

Appendix 10: 2024/25 Revenue Budget Monitoring – Month 2 Emerging Issues

Adult Services

Lead Member for Adult Services: Cllr Sarah Wakefield

Executive Director: Mel Lock

Service Directors

- Adult Social Care Operations: Emily Fulbrook
- Adult Social Care Commissioning: Paul Coles
- Adult Social Care Transformation: Niki Shaw

Table 1: 2024/25 Adult Services as at the end of May 2024 (Month 2)

- 2024/25 net budget £239.3m, projected favourable variance £1.7m
- 2023/24 net budget £190.8m, outturn adverse variance £17.5m

Service Area	Original Budget £m	Current Net Budget £m	Full Year Projection £m	Month 2 Variance £m	A/(F)	RAG Status
Adult Social Care Operations						
Physical Disability/Sensory Loss/65 Plus						
PD/SL/65P Residential & Nursing	58.0	73.9	71.0	(2.9)	(F)	Green
Home Care	28.2	27.6	28.1	0.5	A	Red
Direct Payments	12.5	17.0	16.2	(0.8)	(F)	Green
Staffing Costs	12.4	18.2	17.5	(0.7)	(F)	Green
Transport, Daycare & Other	68.8	3.5	4.8	1.3	A	Red
sub total	179.9	140.2	137.6	(2.6)	(F)	Green
Mental Health						
MH Residential & Nursing	14.8	23.4	22.9	(0.5)	(F)	Green
Home Care/Supported Living	5.7	8.3	7.5	(0.8)	(F)	Green
Staffing/Deprivation of Liberty, Safeguards	1.4	1.4	1.4	0.0	-	Green
Direct Payments, Day Care & Transport	1.7	2.2	3.1	0.9	A	Red
sub total	23.6	35.3	34.9	(0.4)	(F)	Green
Learning Disabilities						
LD Residential & Nursing	23.8	34.0	32.0	(2.0)	(F)	Green
Supported Living/Home Care	33.6	44.1	44.6	0.5	A	Red
Direct Payments/In Control	10.7	12.1	12.8	0.7	A	Red
Day Care	6.4	8.0	8.4	0.4	A	Red
Discovery	30.5	34.0	33.7	(0.3)	(F)	Green
Transport, Shared Lives & Other	2.4	3.0	2.3	(0.7)	(F)	Green
Central & Staffing Costs	2.4	1.9	2.6	0.7	A	Red
sub total	109.8	137.1	136.4	(0.7)	(F)	Green
Adult Social Care - Commissioning						
ASC Commissioning	3.7	5.7	5.7	(0.0)	(F)	Green
Intermediate Care	6.0	6.0	8.0	2.0	A	Red
Staffing Costs	2.0	2.9	2.9	0.0	-	Green
Grants & Pooled Budget Income	(85.6)	(87.9)	(87.9)	0.0	-	Green
sub total	(74.0)	(73.3)	(71.3)	2.0	A	Red
Adult Services Total	239.3	239.3	237.6	(1.7)	(F)	Green

Adult Services - key explanations, actions & mitigating controls

As part of the MTFP process for 24/25, Adults budget was increased by £59m, to reflect the pressures we have seen in the last few years. Overall adults is currently projecting to be underspent by £1.7m, this is mainly due to the commissioning work carried out with the market to reduced residential and nursing weekly fees. This links to international recruitment and the change in use of costly agency staff, CPI/energy costs coming down. Work will continue on the budget across this financial year to ensure the budgets have been allocated appropriately.

Adult Social Care - Physical Disability/Sensory Loss/65 Plus

This area of adults is currently projected to be £2.6m underspent. Since April 2024 we have started to see new placements within residential and nursing homes coming either just below or around the budgeting figure built into the budget as part of the MTFP process.

Within homecare there is a slight pressure due to the transformation savings of My Life, My future being taken out of the budget, but delivery being higher than expected currently. Work continues in this area to ensure this will remain in budget for this financial year.

