

## Decision Report

Committee: Executive

Meeting Date – 4 November 2024

Key Decision – No



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### 2024/25 General Fund Revenue Budget Monitoring Report – Month 5 – End of August 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 August 2024, (Month 5). The last report the Executive received was for Month 4, as at the end of July 2024, which reported a forecast net overspend of £2.300m.
2. The Council is now **forecasting a revenue overspend of £5.324m within Service Directorates** for 2024/25. This is offset by the £6m unallocated Corporate Contingency, leading to a **total revenue forecast underspend of £0.736m**, which equates to 0.1% of the net budget for the year.
3. There has been a **decrease of £3.127m** in the revenue forecast overspend position of £2.300m reported for month 4. The main movements are reported in the following areas:

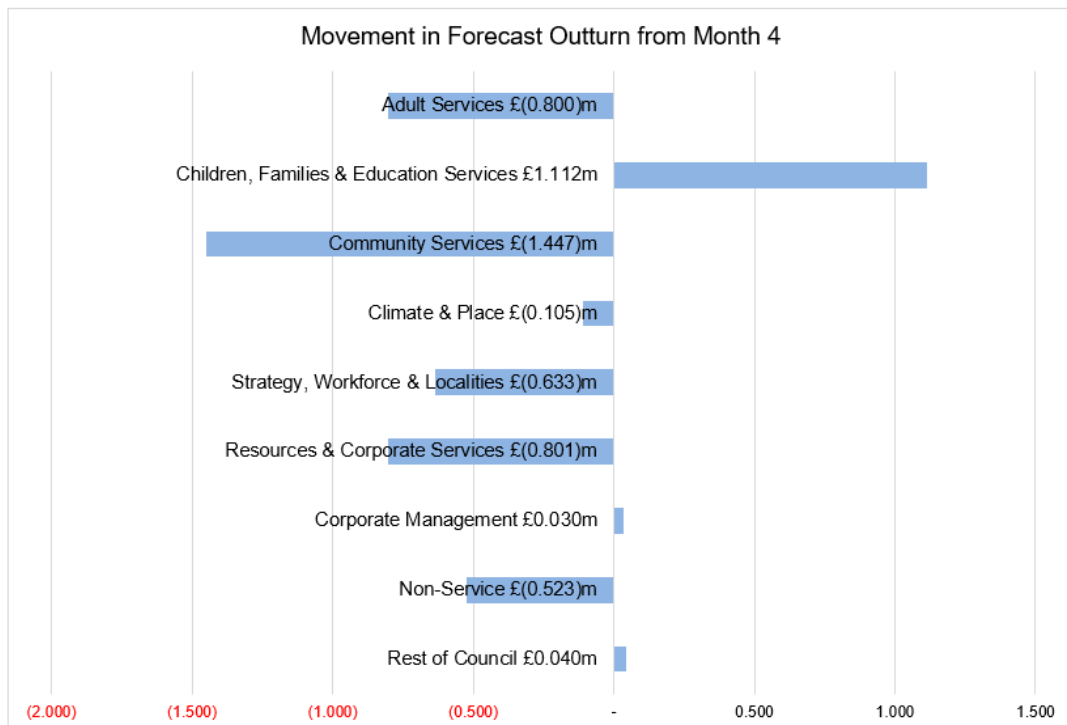
#### Positive movements in forecast outturn

- Within the Adult Services Budget, there is an **increase in the forecast outturn underspend of £1.159m** in the Learning Disabilities budget, due to demand growth being less than originally anticipated.
- Within Community Services, work has been undertaken to fully review the Leisure Sports Centre budget, under Cultural Services, following its amalgamation at unitisation, which has identified that **£1.200m of this budget will not be fully utilised** in 2024/25.
- **Vacancy savings** have also been identified within the Workforce budget under Strategy, Workforce & Localities of **£0.546m**, and the Information, Communications Technology budget within Resources & Corporate Services of **£0.793m**. This helps to mitigate against the forecast overspend outturn in Legal Services, within Strategy, Workforce & Localities as in Month 4.

- Within the Financing Transactions budget under Non-Service, a review of leased buildings was completed which led to further **income of £0.684m**.

