

Decision Report

Committee: Executive

Meeting Date –

7 October 2024

Key Decision – No



2024/25 General Fund Revenue Budget Monitoring Report – Month 4 – End of July 2024

Chair of Committee: Cllr Bill Revans - Leader of the Council and Lead Member for Governance & Communications

Executive Member(s): Cllr Liz Leyshon - Deputy Leader of the Council and Lead Member for Finance - Procurement and Performance

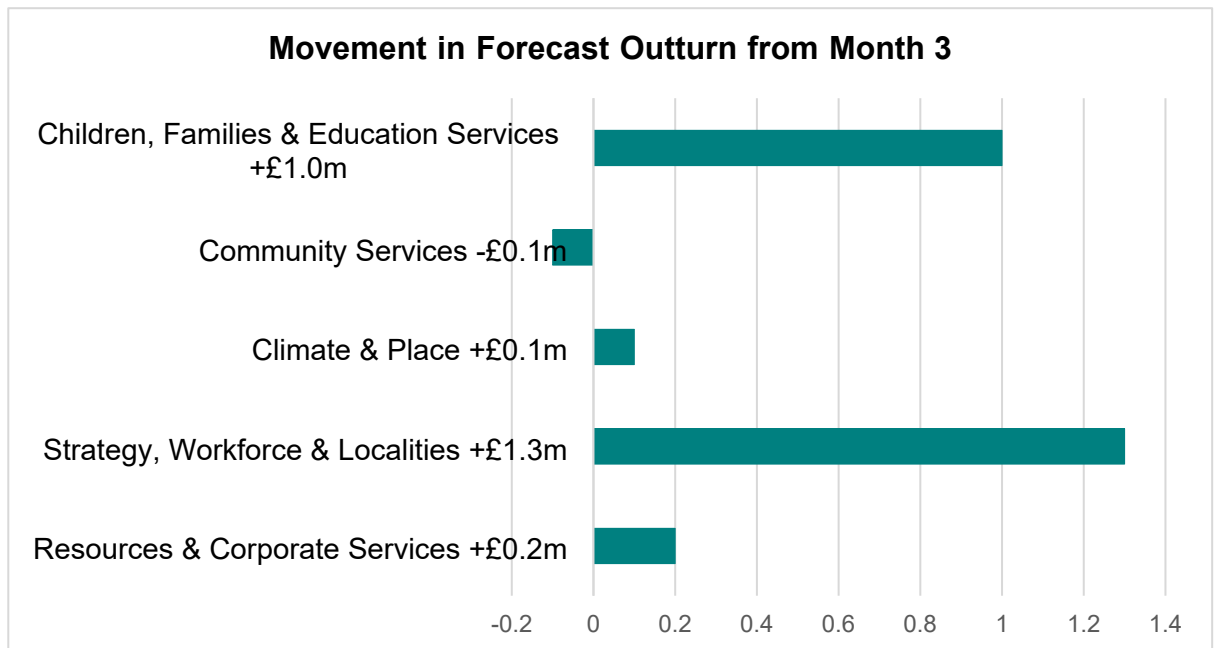
Local Member(s) and Division(s) affected: All

Executive Director: Maria G Christofi - Interim Chief Finance Officer (S151 Officer)

Executive Summary

1. This report is the General Fund Revenue Budget Monitoring Report for the end of July 2024, (Month 4). The last report the Executive received was for Quarter 1 (Month 3), as at the end of June 2024, which forecast a net underspend of £0.2m.
2. The Council is now **forecasting a Revenue overspend of £8.4m within Service Directorates** for 2024/25 which is being offset by the £6m Corporate Contingency leading to a **total Revenue forecast overspend of £2.3m**. This equates to 0.1% of the net budget for the year. This is an **increase in the Revenue forecast overspend of £2.5m** from the previously forecast underspend.
3. There is an increase in the Revenue forecast overspend of £2.5m from the previous month forecast, mainly in two areas. A number of departures in the Legal team, where positions are difficult to recruit and we have a greater reliance on locums, has increased the forecast overspend by £1.3m on the Legal Services budget within Strategy, Workforce & Localities. There has also been an increase in forecast overspend of £1m in Children's, Families & Education Services relating to the rising numbers of children coming into care needing support through external placements. There is particular pressure relating to the 10-15 age group where serious youth violence, linked to criminal exploitation, is a key factor.
4. The majority of the Revenue forecast Service Directorate overspend of £8.5m relates to £6.4m Children's, Families & Education Services predominantly with the External Placements budget, and £4.4m Climate & Place services, relating to the Somerset Waste budget. Continued work to ensure that the assumptions within the forecast are relevant and robust continues with Directorates especially those areas where there are demand led budgets and pressures.

