

## Decision Report - Executive Decision

Forward Plan Reference: FP/24/06/13

Decision Date - 2 September 2024

Key Decision - No



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### 2023/24 General Fund Revenue Budget Monitoring Report - Outturn - End of March 2024

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

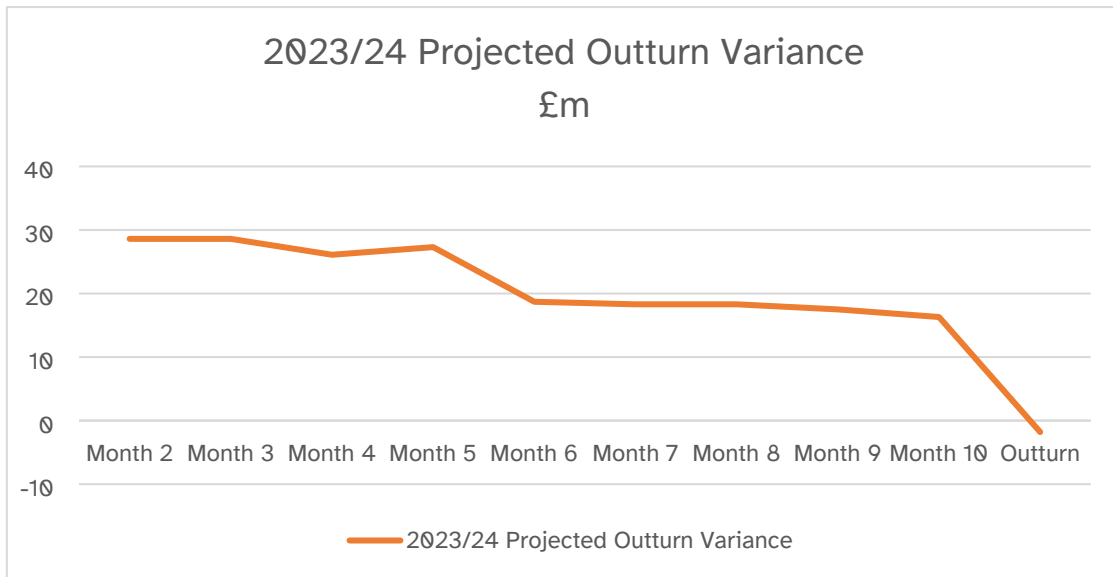
Local Member(s) and Division: All

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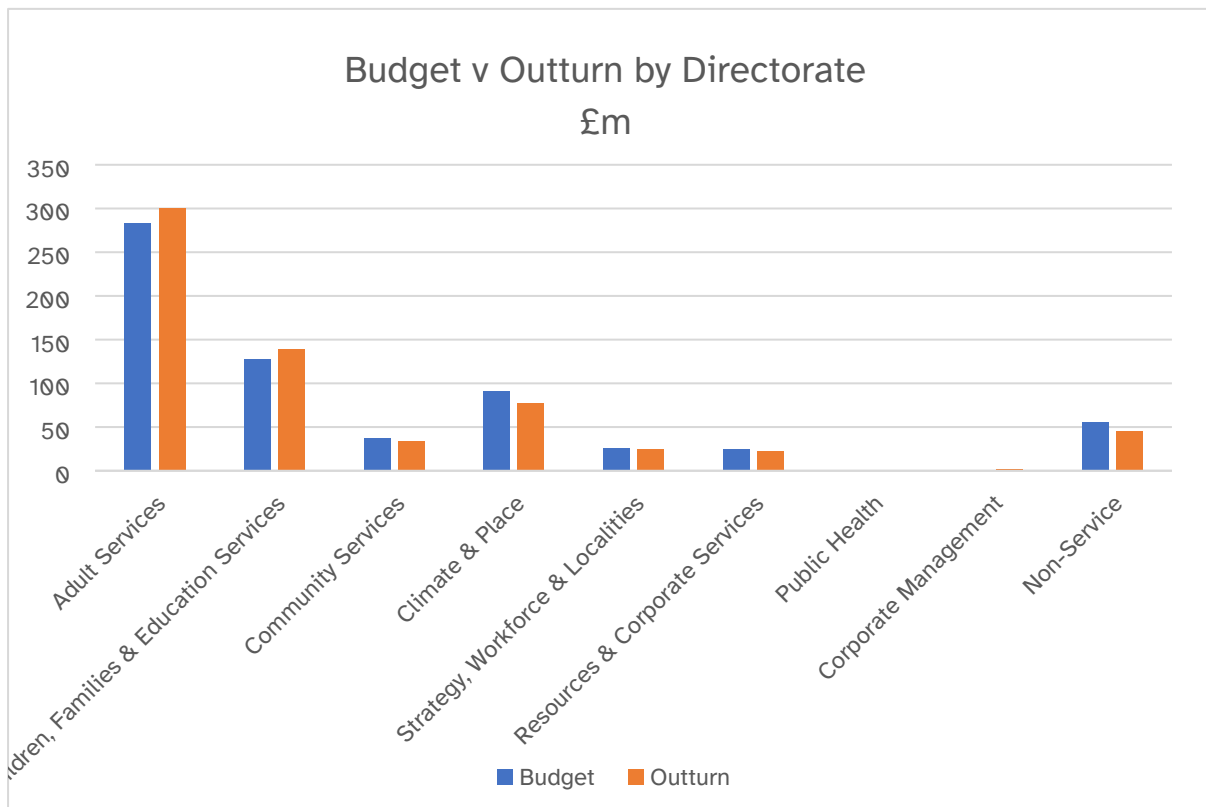
#### Summary

1. This is the final General Fund Revenue Budget Monitoring report for the financial year 2023/24 and outlines the outturn position including overall delivery on savings, transformation, and additional income plans, and reserves. The last report the Executive received was for the 2024/25 Emerging Issues & 2023/24 Provisional Outturn, on the 15 July, which forecast a net underspend of £1.6m for 2023/24.
2. After accounting for all service expenditure and contingencies, the final outturn position is £647.3m against a net budget of £649.1m. This equates to a £1.8m underspend, which represents a favourable variance of 0.3%. This favourable variance is a small improvement of £0.2m from the previous forecast underspend of £1.6m reported in July.
3. The turnaround in the figures shows the positive impact all the interventions and actions that have been taken to bring the budget back on track. The council faced a huge challenge with a considerable forecast overspend in Month 3 of £28.6m. After taking various actions to address this, including the establishment of several spend control boards, the Council has ended the financial year just under £2m underspend. This outturn position demonstrates the importance of regular budget monitoring during the year and confirms the Council has successfully tackled the problem. **Chart 1** reflects how the forecast outturn variance has moved month by month.