As in previous years we continue to see a pressure within the Equipment Pooled Budget with health of £1.2m, however, commissioning and health colleagues are investigating the areas of spend to ensure the appropriate services are picking up the charges related to the equipment purchased by themselves.

Mental Health

This budget includes individuals who have a diagnosis of dementia. The budget continues to be an area of growth for the past few years, and this has been recognised in the MTFP for 2024/25 with an increase of £11.7m

Overall Mental Health is projecting to be £0.4m underspent. However, there is currently a pressure within Direct Payments of £0.9m, this is an area we continue to offer choice and have a varied market that includes micro-providers. This pressure is offset with a underspend against residential and nursing placements.

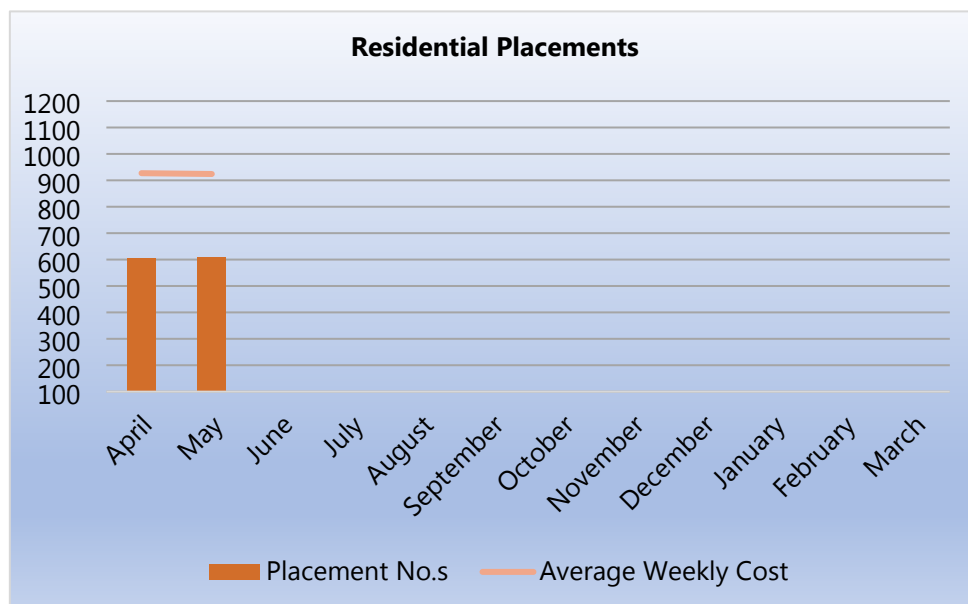
Learning Disabilities

Overall, the cost of Learning Disabilities is currently projected to be £0.7m underspent. As in previous years, we continue to see a pressure within home care and supported living of £0.7m, this is due to market sustainability. Supported Living is in the best interest of people, but is a area where unit costs are high.