5. The Council continues to have Spend Control Boards in place, the monitoring and outcomes of these boards are included in the quarterly monitoring reports to Executive. Having these Spend Control Boards in place has encouraged the whole organisation to think differently, and their continuance is essential given the changing Revenue forecast outturn overspend position as at Month 4.
6. **Table 1**, is a graph showing the largest changes in Revenue forecast outturn position from Month 3, reported to the Executive on the 02 September 2024, and Month 4.



Recommendations

7. That the Executive:
 - a) Notes the Service Directorate Revenue forecast overspend of £8.4m for the year.
 - b) Notes the total Council Revenue forecast overspend of £2.3m for the year.

Reasons for Proposals

8. To ensure that the Council continues to work to a balance revenue outturn and to maintain tight financial control over its budget.

Report Author: Nicola Hix, Director of Finance & Procurement
 Contact Details: nicola.hix@somerset.gov.uk

Background and purpose of report

8. Full Council approved the 2024/25 budget in February 2024, and **Table 2** provides a summary of budget, projections, and variances on a service-by-service basis as at the end of July 2024. This table shows a breakdown of the budget into expenditure and income to the net budget for each service. Further details and mitigations being taken by the responsible director are outlined in **Appendices 1 to 8**.

9. **Table 2: 2024/25 Budget Monitoring Report as at the end of July 2024 (Month 4)**