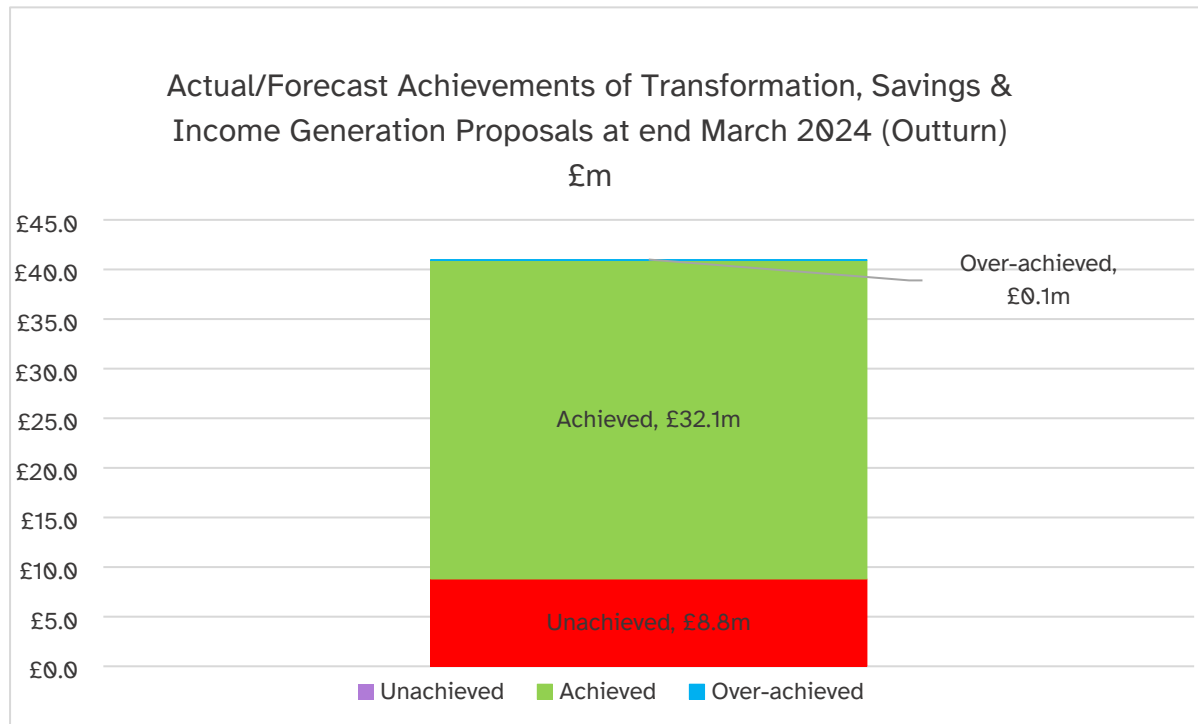


4. Adult Services and Children, Families & Education Service had a joint overspend of £29.7m, this was offset by the rest of the authority ending the year with a £31.5m underspend. The large overspend across the two services mainly relates to higher demand and fee levels across social care. All services responded promptly to the financial emergency, leading to a £1.8m underspend at the end of the year.

**Chart 2** shows the budget versus outturn position for each directorate.



5. The Council approved £40.9m of savings, income generation, and transformation in February 2023. At outturn, £32.2m (78.6%) have been either achieved or over-achieved, and £8.8m (21.6%) of these were not achieved. Any ongoing non-achievement will have an impact on the Medium-Term Financial Plan and future years. Where known, these impacts have been fed into the 2024/25 approved budget.



6. **Table 2** provides a summary of budgets, and variances on a service-by-service basis as at the end of March 2024. This table has been updated to breakdown the budget into expenditure and income to get the net budget for each service.