Negative movements in forecast outturn

- The **forecast overspend** in Children, Families and Education has **increased by a further £1.112m** since Month 4 and is now estimated to be **£7.512m**. The main driver is the rising numbers of children coming into care, with many of these children moving into high cost residential and unregistered placements.
4. Continued work to ensure that the assumptions within the forecast are relevant and robust continues with Directorates especially those areas where there is demand led budgets, and pressures.
  5. The Council continues to have Spend Control Boards in place, and 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 in order to maintain control over the Council's budget.
  6. **Chart 1**, is a graph showing the largest changes in Revenue forecast outturn position from Month 4, reported to the Executive on the 07 October 2024, and Month 5.



## Recommendations

7. That the Executive:

- a) Notes the Service Directorate Revenue forecast overspend of **£5.324m** for the year, shown in **Table 1**.
- b) Agree that mitigating actions are to be identified and implemented to pull back the forecast overspend in Service Directorates on an ongoing basis by outturn.
- c) Notes the total Council Revenue forecast underspend of **£0.736m** for the year, due to contingency being released into the forecast outturn, shown in **Table 1**.
- d) Note the progress and delivery of the approved savings programme as set out in Table 2.
- e) Note the in-year overspend on the Dedicated Schools Grant of £7.509m, an increase of £2.100m from Month 4. Further details in **Appendix B**.
- f) Note the total forecast Dedicated Schools Grant year-end deficit of £61.780m. Further details in **Appendix B**.
- g) Agree that the Council continues with the aim of avoiding a section 114 notice by taking all of the necessary actions and continuing to operate as if one had been issued.

## Reasons for Proposals

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  
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## Main report and supporting information