Service Area	Original Budget £m	Current Expenditure Budget £m	Current Income Budget £m	Current Net Budget £m	Actuals to M4 £m	Further Forecasts £m	Full Year Projection £m	Month 4 Variance £m	A/(F)	RAG Status	Movement From Month 3 £m
Adult Services											
Adult Social Care Operations:											
Physical Disability/Sensory Loss/65 Plus	180.0	166.1	(27.9)	138.2	27.3	108.0	135.3	(2.9)	(F)	Green	(0.5)
Mental Health	23.5	43.3	(6.3)	37.0	11.8	24.1	35.9	(1.1)	(F)	Green	0.1
Learning Disabilities	109.8	145.3	(7.7)	137.6	38.7	98.5	137.2	(0.4)	(F)	Green	0.5
Adult Social Care - Commissioning	(73.9)	21.7	(94.9)	(73.2)	6.7	(77.6)	(70.9)	2.3	A	Red	(0.1)
Adult Services Total	239.4	376.4	(196.8)	239.6	84.5	153.0	237.5	(2.1)	(F)	Green	0.0
Children, Families & Education Services											
Children & Families	196.1	114.2	(16.2)	98.0	35.2	69.1	104.3	6.3	A	Red	1.2
Commissioning & Performance	2.8	19.0	(7.9)	11.1	4.7	6.1	10.8	(0.3)	(F)	Green	0.1
Education	32.4	59.2	(26.8)	32.4	(22.9)	55.7	32.8	0.4	A	Red	(0.3)
Childrens Services	0.7	0.4	0.0	0.4	0.0	0.4	0.4	0.0	-	Green	0.0
Children, Family & Education Services Total	142.0	192.8	(50.9)	141.9	17.0	131.3	146.3	6.4	A	Red	1.0
Community Services											
Housing	7.4	14.4	(7.8)	6.6	(8.8)	15.4	6.6	0.0	-	Green	(0.1)
Customer Services	5.8	9.1	(3.3)	5.8	1.4	4.4	5.8	0.0	-	Green	0.0
Cultural Services	8.9	12.7	(3.6)	9.1	1.9	7.2	9.1	0.0	-	Green	0.0
Regulatory & Operational Services	13.4	24.5	(11.5)	13.0	4.4	9.6	14.0	1.0	A	Red	0.0
Community Services Total	35.5	60.7	(26.2)	34.5	(1.1)	36.6	35.5	1.0	A	Red	(0.1)
Climate & Place											
Climate, Environment & Sustainability	58.2	66.8	(8.7)	58.1	13.3	47.9	61.2	3.1	A	Red	0.1
Infrastructure & Transport	23.0	50.2	(26.9)	23.3	7.3	17.0	24.3	1.0	A	Red	0.0
Economy, Employment & Planning	8.5	17.8	(9.8)	8.0	(1.3)	9.6	8.3	0.3	A	Red	0.0
Accountable Bodies	3.6	4.1	(0.5)	3.6	(16.6)	20.2	3.6	0.0	-	Green	0.0
Climate & Place Total	93.3	138.9	(45.9)	93.0	2.7	94.7	97.4	4.4	A	Red	0.1
Strategy, Workforce & Localities											
Partnership & Localities	2.5	3.1	(0.2)	2.9	0.9	2.0	2.9	0.0	-	Green	0.0
Strategy & Performance	6.4	7.6	(1.1)	6.5	2.2	4.3	6.5	0.0	-	Green	0.0
Workforce	6.5	10.1	(3.9)	6.2	2.6	3.6	6.2	0.0	-	Green	0.0
Governance, Democratic & Legal Services	9.9	11.2	(1.4)	9.8	3.9	7.2	11.1	1.3	A	Red	1.3
Strategy, Workforce & Localities Total	25.3	32.0	(6.6)	25.4	9.6	17.1	26.7	1.3	A	Red	1.3
Resources & Corporate Services											
Finance & Procurement	14.5	119.3	(104.9)	14.4	10.8	4.0	14.8	0.4	A	Red	0.2
Strategic Asset Management	(4.3)	19.3	(24.0)	(4.7)	(0.1)	(4.3)	(4.4)	0.3	A	Red	0.0
Information Communication Technology	17.5	20.1	(2.9)	17.2	9.8	6.7	16.5	(0.7)	(F)	Green	0.0
Resources & Corporate Services											
Finance & Procurement	14.5	119.3	(104.9)	14.4	10.8	4.0	14.8	0.4	A	Red	0.2
Strategic Asset Management	(4.3)	19.3	(24.0)	(4.7)	(0.1)	(4.3)	(4.4)	0.3	A	Red	0.0
Information Communication Technology	17.5	20.1	(2.9)	17.2	9.8	6.7	16.5	(0.7)	(F)	Green	0.0
Resources & Corporate Services Total	27.7	158.7	(131.8)	26.9	20.5	6.4	26.9	0.0	-	Green	0.2
Public Health	1.0	24.0	(23.0)	1.0	(7.3)	8.3	1.0	0.0	-	Green	0.0
Corporate Management	1.1	1.5	(0.1)	1.4	1.9	(0.5)	1.4	0.0	-	Green	0.0
Non-Service	67.3	79.7	(10.8)	68.9	2.8	63.5	66.3	(2.6)	(F)	Green	0.0
Traded Services Total	0.0	0.0	0.0	0.0	(0.1)	0.1	0.0	0.0	-	Green	0.0
Total Service Position	632.6	1,064.7	(432.1)	632.6	130.5	510.5	641.0	8.4	A	Red	2.5
Corporate Contingency	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.0)	(F)	Green	0.0
Total After Contingencies	638.6	1,070.7	(432.1)	638.6	130.5	510.5	641.0	2.4	A	Red	2.5
Reserves	(38.5)	(38.8)	0.3	(38.5)	(38.5)	0.0	(38.5)	0.0	-	Green	0.0
Council Tax	(361.1)	0.0	(361.1)	(361.1)	33.2	(394.3)	(361.1)	0.0	-	Green	0.0
Business Rates	(128.4)	0.0	(128.4)	(128.4)	(9.9)	(118.5)	(128.4)	0.0	-	Green	0.0
Grants	(66.0)	0.0	(66.0)	(66.0)	(24.4)	(41.7)	(66.1)	(0.1)	(F)	Green	0.0
Collection Fund Surplus/Deficit	(7.7)	0.0	(7.7)	(7.7)	0.0	(7.7)	(7.7)	0.0	-	Green	0.0
Capitalisation Direction	(36.9)	0.0	(36.9)	(36.9)	0.0	(36.9)	(36.9)	0.0	-	Green	0.0
Total Position	0.0	1,031.9	(1,031.9)	0.0	90.9	(88.6)	2.3	2.3	A	Red	2.5