**Table 2: 2023/24 Budget Monitoring Report as at the end of March 2024  
(Outturn)**

Service Area	Original Budget £m	Current Expenditure Budget £m	Current Income Budget £m	Current Net Budget £m	Full Year Projection £m	Month 12 Variance £m	A/(F)	RAG Status	Movement From Month 10 £m
<b>Adult Services</b>									
Adult Social Care Operations:									
Physical Disability/Sensory Loss/65 Plus	111.9	140.9	(26.6)	114.3	122.2	7.9	A	Red	2.6
Mental Health	26.5	28.1	(4.6)	23.5	26.4	2.9	A	Red	1.9
Learning Disabilities	110.4	116.7	(6.9)	109.8	118.1	8.3	A	Red	0.8
Adult Social Care Commissioning	(62.2)	25.1	(78.3)	(53.2)	(54.9)	(1.7)	(F)	Green	(2.8)
Somerset System-Wide Funding	0.0	88.6	0.0	88.6	88.6	0.0	-	Green	0.0
<b>Adult Services Total</b>	<b>186.6</b>	<b>399.4</b>	<b>(116.4)</b>	<b>283.0</b>	<b>300.4</b>	<b>17.4</b>	<b>A</b>	<b>Red</b>	<b>2.5</b>
<b>Children, Families &amp; Education Services</b>									
Children & Families	81.8	100.8	(16.1)	84.7	96.6	11.9	A	Red	(0.9)
Commissioning & Performance	10.5	15.7	(3.5)	12.2	11.7	(0.5)	(F)	Green	(0.2)
Inclusion	12.6	26.3	(9.7)	16.6	18.0	1.4	A	Red	(0.7)
Education, Partnerships & Skills	17.4	29.3	(16.3)	13.0	12.4	(0.6)	(F)	Green	(1.1)
Childrens Services	0.7	1.0	(0.4)	0.6	0.7	0.1	A	Red	0.3
<b>Children, Family &amp; Education Services Total</b>	<b>123.0</b>	<b>173.1</b>	<b>(46.0)</b>	<b>127.1</b>	<b>139.4</b>	<b>12.3</b>	<b>A</b>	<b>Red</b>	<b>(2.6)</b>
<b>Community Services</b>									
Housing	5.9	11.3	(3.9)	7.4	6.9	(0.5)	(F)	Green	(0.8)
Customer Services	7.0	8.8	(2.8)	6.0	5.6	(0.4)	(F)	Green	(0.3)
Cultural Services	9.3	13.4	(3.9)	9.5	7.2	(2.3)	(F)	Green	(1.4)
Regulatory & Operational Services	12.4	22.4	(7.9)	14.5	13.8	(0.7)	(F)	Green	(0.8)
<b>Community Services Total</b>	<b>34.6</b>	<b>55.9</b>	<b>(18.5)</b>	<b>37.4</b>	<b>33.5</b>	<b>(3.9)</b>	<b>(F)</b>	<b>Green</b>	<b>(3.3)</b>
<b>Climate &amp; Place</b>									
Climate, Environment & Sustainability	54.6	60.8	(8.1)	52.7	52.2	(0.5)	(F)	Green	(0.5)
Infrastructure & Transport	22.5	46.1	(23.9)	22.2	20.0	(2.2)	(F)	Green	(2.5)
Economy, Employment & Planning	10.6	21.5	(8.7)	12.8	9.4	(3.4)	(F)	Green	(2.8)
Accountable Bodies	3.7	6.1	(2.9)	3.2	(4.8)	(8.0)	(F)	Green	(1.0)
<b>Climate &amp; Place Total</b>	<b>91.4</b>	<b>134.5</b>	<b>(43.6)</b>	<b>90.9</b>	<b>76.8</b>	<b>(14.1)</b>	<b>(F)</b>	<b>Green</b>	<b>(6.8)</b>
<b>Strategy, Workforce &amp; Localities</b>									