### Background and purpose of report

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

**Table 1: 2024/25 Budget Monitoring Report as at the end of August 2024 (Month 5)**

Service Area	Current Expenditure Budget £m	Current Income Budget £m	Current Net Budget £m	Full Year Projection £m	Month 5 Variance £m	Overspend / (Underspend)	RAG Status	Movement From Month 4 £m
<b>Adult Services</b>								
Adult Social Care Operations:								
Physical Disability/Sensory Loss/65 Plus	166.109	(27.873)	138.236	135.340	(2.896)	Underspend	Green	0.004
Mental Health	43.367	(6.348)	37.019	36.176	(0.843)	Underspend	Green	0.257
Learning Disabilities	145.383	(7.802)	137.581	136.022	(1.559)	Underspend	Green	(1.159)
Adult Social Care - Commissioning	21.595	(94.900)	(73.305)	(70.816)	2.489	Underachievement	Red	0.089
<b>Adult Services Total</b>	<b>376.454</b>	<b>(136.923)</b>	<b>239.531</b>	<b>236.722</b>	<b>(2.809)</b>	<b>Underspend</b>	<b>Green</b>	<b>(0.800)</b>
<b>Children, Families &amp; Education Services</b>								
Children & Families	114.348	(16.360)	97.988	105.106	7.118	Overspend	Red	0.818
Commissioning & Performance	19.100	(7.959)	11.141	10.752	(0.389)	Underspend	Green	(0.089)
Education	59.278	(26.877)	32.401	33.184	0.783	Overspend	Red	0.383
Childrens Services	0.353	(0.001)	0.352	0.352	-	On-budget	Green	-
<b>Children, Family &amp; Education Services Total</b>	<b>193.079</b>	<b>(51.197)</b>	<b>141.882</b>	<b>149.394</b>	<b>7.512</b>	<b>Overspend</b>	<b>Red</b>	<b>1.112</b>
<b>Community Services</b>								
Housing	14.484	(7.865)	6.619	6.641	0.022	Overspend	Amber	0.022
Customer Services	8.856	(3.321)	5.535	5.535	-	On-budget	Green	-
Cultural Services	12.714	(3.625)	9.089	7.889	(1.200)	Underspend	Green	(1.200)
Regulatory & Operational Services	24.741	(11.599)	13.142	13.873	0.731	Overspend	Red	(0.269)
<b>Community Services Total</b>	<b>60.795</b>	<b>(26.410)</b>	<b>34.385</b>	<b>33.938</b>	<b>(0.447)</b>	<b>Underspend</b>	<b>Green</b>	<b>(1.447)</b>
<b>Climate &amp; Place</b>								
Climate, Environment & Sustainability	67.015	(8.899)	58.116	61.178	3.062	Overspend	Red	(0.038)
Infrastructure & Transport	49.688	(26.960)	22.728	23.663	0.935	Overspend	Red	(0.065)
Economy, Employment & Planning	20.107	(10.317)	9.790	10.088	0.298	Overspend	Red	(0.002)
Accountable Bodies	4.157	(0.559)	3.598	3.598	-	On-budget	Green	-
<b>Climate &amp; Place Total</b>	<b>140.967</b>	<b>(46.735)</b>	<b>94.232</b>	<b>98.527</b>	<b>4.295</b>	<b>Overspend</b>	<b>Red</b>	<b>(0.105)</b>
<b>Strategy, Workforce &amp; Localities</b>								
Partnership & Localities	3.109	(0.225)	2.884	2.884	-	On-budget	Green	-
Strategy & Performance	7.591	(1.106)	6.485	6.484	(0.001)	Underspend	Green	(0.001)
Workforce	10.125	(3.902)	6.223	5.677	(0.546)	Underspend	Green	(0.546)
Governance, Democratic & Legal Services	11.213	(1.424)	9.789	11.003	1.214	Overspend	Red	(0.086)
<b>Strategy, Workforce &amp; Localities Total</b>	<b>32.038</b>	<b>(6.657)</b>	<b>25.381</b>	<b>26.048</b>	<b>0.667</b>	<b>Overspend</b>	<b>Red</b>	<b>(0.633)</b>
<b>Resources &amp; Corporate Services</b>								
Finance & Procurement	120.475	(106.088)	14.387	14.748	0.361	Overspend	Red	(0.039)
Strategic Asset Management	19.457	(24.027)	(4.570)	(4.239)	0.331	Underachievement	Red	0.031
Information Communication Technology	20.145	(2.891)	17.254	15.761	(1.493)	Underspend	Green	(0.793)
<b>Resources &amp; Corporate Services Total</b>	<b>160.077</b>	<b>(133.006)</b>	<b>27.071</b>	<b>26.270</b>	<b>(0.801)</b>	<b>Underspend</b>	<b>Green</b>	<b>(0.801)</b>
<b>Public Health</b>	<b>24.039</b>	<b>(23.000)</b>	<b>1.039</b>	<b>1.039</b>	<b>-</b>	<b>On-budget</b>	<b>Green</b>	<b>-</b>
<b>Corporate Management</b>	<b>1.567</b>	<b>(0.103)</b>	<b>1.464</b>	<b>1.494</b>	<b>0.030</b>	<b>Overspend</b>	<b>Amber</b>	<b>0.030</b>
<b>Non-Service</b>	<b>78.586</b>	<b>(10.912)</b>	<b>67.674</b>	<b>64.551</b>	<b>(3.123)</b>	<b>Underspend</b>	<b>Green</b>	<b>(0.523)</b>
<b>Traded Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>On-budget</b>	<b>Green</b>	<b>-</b>
<b>Total Service Position</b>	<b>1,067.602</b>	<b>(434.943)</b>	<b>632.659</b>	<b>637.983</b>	<b>5.324</b>	<b>Overspend</b>	<b>Red</b>	<b>(3.167)</b>
Corporate Contingency	6.000	-	6.000	-	(6.000)	Underspend	Green	-
<b>Total After Contingencies</b>	<b>1,073.602</b>	<b>(434.943)</b>	<b>638.659</b>	<b>637.983</b>	<b>(0.676)</b>	<b>Underspend</b>	<b>Green</b>	<b>(3.167)</b>
Council Tax	-	(361.071)	(361.071)	(361.071)	-	On-budget	Green	-
Business Rates	-	(128.447)	(128.447)	(128.447)	-	On-budget	Green	-
Grants	-	(65.997)	(65.997)	(66.057)	(0.060)	Overachievement	Green	0.040
Collection Fund (Surplus)/Deficit	-	(7.713)	(7.713)	(7.713)	-	On-budget	Green	-
<b>Total After Funding</b>	<b>1,073.602</b>	<b>(998.171)</b>	<b>75.431</b>	<b>74.695</b>	<b>(0.736)</b>	<b>Underspend</b>	<b>Green</b>	<b>(3.127)</b>
Earmarked Reserves	-	(38.547)	(38.547)	(38.547)	-	On-budget	Green	-
Capitalisation Directive	-	(36.884)	(36.884)	(36.884)	-	On-budget	Green	-
<b>Total Position</b>	<b>1,073.602</b>	<b>(1,073.602)</b>	<b>-</b>	<b>(0.736)</b>	<b>(0.736)</b>	<b>Underspend</b>	<b>Green</b>	<b>(3.127)</b>

