

## Decision Report FP/24/06/30

Committee: Corporate & Resources

Scrutiny/Executive

Meeting or Proposed Decision Date – 24 & 26

February 2025

Key Decision – No



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## 2024/25 General Fund Revenue & Capital Budget Monitoring Report – Quarter 3 – End of December 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 (Section151 Officer)

### Executive Summary

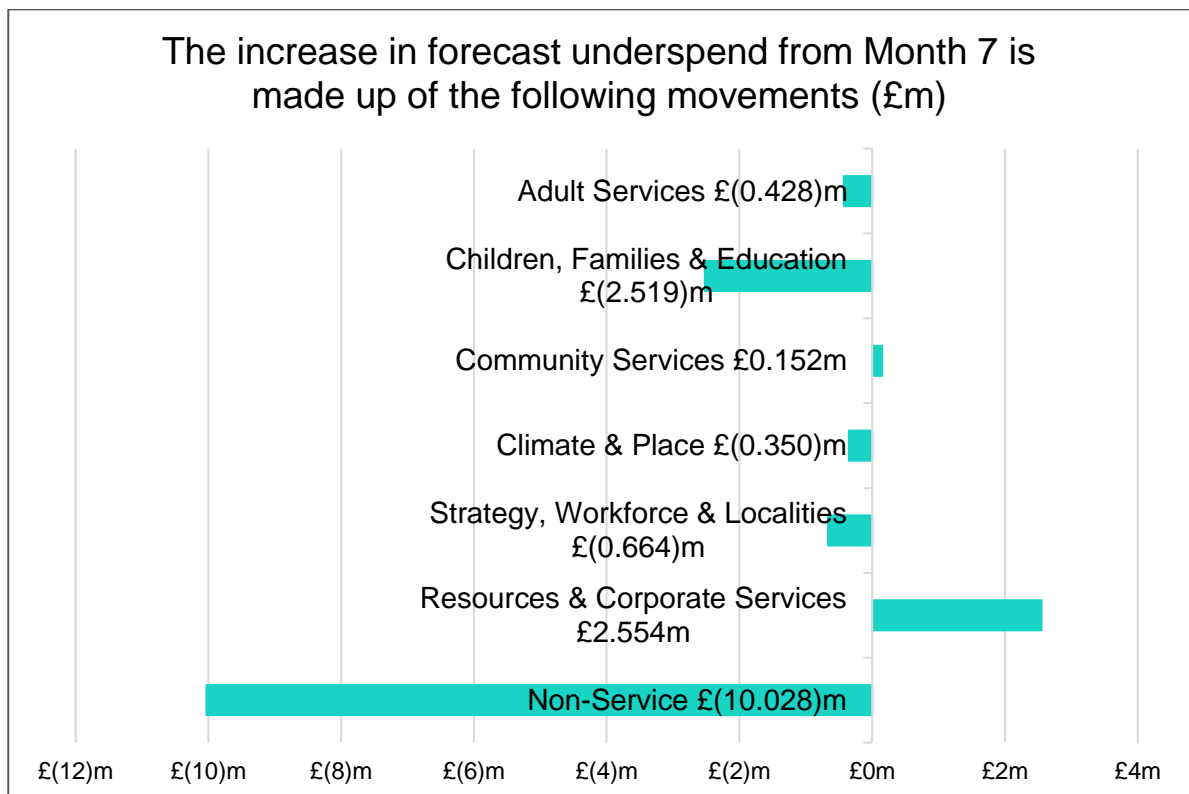
1. This is the General Fund Revenue & Capital Budget Monitoring Report for the end of December 2024 (Quarter 3). The purpose of this report is to provide Members with a forecast of the 2024/25 year-end spend (Outturn) against the Council's approved Revenue budget and Capital Programme budget as at the end of December 2024, and to explain forecast variances against individual revenue budgets, capital projects, and the capital programme as a whole.

### General Fund Revenue

2. The last report Executive received was the General Fund Revenue Budget Monitoring Report for Month 7, as at the end of October 2024, which reported the revenue budget as on-budget.
3. The Council is still forecasting a **balanced revenue position** (on-budget). There is a forecast **underspend** of **£14.005m** within **Service Directorates** for 2024/25. The Corporate contingency of £6.000m remains unallocated, leading to a **revenue forecast underspend of £20.005m** within budget lines. The **£20.065m** underspend will **reduce the drawdown** from **Earmarked Reserves** to **£19.434m** which were utilised to balance the 2024/25 budget.
4. There has been an **increase of £11.283m** in the revenue forecast underspend position of £8.782m reported in Month 7. The main movements are reported in the following areas:
5. The most significant movements since Month 7 are as follows:
  - **Adults Services** has an increased underspend of **£0.428m** mainly due to demand being less than originally anticipated.