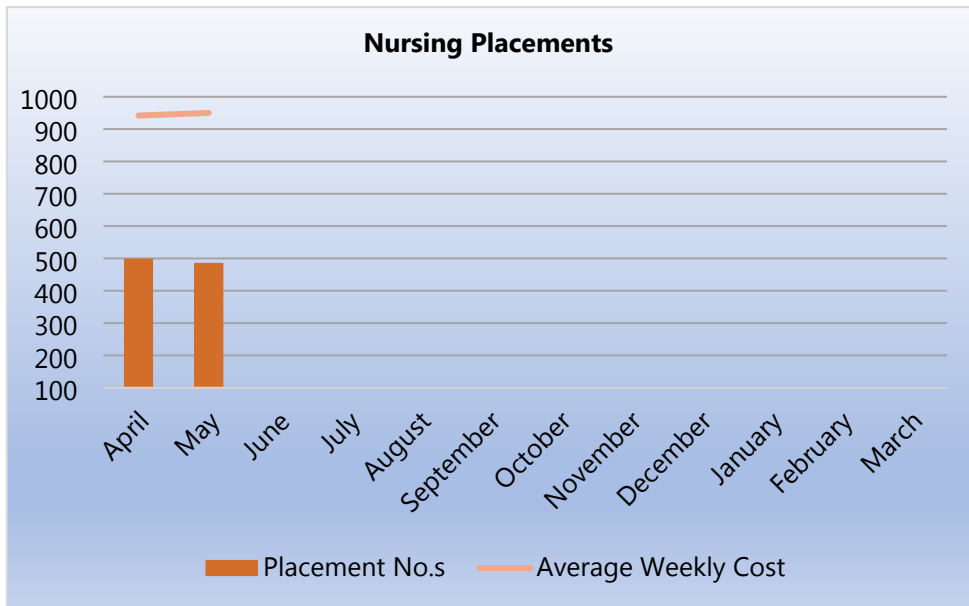
Commissioning

Commissioning is projecting an overspend of £2m, due to continued demand with intermediate care. This mainly relates to pathway beds which are used to support discharges from acute hospitals. ASC commissioning is working with system partners over the design of intermediate care services and delivery. As part of this process, we will be focussing on optimising pathway one (reablement at home) delivery to reduce the need for bedded capacity, this in turn will reduce the spend on beds, enabling the current forecasted overspend, to be brought back into financial tolerance.

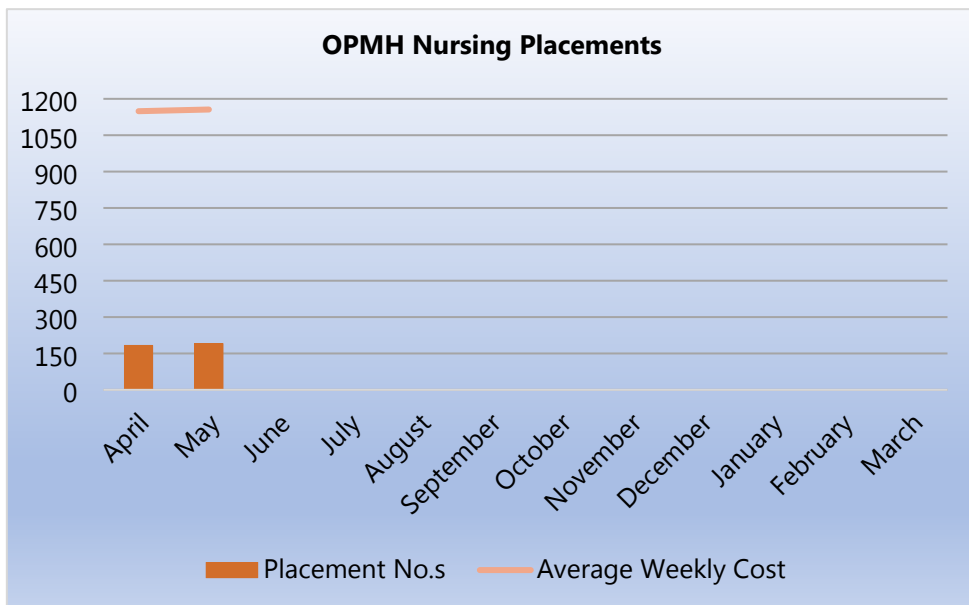
Adult Services - key performance cost drivers



Since the beginning of the 2024/25 financial year, we have seen the number of people placed within a residential setting increase by four from 607 to 611. The currently weekly average cost of a residential placement is £924 per week.



Nursing placements decreased by 13 since April 2024 from 498 to 485. The currently weekly average cost for Nursing is £950 per placement.



The number of Older People Mental Health (OPMH) Nursing placements has increased by eight placements from 183 to 191 placements since April 2024. The current weekly average cost for OPMH Nursing is £1,156 per placement.

Adult Services - key risks, future issues & opportunities

90% of the ASC budget is spent on individual placements purchased through the market via block and spot placements. Therefore, there is a risk that this budget

could increase. The international recruitment landscape has changed. The impact of this is yet to be seen both locally and nationally, this could influence the market cost.