## Key Variances and Movements

9. The bottom section of **Table 1** 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. Use of Earmarked Reserves of £38.547m, and Exceptional Financial Support with a Capitalisation Directive of £36.884m from Ministry of Housing Communities and Local Government (MHCLG) have been used to close the budget gap and set a balanced budget for 2024/25.

10. The main revenue variances at Month 5 are: -

- Adult Services has **increased the forecast underspend by £0.800m** from Month 4 to a forecast **underspend of £2.809m** (1.2% of service budget). This underspend is due to the commissioning work carried out with the market to reduce residential and nursing weekly fees. The **decrease of £1.159m** within the Learning Disabilities budget since Month 4 is due to the demand growth being less than originally anticipated.
- Children's Services are forecasting an **overspend of £7.512m** (5.3% of budget). This is mainly due to an **overspend of £7.584m (£10.384m gross less £2.8m contingency)** on the external placements budget due to the rising numbers of children coming into care with many of these children moving into high cost residential and unregistered placements. This has been an **increase of £1.112m** since Month 4.
- Community Services are forecasting an **underspend of £0.447m** (1.3% of budget) this is an **increase of £1.447m** since Month 4. This is mainly due to confirmation that **£1.2m** of legacy budgets are still being held within Leisure and are no longer required. This has been offset by increased costs in statutory services for Environmental Health through Dog Control, Public Funerals, and Coroners. Further overspends are seen in Regulatory and Operational Services due to unbudgeted contract costs.
- Climate & Place is forecasting an **overspend of £4.295m** (4.6% of budget). This is mainly due to increases in Waste Services contract costs. Additional pressures are also seen in Highways through safety defects, vehicle, and salary costs. Infrastructures Programme Group is due to uncertainties of being able to capitalise salary costs against capital projects. Land Charges are forecasting a **pressure of £0.300m** due to the income budget not being achieved yet. This is a **decrease of £0.105m** since Month 4.
- Strategy, Workforce & Localities are forecasting an **overspend of £0.667m** (2.6% of budget). This is mainly due to forecast overspends in Legal due to reliance on locum/agency lawyers because of recruitment challenges. There is a continuation of the review of budgets across the wider Directorate to help mitigate this overspend as much as possible. There has been a **decrease of £0.633m** since Month 4 due to vacancy savings within Human Resources & Organisation Development.
- There is a forecast outturn **underspend of £3.123m** (4.6% of budget) due to financing costs being lower than budgeted. This is an **increase of £0.523m** from Month 4, due to a review of leased buildings which has been completed for 2024/25.
- The Corporate Contingency budget remains unallocated, however **all £6.000m has been released into the forecast outturn.**

11. The DSG budget for Month 5 forecasts an in year **overspend of £7.509m** against the High Needs Block above the budgeted deficit of £18.853m for 2024/25. This is an increase of £2.100m to the forecast overspend reported at Month 4. This is mainly because the Mainstream Top Ups and Costed Plans budgets have seen an increase to the average rate of a costed plan of approximately 10%, as well as a shift in the profile of need to higher banded children. Also, the average number of places is higher than anticipated for the financial year within the INMS & CLA Pre-16 budget. Please see Appendix B for further information.

## Mitigations

12. To pull back the revenue overspend forecast within Service Directorates, 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 Housing Revenue Account, Dedicated Schools Grant, Public Health Grant
- Invoiced income versus alternative payment methods
- Fees and charges
- Annual underspends (review from 2023/24 outturn)

## Savings

13. The Council's 2024/25 revenue budget included **£34.977m** of approved MTFP savings proposals. In addition to this **£3.9m** of savings which were unachievable in 2023/24 have been rolled forward to 2024/25. Therefore, the total savings to be delivered in 2024/25 is **£38.877m**. At Month five current forecasts are:

- 9% has been achieved
- 75% is forecast as on-track to be delivered
- 16% is at risk of being delivered
- 1% is unachievable

14. Delivery of the savings is vital to ensure the current and future financial viability of the Council. Where savings are not forecast to be achieved then the relevant service directors are working on the development of alternative recovery or mitigation measures. These measures will be listed in future reports.