Partnership & Localities	0.8	3.2	(0.1)	3.1	2.7	(0.4)	(F)	Green	(0.4)
Strategy & Performance	3.2	8.0	(2.1)	5.9	5.6	(0.3)	(F)	Green	0.3
Workforce	6.0	10.8	(4.1)	6.7	5.6	(1.1)	(F)	Green	(0.4)
Governance, Democratic & Legal Services	10.2	11.4	(1.4)	10.0	11.1	1.1	A	Red	(0.1)
<b>Strategy, Workforce &amp; Localities Total</b>	<b>20.2</b>	<b>33.4</b>	<b>(7.7)</b>	<b>25.7</b>	<b>25.0</b>	<b>(0.7)</b>	<b>(F)</b>	<b>Green</b>	<b>(0.6)</b>
<b>Resources &amp; Corporate Services</b>									
Finance & Procurement	11.9	118.1	(104.2)	13.9	13.5	(0.4)	(F)	Green	0.4
Strategic Asset Management	(9.2)	20.2	(27.3)	(7.1)	(7.6)	(0.5)	(F)	Green	(0.5)
Information Communication Technology	17.8	21.0	(2.9)	18.1	16.7	(1.4)	(F)	Green	0.2
<b>Resources &amp; Corporate Services Total</b>	<b>20.5</b>	<b>159.3</b>	<b>(134.4)</b>	<b>24.9</b>	<b>22.6</b>	<b>(2.3)</b>	<b>(F)</b>	<b>Green</b>	<b>0.1</b>
<b>Public Health</b>	<b>1.2</b>	<b>23.4</b>	<b>(22.6)</b>	<b>0.8</b>	<b>0.7</b>	<b>(0.1)</b>	<b>(F)</b>	<b>Green</b>	<b>(0.1)</b>
<b>Corporate Management</b>	<b>0.5</b>	<b>0.8</b>	<b>0.0</b>	<b>0.8</b>	<b>1.6</b>	<b>0.8</b>	<b>A</b>	<b>Red</b>	<b>0.8</b>
<b>Non-Service</b>	<b>58.7</b>	<b>71.4</b>	<b>(16.1)</b>	<b>55.3</b>	<b>45.2</b>	<b>(10.1)</b>	<b>(F)</b>	<b>Green</b>	<b>(7.1)</b>
<b>Traded Services Total</b>	<b>0.0</b>	<b>4.1</b>	<b>(1.5)</b>	<b>2.6</b>	<b>2.6</b>	<b>0.0</b>	<b>-</b>	<b>Green</b>	<b>(0.5)</b>
<b>Total Service Position</b>	<b>536.7</b>	<b>1,055.3</b>	<b>(406.8)</b>	<b>648.5</b>	<b>647.8</b>	<b>(0.7)</b>	<b>(F)</b>	<b>Green</b>	<b>(17.6)</b>
Corporate Contingency	6.0	0.6	0.0	0.6	0.0	(0.6)	(F)	Green	(0.6)
<b>Total After Contingencies</b>	<b>542.7</b>	<b>1,055.9</b>	<b>(406.8)</b>	<b>649.1</b>	<b>647.8</b>	<b>(1.3)</b>	<b>(F)</b>	<b>Green</b>	<b>(18.2)</b>
Reserves	(19.9)	0.0	(125.7)	(125.7)	(125.7)	0.0	-	Green	0.0
Transfers to Schools	0.0	2.2	0.0	2.2	2.2	0.0	-	Green	0.0
Grants	(57.3)	0.0	(57.4)	(57.4)	(57.9)	(0.5)	(F)	Green	0.0
Flexible Use of Capital Receipts	(4.0)	0.0	(6.7)	(6.7)	(6.7)	0.0	-	Green	0.0
Business Rates	(122.2)	0.0	(122.2)	(122.2)	(122.2)	0.0	-	Green	0.0
Collection Fund (Surplus)/Deficit	(0.6)	0.0	(0.6)	(0.6)	(0.6)	0.0	-	Green	0.0
Council Tax Requirement	(338.7)	0.0	(338.7)	(338.7)	(338.7)	0.0	-	Green	0.0
<b>Total Position</b>	<b>0.0</b>	<b>1,058.1</b>	<b>(1,058.1)</b>	<b>0.0</b>	<b>(1.8)</b>	<b>(1.8)</b>	<b>(F)</b>	<b>Green</b>	<b>(18.2)</b>