Children, Families & Education Services

Children & Family Services

Lead Member for Children, Families and Education: Cllr Heather Shearer

Executive Director: Claire Winter

Service Directors:

- Children and Families: Jayne Shelbourn-Barrow
- Commissioning and Performance: Richard Selwyn
- Education: Amelia Walker

Table 2: 2024/25 Children & Family Services as at the end of May 2024 (Month 2)

- 2024/25 net budget £142m, projected adverse variance £5.1m
- Provisional 2023/24 net budget £126.3m, outturn adverse variance £12.4m

2024/25 Children, Families & Education Services as at the end of May 2024 (Month 2)						
Service Area	Original Budget	Current Net Budget	Full Year Projection	Month 2 Variance	A/(F)	RAG Status
	£m	£m	£m	£m		
Children & Families						
Prevention Services	5.7	6.2	6.2	0.0	-	Green
Fostering and Permanence	13.7	13.8	12.8	(1.0)	(F)	Green
External Placements	55.1	49.5	54.4	4.9	A	Red
Fieldwork East	4.5	5.0	5.0	0.0	-	Green
Fieldwork West	5.5	5.8	5.8	0.0	-	Green
Disabilities	7.4	7.7	7.7	0.0	-	Green
Partnership, Audit & Quality	4.3	2.9	2.9	0.0	-	Green
CLA East	2.9	3.1	3.1	0.0	-	Green
CLA West	2.0	2.1	2.1	0.0	-	Green
Leaving Care	2.2	2.4	2.4	0.0	-	Green
CSC Management	2.8	(0.6)	(0.6)	0.0	-	Green
sub total	106.1	97.9	101.8	3.9	A	Red
Commissioning & Performance						
C&P Commissioning	(5.8)	2.3	2.3	0.0	-	Green
Performance and Transformation	4.4	3.4	3.4	0.0	-	Green
Business Support	4.2	5.1	5.1	0.0	-	Green
sub total	2.8	10.8	10.8	0.0	-	Green
Education						
Total budget	32.4	32.6	33.8	1.2	A	Red
Children Services						
Children, Families & Education Team	0.7	0.7	0.7	0.0	-	Green
sub total	0.7	0.7	0.7	0.0	-	Green
Children, Families & Education Services Total	142.0	142.0	147.1	5.1	A	Red

Children & Family Services - key explanations, actions, and mitigating controls

Children and Families

There are emerging pressures across the Children's Services system.

Whilst the base budget for children looked after in external placements has increased, rising numbers of children coming into care are now above those modelled. The recent increase is largely in the 10 to 15 age group, where serious youth violence, linked to criminal exploitation, is a key factor. The potential risks that these children's experiences bring to wherever they live, means that the only option initially is often high-cost residential crisis care. As children begin to recover, some move to more standard residential care, or a therapeutic offer such as Homes and Horizons. However, this can take many months to achieve. There are also delays in opening Homes and Horizons homes 6,7 and 8 due to planning and construction delays.

Some progress has been made in recruiting Somerset Council foster carers with an increase of 10 households nett in 23/24, as planned. However there remain insufficient foster carers inhouse and in the independent sector to meet need, which means some children are living in residential care, both in and out of county when they need a local foster home. Whilst financial modelling accounted for some lag in fostering sufficiency, the increase in numbers of children coming into care also impacts adversely.

Projected savings from a newly commissioned contract for supported accommodation for young people aged 16 plus (Thrive 16 plus) are in part currently at risk due to insufficiency of social housing for young people to move on to and high costs in the private rental sector.

Education

Dedicated Schools Grant pressures are due largely to an increase in the use of independent schools for children with Special Educational needs and disabilities. This is a result of financial pressure on mainstream budgets compounded by the Council's funding policy for education, health and care plans. Recent discussions with Headteachers have identified a potentially positive way forward, to address financial inequalities between schools to support these children being able to attend their local school with the right help in place. Whilst this is useful, positive financial impact is unlikely to be felt until the 26/27 Academic Year.

