeting on 5th December 2023. Extracts of the report are being presented to each of the scrutiny committees to allow scrutiny.

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 was put together using the information from the five predecessor councils which all recorded things in different ways and before the full officer structure was finalised. Therefore, there is still some alignment of budgets to take place which will require budget virements. Service Directors are currently developing their service structure which will require further adjustments to the budget in order to reflect the new staffing establishment.

It has been particularly challenging to produce budget monitoring for this financial year so far, for a number of reasons such as:

- The implementation of the new Finance System Microsoft Dynamics and Solver in April 2023 meant a whole new system and way of financial transactions going in and out of the Council.
- The amalgamation of the 5 legacy council's budgets done pre vesting day has needed considerable adjustment to since April to fit with the current structure for Somerset Council.
- We have struggled to identify which budgets, if any would need to be moved to form completely new services formed e.g. LCN's
- Errors have been found in budgets that have needed. to be corrected, or managed where correction cannot be made. Some

legacy Council's did not have budgets for expenditure commitments made. We have also found that income included in the budget to be achieved was never going to be and therefore income budgets are overstated.

- Additional pressures have been identified to significant areas of spend where we had predicted budgets to be sufficient e.g. the pay award budgeted for at 5% but agreed at £1,925 which is equivalent to 6.1% and approximately £2m to be funded from contingency.
- Considerable work has been needed to staffing establishment information, as a significant number of posts were not funded, or were allocated to be funded from reserves, but individuals have permanent contracts. This has had to be unpicked and corrected in collaboration with our HR colleagues.

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 £492.9m as at the end of September 2023.

4. Report

4.1 After taking into account all service expenditure and contingencies the projected outturn position is £511.6m against a net budget of £492.9m. This gives a £18.7m adverse variance which represents a variance of 3.8% as at the end of September. This is an improvement of £8.6m from the previous forecast of £27.3m in month five. The significant variances at month six are:

- Adult Services have a £14.9m adverse variance against their budget (6.5% of service budget). This variance is mainly in the Adult Social Care and Learning Disabilities budget areas due to fee levels being high than anticipated.
- Children's Services have a £12.4m adverse variance against their budget (10.1% of service budget), an unfavourable movement of £0.6m from month five. This increase is mainly due to identification of an under accrual for 22/23 of £0.9m within External Placements which will remain as expenditure in 2023/24.
- Climate and Place have a favourable variance of £5.3m against their budget. This is a reduction of £7.6m since month five. The favourable movement in the main is due to income received via Connecting Devon and Somerset. The balance received has been reduced due to overspends in Waste Services, and Highways.
- Resources and Corporate have a £2.2m favourable variance (10.5% of service budget). The majority of the favourable variance is seen in Finance and Information Communication Technology Services.
- Non-Service have a favourable variance of £3.6m 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.