## **Recommendations**

7. That the Executive:
  - a) Notes the underspend of £1.8m (0.3%) for the 2023/24 financial year which will be added to the General Fund balance.
  - b) Approves the draws and contributions to earmarked reserves set out in appendix 11.
  - c) Approves to release £0.7m of available earmarked reserves funding to the General Fund balance.
  - d) Agrees to continue to receive monthly budget monitoring reports in 2024/25 which sets out the forecast outturn for the year with details of any mitigations and actions being taken to address any forecast variances.
  - e) To note that the Collection Fund outturn position is still being finalised. Any over/underspend will be funded from/contributed to reserves. Any material changes to the reserve position will be noted in a future report.
  - f) Approve the amendment to the Flexible Capital Receipts Strategy to include the Adult Social Care transformation programme, My Life, My Future (section 34/**appendix 12**).

## **Reasons for recommendations**

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

## **Other options considered**

9. 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**

10. 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**

11. 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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12. The financial impact of the final underspend of £1.8m, has resulted in a slight increase in the level of General Reserves. The balance of General Reserves is now £52.4m, still comfortably within the risk-based assessment of £30m-£60m.
13. The variances causing any final net overspends are a mixture of on-going and once-off items. The on-going items will have a financial impact upon the 2024/25 budget and future years if they are not addressed.

### **Legal Implications**

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

### **HR Implications**

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

### **Other Implications:**

### **Equalities Implications**

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

### **Community Safety Implications**

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

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

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

### **Health and Safety Implications**

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

## Health and Wellbeing Implications

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

## Social Value

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

## Scrutiny comments/recommendations:

22. This report will be presented to Scrutiny for Corporate & Resources Committee, on 28 October 2024.

## Background

### 2023/24 Budget Monitoring and Outturn Position

23. Full Council approved the 2023/24 Budget in February 2023, the first budget for Somerset Council. Budget monitoring was delegated to Executive and Scrutiny and revenue service reports have been presented monthly with a full overview of revenue, capital, and reserves quarterly. This report outlines the year-end position of £647.8m for all services against the 2023/24 budget of £649.1m as at the end of March 2024.

24. **Table 2** provides a summary of each service budget, with final variances for the year shown against them. Further details and mitigations being taken by the responsible director are outlined in appendices one to eight. The significant variances at outturn are:

- Adult Services have ended the year with a £17.4m adverse variance against their budget (6.1% 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. The adverse movement from month 10 is due to an increase in the use of direct payments, increasing numbers, and high unit costs.
- Children's Services have a final outturn adverse variance of £12.3m (9.7% of budget). This is largely due to an overspend of £10.4m on the external placements budget due to additional numbers of children in residential care and in unregistered placements. The favourable movement from month 10

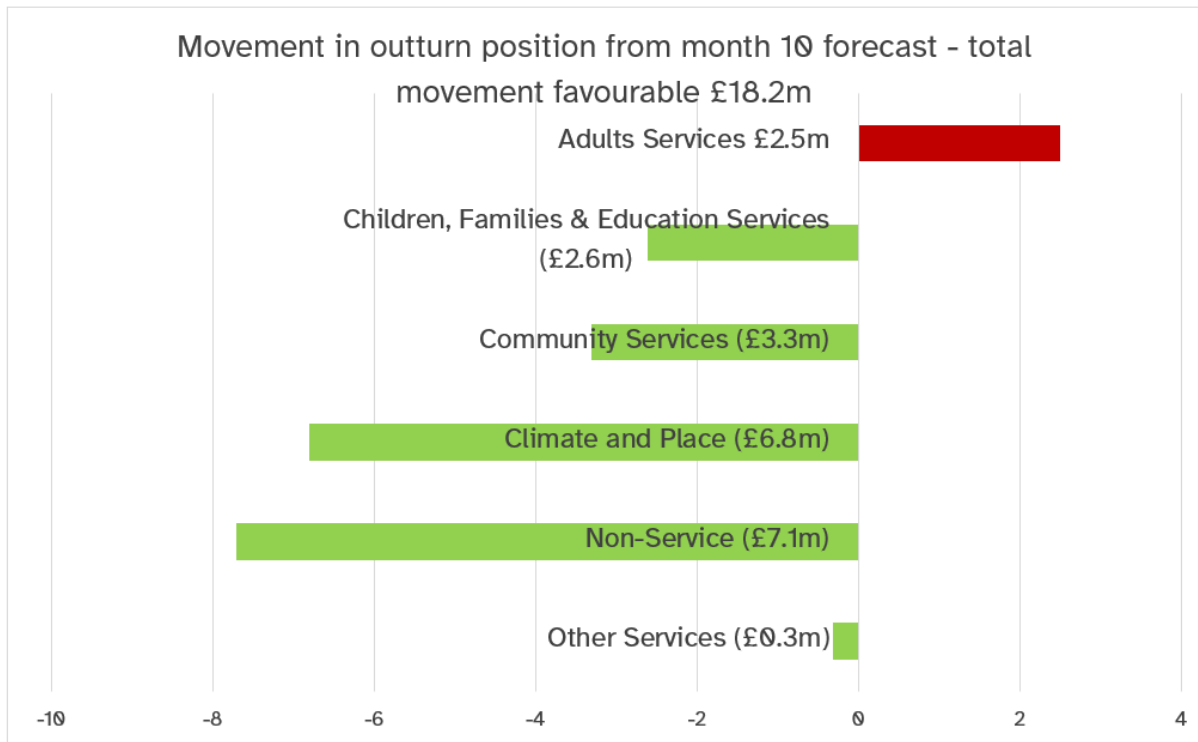
is due to the service being able to move children out of unregistered placements to residential care placements, which is less expensive.