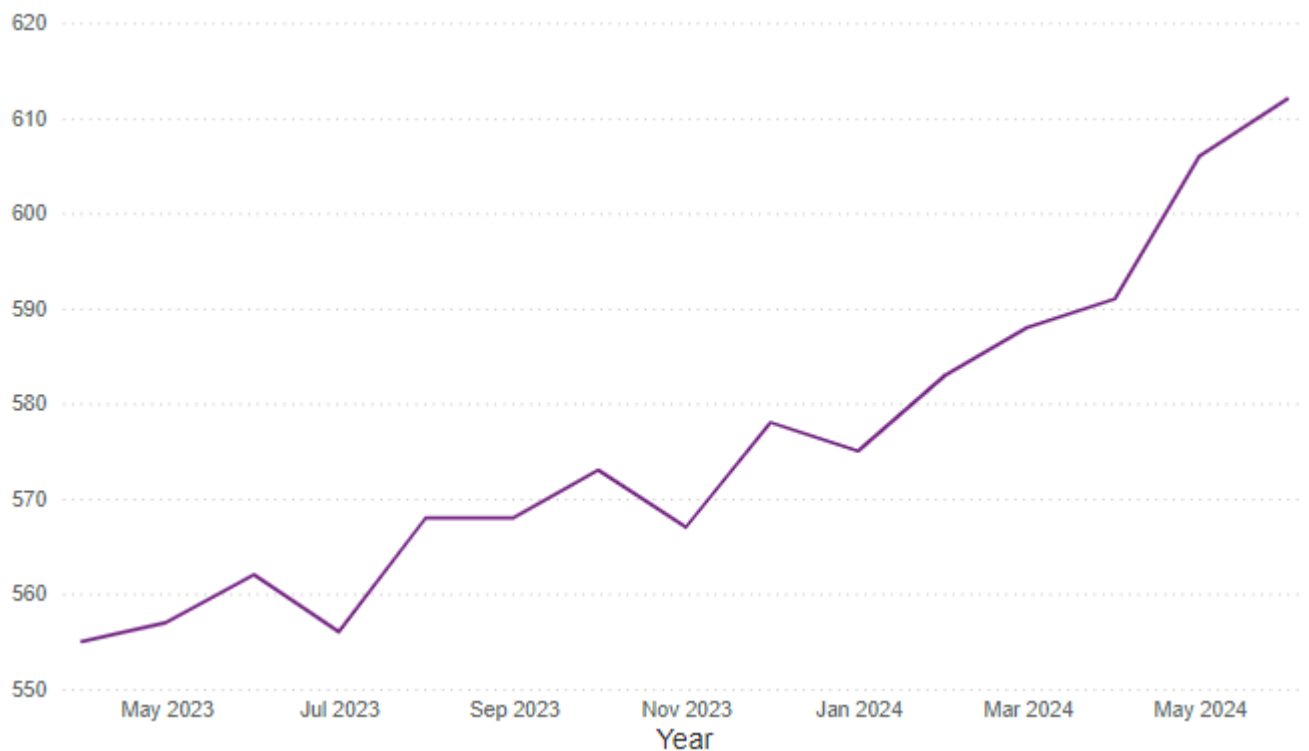
There is an overall forecast pressure to Local Authority education budgets of £1.2m as of month 2. This is due to several factors including increased inflation which we have not been able to fully pass on within our traded education services, reducing customers in the number of schools we support and pressure on Local Authority funded SEND and educational psychology teams. There is also work to be completed on the formula for calculating corporate overhead on traded services generally, which in its current format is adding over £900k to the total overspend.