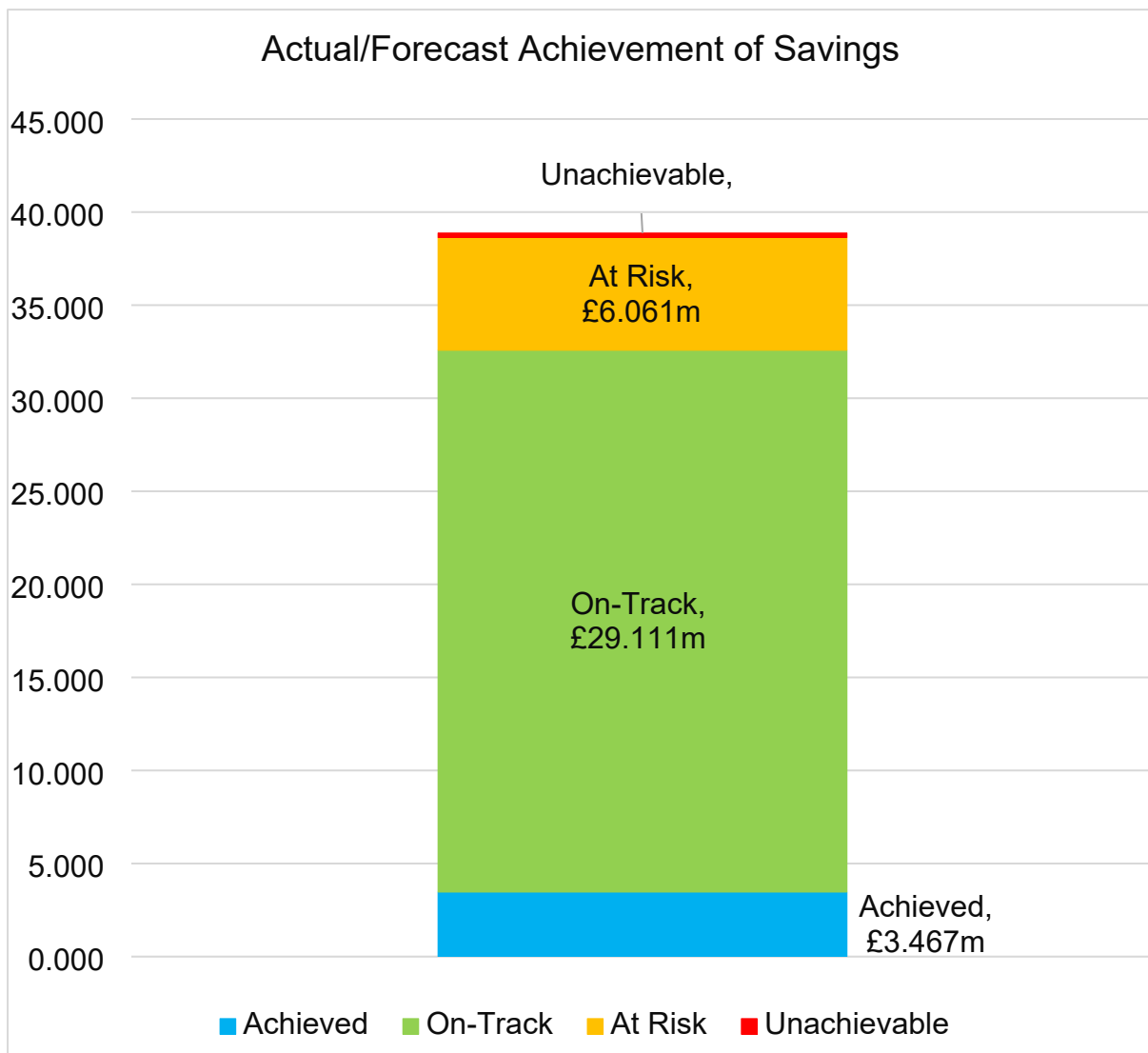
15. **Table 2** shows the forecast achievement of savings against the original approved amounts. Services monitor these monthly based on their achievement to date and the forecast profile for realising the savings over the year. The forecast positions are reflected in the outturn position.