4.2 Table 1: 2023/24 Budget Monitoring Report as at the end of September 2023 (Month 6)

Service Area	Original Budget	Current Budget	Full Year Projection	Month 6 Variance	A/(F)	RAG Status	Moveme From Mont
	£m	£m	£m	£m			£m
Adult Services							
Adult Social Care Operations - Physical Disability/Sensory Loss/65 Plus	114.2	114.3	119.6	5.3	A	Red	0.0
Adult Social Care Operations - Mental Health	23.5	23.5	24.5	1.0	A	Red	0.0
Adult Social Care Operations - Learning Disabilities	110.5	109.9	117.4	7.5	A	Red	0.0
Commissioning	(62.2)	(62.2)	(61.1)	1.1	A	Red	0.0
Adult Services Total	186.0	185.5	200.4	14.9	A	Red	0.0
Children, Families & Education Services							
Children & Families	81.8	82.0	92.7	10.7	A	Red	0.6
Commissioning and Performance	11.1	11.2	10.9	(0.3)	(F)	Green	(0.3)
Inclusion	12.6	15.8	17.5	1.7	A	Red	0.0
Education, Partnerships and Skills	17.4	14.1	14.4	0.3	A	Red	0.3
Children & Family Services Total	122.9	123.1	135.5	12.4	A	Red	0.6
Community Services							
Housing	5.9	6.1	6.1	0.0	-	Green	0.0
Customer Services	6.9	6.6	6.6	0.0	-	Green	0.0
Cultural Services	9.1	8.7	9.1	0.4	A	Red	0.4
Regulatory & Operational Services	13.1	12.4	13.3	0.9	A	Red	0.9
Community Services Total	35.0	33.8	35.1	1.3	A	Red	1.3
Climate & Place							
Climate, Environment & Sustainability	55.8	55.5	56.1	0.6	A	Red	(0.2)
Infrastructure & Transport	21.8	22.1	23.2	1.1	A	Red	(0.4)
Economy, Employment & Planning	10.5	10.4	10.4	0.0	-	Green	0.0
Accountable Bodies	3.7	3.7	(3.3)	(7.0)	(F)	Green	(7.0)
Climate & Place Total	91.8	91.7	86.4	(5.3)	(F)	Green	(7.6)
Strategy, Workforce & Localities							
Partnership & Localities	0.8	2.8	2.8	0.0	-	Green	0.0
Strategy & Performance	3.2	3.3	3.3	0.0	-	Green	0.0
Workforce	6.0	5.8	5.4	(0.4)	(F)	Green	(0.2)
Governance, Democratic & Legal Services	9.0	9.3	10.6	1.3	A	Red	(0.2)
Strategy, Workforce & Localities Total	19.0	21.2	22.1	0.9	A	Red	(0.4)
Resources & Corporate Services							
Finance	12.6	12.8	11.4	(1.4)	(F)	Green	(1.2)
Strategic Asset Management	(9.2)	(9.6)	(9.2)	0.4	A	Red	0.0
Information Communication Technology	17.7	17.8	16.6	(1.2)	(F)	Green	(1.3)
Resources & Corporate Services Total	21.1	21.0	18.8	(2.2)	(F)	Green	(2.5)
Public Health	1.7	1.0	1.0	0.0	-	Green	0.0
Non-Service	9.8	9.8	6.2	(3.6)	(F)	Green	(0.1)
Traded Services							
Dillington	0.0	0.0	0.3	0.3	A	Red	0.1
Traded Services Total	0.0	0.0	0.3	0.3	A	Red	0.1
Total Service Position	487.3	487.2	505.9	18.7	A	Red	(8.6)
Corporate Contingency	6.0	5.7	5.7	0.0	-	Green	-
Total After Contingencies	493.3	492.9	511.6	18.7	A	Red	(8.6)
Reserves	(19.9)	(19.9)	(19.9)	0.0	-	Green	0.0
Transfers to Schools	0.0	0.4	0.4	0.0	-	Green	0.0
Council Tax	(345.4)	(345.4)	(345.4)	0.0	-	Green	0.0
Business Rates	(116.1)	(116.1)	(116.1)	0.0	-	Green	0.0
Revenue Support Grant	(7.9)	(7.9)	(7.9)	0.0	-	Green	0.0
Flexible Use of Capital Receipts	(4.0)	(4.0)	(4.0)	0.0	-	Green	0.0
Total Position	0.0	(0.0)	18.7	18.7	A	Red	(8.6)

4.3 Community Services – Executive Director Chris Hall, Lead Member – Cllr Federica Smith-Roberts

- 2023/24 net General Fund budget £33.8m, projected adverse variance of £1.3m

Table 2: 2023/24 Community Services as at the end of September 2023 (Month 6)