Home to Schools Transport for Mainstream and SEN

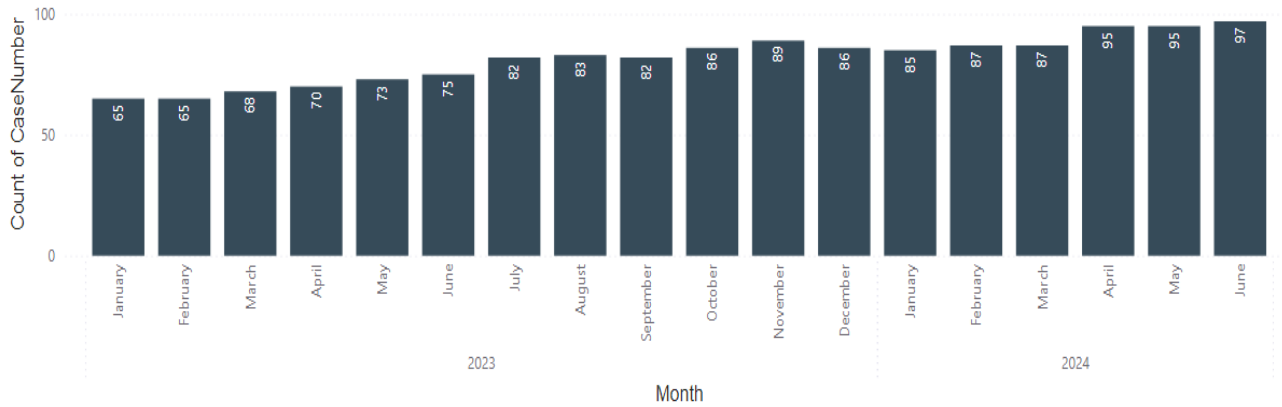
Full budget monitoring will be undertaken at Q1 on school transport, however early indications are that transport working groups are over-delivering on the MTFP projected savings and cost avoidance.

Children's Services - key performance cost drivers

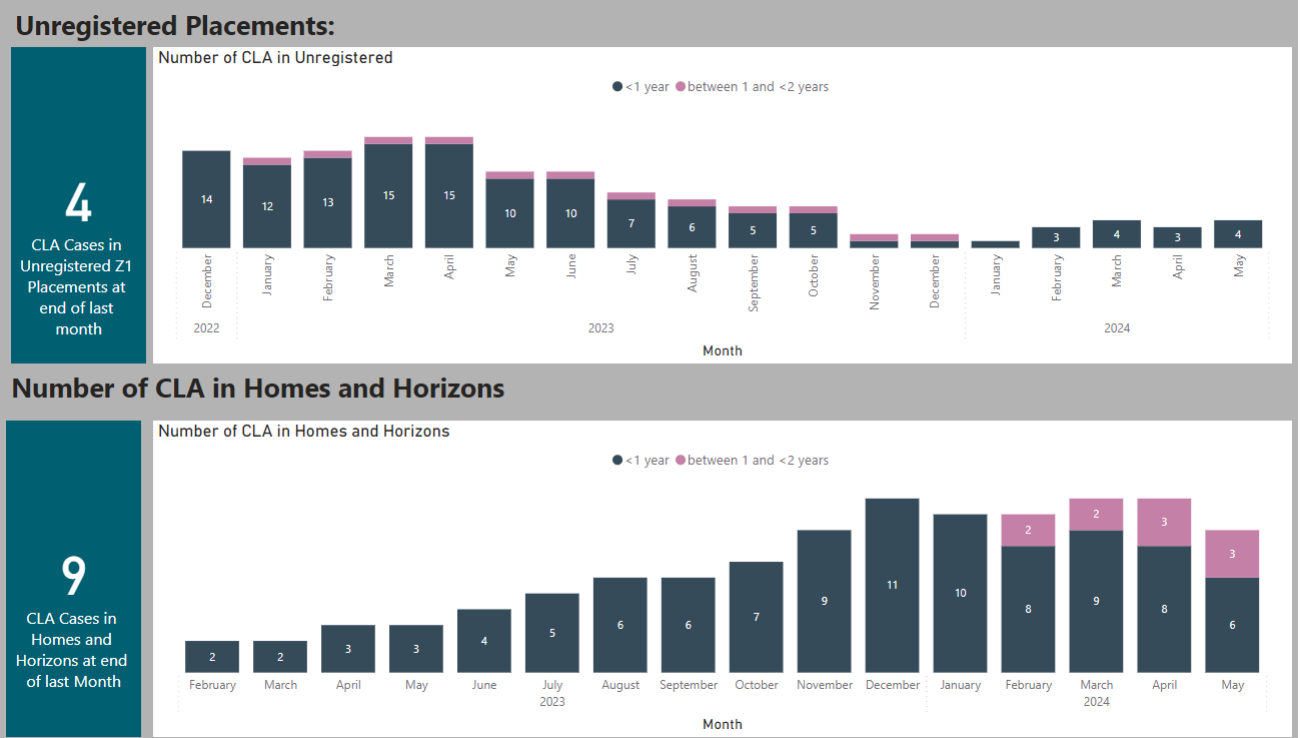
CLA by Month



From April 23 to May 24 we have seen a rise of 51 Children Looked After (CLA) with the more recent numbers coming into care moving into high cost residential placements. The graph below shows an increase of 25 residential placements for the same period.