- **Children, Families & Education Services**, has a decreased overspend of **£2.519m** mainly due to revised forecasts, lower demand, additional income, and holding staff vacancies.
  - **Strategy, Workforce & Localities** has an increased underspend of **£0.664m** mainly due to the decentralisation of Employee Insurance, further underspends in the corporate training budget, and staffing costs.
  - **Resources & Corporate Services** has an increased overspend of **£2.554m** largely due to a reduction of income from Commercial Investment Properties mainly as a result of accelerated sales of investment properties.
  - **Non-Service** has an increased underspend of **£10.028m** due to the Council's debt charges, which are forecast to be lower than anticipated at budget setting, whilst investment income is expected to be higher by the end of the financial year. There has also been an underspend forecast for Minimum Revenue Provision (MRP).
6. Work continues to ensure that assumptions within the forecast are relevant and robust. This is a priority in those areas with demand led budgets and pressures.
7. **Chart 1** is a graph showing the largest changes in revenue forecast outturn position from Month 7 (reported to the Executive on the 15 January 2025), and Quarter 3.

**Chart 1: Movement in revenue forecast outturn position from Month 7**



## Recommendations

8. That the Executive:

- a) Notes Council is now **forecasting a balanced revenue position** (on-budget).
- b) Notes the total Council revenue forecast underspend of **£20.065m** for the year. There is a forecast **underspend of £14.005m within Service Directorates** for 2024/25 and the Corporate Contingency of £6.000m, whilst remains unallocated it has been released into the forecast outturn within budget lines **Table 1**.
- c) Note that the planned use of reserves of £36.800m for Medium Term Financial Plan (MTFP) Support towards the budget is forecast to **reduce by £20.065m to £16.735m**, due to the forecast underspend within budget lines (**paragraph 18**).
- d) Agree that mitigating actions are to be identified in order to reduce any overspends, to take action and to contribute to the long-term financial sustainability of the authority.
- e) 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 has been issued.
- f) Note the progress and **delivered savings of £32.217m** of the approved savings programme as set out in **Table 2** and **Appendix J**.
- g) Note that work will continue to find mitigating or substitute savings for the **£3.909m** of Red unachievable savings, deliver the **£0.727m** Amber at risk savings and the **£3.379m** Green on track savings.
- h) Note the in-year forecast overspend on the Dedicated Schools Grant of **£31.300m**, a **decrease of £1.467m** from Month 7 (**paragraph 11**).
- i) Note the total forecast Dedicated Schools Grant year-end **deficit of £65.211m** as set out in **Appendix C**.
- j) Note the collection rates for Council Tax and Business Rates as set out in **paragraph 16**.
- k) Note the quarterly update from the Spend Control Board detailed in **Appendix K**.
- l) Note the quarterly update on the prudential indicators detailed in **Appendix L**.
- m) Note the outstanding debt position as detailed in **Chart 3** and **Appendix M**.
- n) Note the level of General Reserves is **£60.000m** (risk-based assessment – minimum £30m, maximum £60m) and repurpose of some specified earmarked reserves following a review of the Council's balance sheet (see **section 19**).
- o) Note the Capital Programme forecast outturn at Quarter 3 is **£150.573m**.
- p) Approves the additional Quarter 2 capital slippage of **£0.631m** into future years
- q) Approves **£247.062m** of additions to the capital programme, as detailed in **Section 35** of this report.

## Reasons for Proposals

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

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# Main report and supporting information

## Background and purpose of report



## General Fund Revenue

9. Full Council approved the 2024/25 budget in February 2024, and **Table 1** provides a summary of budget, forecasts, and variances on a service-by-service basis as at the end of December 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 M**.