10. The bottom section of Table 2 above shows the different sources of funding to balance the budget for 2024/25. The financial challenges facing the Council are significant and the 2024/25 budget was set with significant one-off resources. General use of Earmarked Reserves of £36.8m and Exceptional Financial Support a Capitalisation Directive of £36.9m from Ministry of Housing Communities and Local Government (MHCLG) have been used for 2024/25 to close the budget gap and set a balanced budget for 2024/25.
11. The main Revenue variances at Month 4 are: -
- Adult Services are forecasting a **£2.1m underspend** against their budget (0.9% of service budget). This variance is due to the commissioning work carried out within the market to reduce residential and nursing weekly fees.
 - Children's Services are forecasting an **overspend of £6.4m** (4.5% of budget). This is mainly due to an overspend of £7.1m on the external placements budget as a result of the rising numbers of children coming into care with many of these children moving into high cost residential and unregistered placements.
 - Community services are forecasting a **£1.0m overspend** against their budget. In the main these pressures are seen in the Open Spaces budget, due to an increase in contract costs, and the Coroners budget, caused by increased costs for pathology services, mortuary costs and conveyancing of bodies.
 - Climate and Place are currently forecasting an **overspend of £4.4m** against their budget. This is mainly due to the increase in Waste Services contract costs. Additional pressures are also seen in Safety defects, capitalisation of salary costs against capital projects and unachievable income targets within Land Charges.
 - Strategy, Workforce and Localities are forecasting a **£1.3m overspend** due to reliance on locum/agency workers in Legal Services in light of recruitment challenges.
 - Non-Service are forecasting a **£2.6m underspend** that largely relates to the Council's debt charges being lower than anticipated at this point in the year whilst investment income is higher than expected. In addition to this, the general fund proportion of the Pension Deficit charge is now expected to be lower than first anticipated at budget setting. There is no movement in forecast from month three.
 - The Contingency budget of **£6m remains unallocated** at Month 4. However, this budget being unutilised is reducing the overall service overspend for the authority.
12. To pull back the forecast overspend to a balanced position for outturn and protect the Council's reserves position the following elements of the budget are being reviewed:

- Capital programme
- Alternative funding sources
- Recharges across to HRA, DSG, PHG
- Invoiced income v alternative payment methods
- Fees and charges
- Annual underspends (review from 2023/24 outturn)

Links to Council Plan and Medium-Term Financial Plan

13. 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.

Other options considered

14. No other options were considered as continuing to monitor the budget on a monthly basis is considered best practice.

Key considerations for the Council

Scrutiny comments / recommendations:

15. This report was presented to Scrutiny for Corporate & Resources Committee, on 30 September 2024.

Consultation and feedback

16. A consultation is not required for this report.

Financial and Risk Implications

Current Risk Score					
There are two relevant Strategic Risks which are ORG0070 Budget overspend in the current financial year and ORG0057 Sustainable Medium Term Financial Plan.					
ORG0057 Sustainable Medium Term Financial Plan					
Likelihood	4	Impact	5	Risk Score	20
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.					
ORG0070 Budget overspend in the 2024/25 financial year					
Likelihood	3	Impact	4	Risk Score	12
This has a risk score of 12 and reflects the fact that there the forecast is now a £2.3m overspend for 2024/25.					

Current Risk Score:

Projected risk score if recommended actions are agreed and delivered:

Likelihood	3	Impact	4	Risk Score	12
-------------------	----------	---------------	----------	-------------------	-----------

Legal and Procurement Implications

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

HR / Workforce Implications

18. There are no specific HR /Workforce implications arising from this report.

Equalities Implications

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

Community Safety Implications

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

Climate Change and Sustainability Implications

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

Health and Safety Implications

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

Health and Wellbeing Implications

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

Social Value

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

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 in February 2024.
- 2024/25 General Fund Revenue Budget Monitoring Outturn Report to Scrutiny for Corporate & Resources and Executive in September 2024
- Budget Monitoring Report – 2024/25 Emerging Issues & 2023/24 Provisional Outturn to Executive and Scrutiny for Corporate & Resources in July 2024
- 2024/25 General Fund Capital Budget Monitoring Report - Qtr1 to Scrutiny in August 2024 and to Executive in September 2024.

Appendices

Appendix 1: Adults Services

Appendix 2: Children, Families & Education Services

Appendix 3: Community Services

Appendix 4: Climate & Place (including Accountable Bodies)

Appendix 5: Strategy, Workforce & Localities

Appendix 6: Resources & Corporate Services

Appendix 7: Public Health

Appendix 8: Other service areas (including Collection Fund)

Report assurance

	Officer Name	Date Completed
Legal & Governance Implications	David Clark	16/09/2024
Finance & Procurement	Nicola Hix	17/09/2024
Workforce	Dawn Bettridge	17/09/2024
Asset Management	Oliver Woodhams	13/09/2024
Executive Director	Maria G Christofi	17 & 23/09/2024
Executive Lead Member	Cllr Liz Leyshon	16/09/2024
Consulted:		
Local Division Members	All	
Opposition Spokesperson	Cllr Mandy Chilcott Deputy Leader of the Opposition and Opposition Spokesperson for Resources and Performance	20/09/2024
Relevant Scrutiny Chair	Cllr Bob Filmer, Chair - Scrutiny Corporate & Resources Committee	16/09/2024