The graphs below show the trend in the numbers of unregistered placements and Homes & Horizons placements. Young people in relatively high-cost unregistered placements have gradually been relocated to more cost-effective placements in Homes & Horizons residential homes.



Children, Families and Education Service- Dedicated Schools Grant (DSG)

Initial data for 2024/25 suggests that there is already an in year overspend of £4.2m on the DSG above the budgeted deficit of £18.9m for 24/25. At month 2, mainstream school costed plans and top ups are forecast to be £1.4m overspent and Independent

non-maintained school placements based on current numbers of children are forecast to be £2.8m overspent.

There continues to be significant pressure on costs within the High Needs Block, which relates to low inflationary increases to school funding, a range of factors putting pressures on school budgets and historic underfunding of Special Educational Needs (SEND). These factors combined are driving higher use of Independent Non-Maintained School (INMS) provision.

Full budget monitoring will be undertaken at Q1, and the DSG will also be monitored on a quarterly basis against the deficit management plan (DMP).

Table 3: DSG forecast at the end of May 2024 (Month 2)

The DSG is monitored monthly, and the table below shows the 2024/25 full year forecast as of month two.

	Budget	Forecast	Variance	
	2024/25	Outturn	A/(F)	%
	2024/25	2024/25	A/(F)	%
Special Schools	24.7	24.7	-	0%
INMS & CLA Pre 16	32.8	35.6	2.8	8%
Post 16	8.9	8.9	-	0%
Mainstream	12.5	13.9	1.4	10%
Pupil Referral Units	8.9	8.9	-	0%
Autism Spectrum Disorder Bases	2.2	2.2	-	0%
Advisory Services and Virtual School	4.1	4.1	-	0%
Other	2.3	2.3	-	0%
Total	96.4	100.5	4.2	4%
Allocation after deductions	77.4	77.4	-	0%
In year deficit	(19.0)	(23.1)	4.2	18%

Children and Family Services – Local Authority (LA) Maintained Schools Revenue Reserves

LA Maintained Schools - key risks, issues and mitigations

As of 31 March 2024, 10 schools shared a cumulative deficit position of £2.5m and 108 schools shared a cumulative surplus of £20.2m. Budget plans submitted by schools for 2024/25 show significant budgetary pressures with 94 plans submitted

with deficits and projected in year deficits totalling £7.7m. More schools are reporting a likely deficit in their budgets by year end due to increased costs and inflationary issues. This had been expected – however historically, projected deficits have been overstated, so this area will be closely explored to ensure a clearer and better evidenced forecast. Whilst historically there was flex in education funding to be able to mitigate the impact of these deficits, this is no longer the case.

Those schools with projected overall deficits have been asked to meet with Local Authority representatives to discuss mitigations to their overspends. School Resource Management Advisers (SRMA's) have also been called in to visit five schools with significant deficits. Action plans will then be produced for individual schools.

Community Services

Lead Member for Communities, Housing and Culture: Cllr Federica Smith-Roberts

Executive Director: Chris Hall

Service Directors:

- Housing: Chris Brown
- Culture: Elizabeth Dawson
- Customers: Jan Stafford
- Regulatory and Operational: Sarah Dowden

Street Cleaning & Open Spaces - Potential £0.5m overspend

Inflationary increases will present a pressure – The pressure also includes a saving identified by the LGR workstream that is not achievable.

It is important to note that the service is looking at mitigating actions to try and avoid a pressure across Street Cleaning and Open Spaces this will include using savings created by service devolution to avoid any overspends.