- Community Services have ended the year with a £3.9m favourable variance against a budget of £37.4m (10.4% of Service budget). The underspend is due to services minimising expenditure throughout the year in light of the financial emergency. The favourable movement since month 10 is due to delaying works, and maintenance where it is not a statutory requirement.
- Climate & Place (including Accountable Bodies) has a final favourable variance of £14.1m against their budget of £90.9m (15.5% of service budget). The underspend mainly relates to income received via Connecting Devon and Somerset and to the services minimising expenditure throughout the year in light of the financial emergency. The movement from month 10 mainly relates to higher income levels and changes in legislation within the waste budget, lower than anticipated street lighting and energy costs within the Highways budgets, and improved income recovery and the impact of staff vacancies within the Economic Development and Development Control budgets.
- Strategy, Workforce & Localities have a £0.7m favourable variance (2.7% of service budget). The underspend relates to savings due to vacancy management in Workforce, offset by an overspend in Legal due to reliance on locum/agency lawyers because of recruitment challenges. The movement from month 10 mainly relates to vacancies and additional income within the Localities budget, and savings in staffing and training costs within the Workforce budget.
- Resources & Corporate Services have a £2.3m favourable variance (9.2% of service budget). Most of the favourable variance is due to a reduction in employment costs due to vacant positions, savings across software and property running costs and Mendip 5c contract underspend. The adverse movement from month 10 relates to unachievable income budgets from legacy councils, and additional agency costs partly offset by lower than budgeted salaries and property running costs, and improved levels of income.
- Non-Service has an outturn favourable variance of £10.1m and favourable movement of £7.1m to that reported at month 10. This is due to once-off,



in-year favourable treasury management activities, and an underspend in the Minimum Revenue Position budget of £1.1m.

25. **Table 3**, is a graph showing the largest changes in forecast outturn position from Month 10, reported to the Executive on the 6 March 2024, and outturn (month 12).



## Reserves

26. The Council holds reserves in two forms:

- The General Fund to mitigate against unforeseen spends or major unexpected events.
- Earmarked reserves which are amounts set aside for specific purposes. For each reserve established the purpose and usage must be clearly defined.
  - Resilience reserves are held to mitigate against future known or predicted liabilities and resilience.
  - Other earmarked reserves are held for specific purposes. This may be purposes agreed by the Council or grants which have no return conditions and where expenditure has yet to take place.
  - Funds held for other bodies that do not have Somerset Council as the lead decision making body. An example of this reserve are funds held by the Somerset Rivers Authority.

**Table 4: Somerset Council Reserves Position under MHCLG headings**

Somerset Council Reserves (MHCLG Reporting Categories)	01/04/2023 £m	Forecast Use £m	31/03/2024 £m	Forecast Use £m	31/03/2025 £m
Contractual commitments	13.7	2.0	15.7	(0.0)	15.7
Planned future revenue and capital spending	32.1	(8.4)	23.7	(3.9)	19.8
Specific risks	17.6	(4.6)	12.9	(0.2)	12.7
Budget stabilisation	42.2	2.7	44.9	(39.5)	5.4
Public Health	2.4	0.0	2.4	(1.8)	0.6
Other	137.2	(100.7)	36.4	(23.4)	13.0
<b>Total Earmarked Reserves</b>	<b>245.1</b>	<b>(109.1)</b>	<b>136.0</b>	<b>(68.8)</b>	<b>67.2</b>
<b>General Fund Reserves</b>	<b>49.8</b>	<b>2.5</b>	<b>52.4</b>	<b>0.0</b>	<b>52.4</b>
<b>Total Reserves</b>	<b>294.9</b>	<b>(106.5)</b>	<b>188.4</b>	<b>(68.8)</b>	<b>119.6</b>