Service Area	Current Budget	Full Year Projection	Month 6 Variance	A/(F)	RAG Status	Movement From Month 5
	£m	£m	£m			£m
Housing						
Housing	0.0	0.0	0.0	-	Green	0.0
Housing Enabling	0.5	0.5	0.0	-	Green	0.0
Housing Strategic	1.1	1.1	0.0	-	Green	0.0
Homelessness	4.3	4.3	0.0	-	Green	0.0
Arms-Length Management Organisation (ALMO)	0.0	0.0	0.0	-	Green	0.0
Somerset Independent Plus	0.2	0.2	0.0	-	Green	0.0
sub total	6.1	6.1	0.0	-	Green	0.0
Customer Services						
Customers & Communities	6.6	6.6	0.0	-	Green	0.0
sub total	6.6	6.6	0.0	-	Green	0.0
Cultural Services						
Library Service	3.8	3.8	0.0	-	Green	0.0
Heritage Service	1.7	1.7	0.0	-	Green	0.0
Leisure - Sports Centre	2.0	2.4	0.4	A	Red	0.4
Museums	0.0	0.0	0.0	-	Green	0.0
Theatres	0.9	0.9	0.0	-	Green	0.0
Visitor Centres	0.2	0.2	0.0	-	Green	0.0
Tourism	0.1	0.1	0.0	-	Green	0.0
(wellbeing) Community Grants	0.0	0.0	0.0	-	Green	0.0
sub total	8.7	9.1	0.4	A	Red	0.4
Regulatory & Operational Services						
Registration	(0.2)	(0.2)	0.0	-	Green	0.0
Environmental Health	3.5	3.5	0.0	-	Green	0.0
Bereavement Services	(1.3)	(1.3)	0.0	-	Green	0.0
Harbours	0.3	0.3	0.0	-	Green	0.0
Ports	0.1	0.1	0.0	-	Green	0.0
Street Cleansing	4.9	4.9	0.0	-	Green	0.0
Open Spaces	3.3	4.2	0.9	A	Red	0.9
Environmental Health	0.0	0.0	0.0	-	Green	0.0
(wellbeing) Community Safety	0.0	0.0	0.0	-	Green	0.0
CCTV	0.7	0.7	0.0	-	Green	0.0
Licensing	(0.4)	(0.4)	0.0	-	Green	0.0
Resorts	0.2	0.2	0.0	-	Green	0.0
Coroners	1.3	1.3	0.0	-	Green	0.0
sub total	12.4	13.3	0.9	A	Red	0.9
Community Services Total	33.8	35.1	1.3	A	Red	1.3

Community Services - key explanations, actions, & mitigating controls

Community Services is currently forecasting an outturn variance of £1.3m. The forecasted overspends are due to the following:

Cultural Services

There is an anticipated under recovery of income from the contracted schedule of payments in 2023/24 due to changes in Somerset Council business rate policy, and contractor pension contribution liabilities. There are also utility benchmarking clauses for which the council has some liability.

The service is continuing to work with the contractor to find solutions to reduce the impact to the Council. The service is working through all areas to confirm if the overspend can be mitigated through other in-year savings.

Regulation & Operations

Open Spaces functions were previously carried out by the district councils, these include services such as ground maintenance. This service is reporting a total variance of £0.9m. This relates to a reduction of £0.8m budgeted income associated with the loss of income from a grounds maintenance contract provided by the council to an external client.

This contract ended in 2021/22. The service expenditure budget was reduced as part of the budget setting process, but the income budget was not reduced to reflect this change. Therefore, this income target will not be achieved.

A growth bid has been submitted to amend this income budget estimate going forwards and additional work is underway in year to reduce the impact of this, we would expect to see this reduce as the year progresses.

In addition, three of the districts delivered the Open Spaces service in-house, whereas Mendip District Council had an external contractor to provide this service. The service is facing an in-year pressure of £0.1m because the contract price increase is more than budgeted.

5. Implications

- 5.1.** Services are working to reduce the forecast overspend and hope to remove it altogether, however, if they are unable to do so there will be a financial impact on the council's outturn position. This may require the overspend to be met using reserves. 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 December 2023/24 budget monitoring report - Month 6 – end of September 2023.

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