Coroners - Potential £0.4m overspend

Increases to the service in terms of payments for pathologists, mortuary costs and the conveyancing of bodies. It is also anticipated that legal costs will be higher than anticipated. This is a demand led service and use of this service can only be a prediction at this stage, this is an area where it is difficult to mitigate against the increase costs.

Climate & Place

Lead Members:

- Environment & Climate Change: Cllr Dixie Darch
- Transport & Digital: Cllr Richard Wilkins
- Economic Development, Planning & Assets: Cllr Ros Wyke

Executive Director: Mickey Green

Service Directors:

- Climate, Environment & Sustainability: Kirsty Larkins
- Infrastructure & Transport: Mike O'Dowd-Jones
- Economy, Employment & Planning: Paul Hickson

Highways

- Safety defect numbers continue to be high for 2024-25 which is putting a pressure on the budget.
- New Highways contract – Mobilisation costs for improvements to depots needs to be funded within Highways, some budget has been set aside but could cause a pressure depending on the costs.
- The final account for the Milestone contract is not closed as yet. There are a number of latent issues, compensation events, and remeasures that are still in play. The Contract Management Team have done incredibly well in driving down the cost exposure for the final account and we only have a handful of issues left to sort out.

Fleet

- Work is continuing with budget holders bringing the fleet budgets together from legacy councils. This is a large budget with a risk of not achieving savings in 2024/25.

Waste Services – No overall figure at this stage

- There will be an increased cost to kerbside collection service (subject to decision at Executive) for 2024/25.
- Negotiations are ongoing in relation to savings from the Household Waste Recycling Contract, and as a result a full year's saving is no longer achievable, so an additional pressure of £0.5m likely.

Land Charges – Potential £0.3m overspend

- Land charges was transferred to the planning service in April 2024 with an overstated income target based on historical data from the predecessor councils. Mitigating action is being undertaken including consideration of future charge rates but this figure represents the likely annual financial pressure resulting from this.

Regeneration and other externally funded projects - (no figure at present)

- The Council has a large and complex Government funded regeneration capital programme resourced via mechanisms including town deals, the levelling up fund, future high street funds and other sources. In all cases Government grants are cash limited and there is a fixed end date for the expenditure of these funds. The Council as the lead authority for delivery unavoidably carries the challenges and risks associated with delivery of these programmes, including managing schemes within budgets in the context of construction price inflation.

Strategy, Workforce and Localities

Lead Members:

- Governance and Communications: Cllr Bill Revans
- Resources and Performance: Cllr Liz Leyshon
- Transformation and Human Resources: Cllr Theo Butt Philip

Executive Director: Alyn Jones

Service Directors:

- Partnership and Localities: Sara Skirton
- Strategy and Performance: Sara Cretney
- Governance, Democratic and Legal Services: David Clark
- Workforce (interim): Dawn Bettridge

Governance, Democratic & Legal

- The provision of legal childcare support is a statutory and a demand led service, it is an area of specialism which is extremely difficult to recruit to meaning the council is currently reliant on locums. The service is developing a strategy to aid successful permanent recruitment and are also reviewing budgets across the wider directorate to help mitigate any overspend, however there is still a risk of a budget pressure in 2024/25.

Partnership and Localities - Potential £0.1m overspend

- Loss of Housing Revenue Account funding for posts. The service is looking to mitigate this pressure through the workforce restructures.

Resources & Corporate Services

Lead Members:

- Economic Development, Planning & Assets: Cllr Ros Wyke
- Resources & Performance: Cllr Liz Leyshon
- Transport & Digital: Cllr Richard Wilkins

Executive Director: Jason Vaughan

Service Directors:

- Finance & Procurement: Nicola Hix
- Strategic Asset Management: Ollie Woodhams
- Information, Communication, Technology: Andy Kennell

Finance – On budget

- No major variances identified.

Strategic Asset Management

- Some areas of risks, price uncertainty on energy costs, property holding costs and rental and service charge income.

Information, Communication, Technology

- No major variances identified.