**Table 1: 2024/25 Revenue Budget Monitoring Report as at the end of December 2024 (Quarter 3)**

Service Area	Current Expenditure Budget £m	Current Income Budget £m	Current Net Budget £m	Full Year Projection £m	Quarter 3 Variance £m	Overspend / (Underspend)	RAG Status	Ongoing Pressure £m	One-off Pressures £m	Movement From Month 7 £m
Adult Social Care Operations:										
Physical Disability/Sensory Loss/65	166.065	(27.873)	138.192	134.726	(3.466)	Underspend	Green	-	8.363	0.139
Mental Health	43.367	(6.348)	37.019	35.692	(1.327)	Underspend	Green	-	0.761	(0.493)
Learning Disabilities	145.385	(7.802)	137.583	134.274	(3.309)	Underspend	Green	-	3.868	(0.133)
Adult Social Care - Commissioning	21.523	(94.900)	(73.377)	(69.526)	3.851	Overspend	Red	-	4.387	0.059
<b>Adult Services Total</b>	<b>376.340</b>	<b>(136.923)</b>	<b>239.417</b>	<b>235.166</b>	<b>(4.251)</b>	<b>Underspend</b>	<b>Green</b>	-	<b>17.379</b>	<b>(0.428)</b>
Children & Families	115.065	(16.570)	98.495	106.661	8.166	Overspend	Red	13.490	0.210	(1.949)
Commissioning & Performance	19.078	(7.521)	11.557	10.608	(0.949)	Underspend	Green	-	-	(0.318)
Education	59.065	(26.659)	32.406	31.294	(1.112)	Underspend	Green	-	1.614	(0.253)
Childrens Services	0.330	(0.001)	0.329	0.085	(0.244)	Underspend	Green	-	-	0.001
<b>Children, Family &amp; Education Services Total</b>	<b>193.538</b>	<b>(50.751)</b>	<b>142.787</b>	<b>148.648</b>	<b>5.861</b>	<b>Overspend</b>	<b>Red</b>	<b>13.490</b>	<b>1.824</b>	<b>(2.519)</b>
Housing	14.156	(7.865)	6.291	6.291	-	On-budget	Green	-	0.644	-
Customer Services	8.701	(3.321)	5.380	5.380	-	On-budget	Green	-	-	-
Cultural Services	12.988	(3.921)	9.067	7.881	(1.186)	Underspend	Green	-	0.120	-
Regulatory & Operational Services	24.095	(11.597)	12.500	12.376	(0.124)	Underspend	Green	-	0.640	0.152
<b>Community Services Total</b>	<b>59.940</b>	<b>(26.696)</b>	<b>33.244</b>	<b>31.928</b>	<b>(1.314)</b>	<b>Underspend</b>	<b>Green</b>	-	<b>1.404</b>	<b>0.152</b>
Climate, Environment & Sustainability	66.669	(8.899)	57.770	60.675	2.905	Overspend	Red	3.459	-	(0.574)
Infrastructure & Transport	49.762	(27.193)	22.569	22.950	0.381	Overspend	Red	-	1.443	0.418
Economy, Employment & Planning	20.015	(10.264)	9.751	9.901	0.150	Overspend	Amber	-	0.257	0.002
Accountable Bodies	4.157	(0.559)	3.598	3.342	(0.256)	Underspend	Green	-	-	(0.196)
<b>Climate &amp; Place Total</b>	<b>140.603</b>	<b>(46.915)</b>	<b>93.688</b>	<b>96.868</b>	<b>3.180</b>	<b>Overspend</b>	<b>Red</b>	<b>3.459</b>	<b>1.700</b>	<b>(0.350)</b>
Partnership & Localities	2.976	(0.225)	2.751	2.650	(0.101)	Underspend	Green	-	-	(0.101)
Strategy & Performance	7.197	(1.059)	6.138	5.328	(0.810)	Underspend	Green	-	-	(0.120)
Workforce	9.769	(3.963)	5.806	4.629	(1.177)	Underspend	Green	-	-	(0.345)
Governance, Democratic & Legal Services	11.094	(1.465)	9.629	10.342	0.713	Overspend	Red	-	0.767	(0.098)
<b>Strategy, Workforce &amp; Localities Total</b>	<b>31.036</b>	<b>(6.712)</b>	<b>24.324</b>	<b>22.949</b>	<b>(1.375)</b>	<b>Underspend</b>	<b>Green</b>	-	<b>0.767</b>	<b>(0.664)</b>
Finance & Procurement	120.218	(106.088)	14.130	13.516	(0.614)	Underspend	Green	-	-	0.014
Strategic Asset Management	19.397	(24.161)	(4.764)	(2.352)	2.412	Underachievement	Red	3.024	-	1.810