**Table 2: Performance of Agreed Savings Proposals as at end of August 2024 (Month 5)**

Service Area	Total Saving to be Delivered	Achieved	On-track	At Risk	Unachievable
	£m	£m	£m	£m	£m
Adults Services	(13.708)	(0.908)	(12.800)	-	-
Children & Family Services	(9.570)	(0.631)	(4.782)	(4.032)	(0.125)
Community Services	(2.866)	(0.115)	(2.412)	(0.339)	-
Climate and Place Services	(5.637)	(0.727)	(3.227)	(1.683)	-
Strategy, Workforce & Localities	(0.484)	(0.402)	(0.082)	-	-
Resources and Corporate	(2.564)	(0.684)	(1.760)	(0.007)	(0.113)
Public Health	-	-	-	-	-
Non-Service	(4.048)	-	(4.048)	-	-
<b>Total</b>	<b>(38.877)</b>	<b>(3.467)</b>	<b>(29.111)</b>	<b>(6.061)</b>	<b>(0.238)</b>

Percentages	100%	9%	75%	16%	1%
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**Chart 2: Actual/Forecast Achievement of Savings during 2024/25**





## Links to Council Plan and Medium-Term Financial Plan

16. 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

17. 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:

18. This report was presented to Scrutiny for Corporate & Resources Committee, on 28 October 2024.

## Consultation and feedback

19. 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.					
<b>ORG0057</b> Sustainable Medium Term Financial Plan					
<b>Likelihood</b>	<b>5</b>	<b>Impact</b>	<b>5</b>	<b>Risk Score</b>	<b>25</b>
This has a current risk score of 25 which is an increase to the previous score of 20. The increase is in recognition of the issues set out in this report, and the Medium Term Financial Plan & Strategy Update report, which went to Executive on 7 October. Despite all the actions taken and mitigations put in place, the risk is set at 25, the highest risk score possible.					
<b>ORG0070</b> Budget overspend in the 2024/25 financial year					
<b>Likelihood</b>	<b>3</b>	<b>Impact</b>	<b>4</b>	<b>Risk Score</b>	<b>12</b>
This has a risk score of 12 and reflects the fact that although the overall forecast position for the Council is an underspend of £0.736m, there remains an overspend of £5.324m within Service Directorates which is being offset by the unutilised Corporate Contingency of £6.000m.					

Projected risk score if recommended actions are agreed and delivered:

<b>Likelihood</b>	<b>3</b>	<b>Impact</b>	<b>4</b>	<b>Risk Score</b>	<b>12</b>
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### **Legal and Procurement Implications**

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

### **HR / Workforce Implications**

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

### **Equalities Implications**

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

### **Community Safety Implications**

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

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

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

### **Health and Safety Implications**

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

### **Health and Wellbeing Implications**

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

### **Social Value**

- 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 A: Adults Services

Appendix B: Children, Families & Education Services

Appendix C: Community Services

Appendix D: Climate & Place (including Accountable Bodies)

Appendix E: Strategy, Workforce & Localities

Appendix F: Resources & Corporate Services

Appendix G: Public Health

Appendix H: Other service areas (including Collection Fund)

Appendix I: MTFP Savings Monitoring

## Report assurance

	Officer Name	Date Completed
Legal & Governance Implications	David Clark	17/10/2024
Finance & Procurement	Nicola Hix	17/10/2024
Workforce (*)	Dawn Bettridge	17/10/2024
Asset Management (*)	Simon Lewis	21/10/2024
Executive Director	Maria G Christofi	17/10/2024
Executive Lead Member	Cllr Liz Leyshon	18/10/2024
<b>Consulted:</b>		
Local Division Members	n/a	n/a
Opposition Spokesperson(s)	Cllr Mandy Chilcott Deputy Leader of the Opposition and Opposition Spokesperson for Resources and Performance	Sent report 21/10/2024
Relevant Scrutiny Chair(s)	Cllr Bob Filmer, Chair - Scrutiny Corporate & Resources Committee	Sent report 21/10/2024