**Table 5: Planned contribution of 2023/24 underspend**

Somerset Council Reserve	Balance at 01/04/2023 '£000	Net transfers to/from '£000	Balance as at 31/03/2024 '£000
General Fund Balance	49,842	2,526	52,368

### Use of Earmarked Reserves

27. The recommended use of earmarked reserve movements during the 2023/24 financial year can be seen in **appendix 11**. This also includes an updated forecast use of reserves for 2024/25 to show the estimated balance as at 31 March 2025. If any of the recommended movements in reserves for 2023/24 are not approved the £1.8m underspend position would have to be adjusted accordingly.

### 2023/24 Flexible Capital Receipts Strategy

28. The Flexible Capital Receipts Strategy was approved by Full Council in February 2023. When the strategy was approved it did not specify the use of capital receipts to fund My Life, My Future. It was initially agreed that the costs of £3.5m each year for the next two years would be funded initially from earmarked reserves and review the position later in the financial year. Now this review has taken place it is proposed that the project costs for the whole project will be funded from flexible use of capital receipts. The figures contained in this paper assume the programme has been funded by capital receipts. The full strategy can be seen in **appendix 12**.

### Background Papers

29. 2023/24 Budget, Medium-Term Financial Plan & Council Tax Setting report to Full Council 22 February 2023.
30. 2024/25 General Fund Revenue Budget and Medium-Term Financial Plan, 2024/25 Housing Revenue Account (HRA) Revenue and Capital Budget Setting 2024/25 including Dwelling Rent Setting and Fees and Charges for 2024/25, MTFP and 30-Year Business Plan Update report to Corporate & Resources Scrutiny, Executive and Full Council February 2024.
31. Section 25 Report from Section 151 Officer to Council 20 February 2024.
32. Medium Term Financial Strategy (MTFS) 2024/25 to 2026/27 report to Corporate & Resources Scrutiny & Executive July 2023.
33. Month 3 to Month 10 Monthly Budget Monitoring reports to Executive & Corporate & Resources Scrutiny Committee (August 2023 to March 2024).
34. Medium-Term Financial Strategy (MTFS) 2025/26 to 2029/30 report to Executive and Full Council April 2024.
35. 2024/25 General Fund Revenue Budget Monitoring 2024/25 Emerging Issues & 2023/24 Provisional Outturn report to Executive July 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: Use of Earmarked Reserves

Appendix 12: 2023/24 Flexible Capital Receipts Strategy

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

	<b>Officer Name</b>	<b>Date Completed</b>
Legal & Governance Implications	David Clark	16/08/2024
Communications	Peter Elliot	16/08/2024
Finance & Procurement	Ben Bryant on behalf of Nicola Hix	16/08/2024
Workforce	Dawn Bettridge	15/08/2024
Asset Management	Oliver Woodhams	16/08/2024
Executive Director / Senior Manager	Jason Vaughan	15/08/2024
Strategy & Performance	Alyn Jones	16/08/2024
Executive Lead Member	Cllr Liz Leyshon	15/08/2024
Consulted:		
Local Division Members	All	
Opposition Spokesperson	Cllr Mandy Chilcott Deputy Leader of the Opposition and Opposition Spokesperson for Resources and Performance	Report sent 15/08/2024
Scrutiny Chair	Cllr Bob Filmer, Chair - Scrutiny Corporate & Resources Committee	Report sent 15/08/2024