Information Communication Technology	19.671	(2.891)	16.780	16.208	(0.572)	Underspend	Green	-	-	0.730
<b>Resources &amp; Corporate Services Total</b>	<b>159.286</b>	<b>(133.140)</b>	<b>26.146</b>	<b>27.372</b>	<b>1.226</b>	<b>Overspend</b>	<b>Red</b>	<b>3.024</b>	-	<b>2.554</b>
<b>Public Health</b>	<b>24.039</b>	<b>(23.000)</b>	<b>1.039</b>	<b>1.039</b>	-	<b>On-budget</b>	<b>Green</b>	-	-	-
<b>Corporate Management</b>	<b>1.461</b>	<b>(0.103)</b>	<b>1.358</b>	<b>1.377</b>	<b>0.019</b>	<b>Overspend</b>	<b>Amber</b>	-	<b>0.019</b>	-
Corporate Costs	8.220	(0.172)	8.048	7.207	(0.841)	Underspend	Green	-	0.208	(0.030)
Contributions	0.902	(0.134)	0.768	0.768	-	On-budget	Green	-	-	-
Financing Transactions	58.695	(6.251)	53.444	37.224	(16.220)	Underspend	Green	0.049	0.424	(9.708)
Pay Award	9.060	-	9.060	9.060	-	On-budget	Green	-	-	-
Insurance	-	-	-	-	-	On-budget	Green	-	-	-
Local Government Reorganisation and Transformation	4.645	(4.355)	0.290	-	(0.290)	Underspend	Green	-	-	(0.290)
<b>Non-Service Total</b>	<b>82.522</b>	<b>(10.912)</b>	<b>71.610</b>	<b>54.259</b>	<b>(17.351)</b>	<b>Underspend</b>	<b>Green</b>	<b>0.049</b>	<b>0.632</b>	<b>(10.028)</b>
<b>Traded Services</b>	-	-	-	-	-	<b>On-budget</b>	<b>Green</b>	-	-	-
<b>Total Service Position</b>	<b>1,068.765</b>	<b>(435.154)</b>	<b>633.611</b>	<b>619.606</b>	<b>(14.005)</b>	<b>Underspend</b>	<b>Green</b>	<b>20.022</b>	<b>23.725</b>	<b>(11.283)</b>
Corporate Contingency	6.000	-	6.000	-	(6.000)	Underspend	Green	-	-	-
<b>Total After Contingencies</b>	<b>1,074.765</b>	<b>(435.154)</b>	<b>639.611</b>	<b>619.606</b>	<b>(20.005)</b>	<b>Underspend</b>	<b>Green</b>	<b>20.022</b>	<b>23.725</b>	<b>(11.283)</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	-	-	-
Collection Fund (Surplus)/Deficit	-	(7.713)	(7.713)	(7.713)	-	On-budget	Green	-	-	-
<b>Total After Funding</b>	<b>1,074.765</b>	<b>(998.382)</b>	<b>76.383</b>	<b>56.318</b>	<b>(20.065)</b>	<b>Underspend</b>	<b>Green</b>	<b>20.022</b>	<b>23.725</b>	<b>(11.283)</b>
Reserves	-	(39.499)	(39.499)	(19.434)	20.065	Reduced draw	Green	-	20.065	11.283
Capitilisation Direction	-	(36.884)	(36.884)	(36.884)	-	On-budget	Green	-	-	-
<b>Total Position</b>	<b>1,074.765</b>	<b>(1,074.765)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>On-budget</b>	<b>Green</b>	<b>20.022</b>	<b>43.790</b>	<b>-</b>

## Key Variances and Movements

10. The final two sections below 'total after contingencies' of **Table 1** above show 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 £36.800m** was budgeted and **Exceptional Financial Support with a Capitalisation Direction 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. Due the forecast underspends within service lines it has been forecast that the drawdown from Earmarked Reserves will reduce in order to bring the authority in on budget. This reduces the forecast drawdown by £20.065m, from £36.800m to £16.735m.

11. The main revenue variances at Quarter 3 are:

- **Adult Services** is forecasting a Quarter 3 **underspend of £4.251m** (1.8% of budget). This is an **increase of £0.428m** from Month 7. This is due to commissioning work carried out within the market to reduce weekly residential and nursing fees. The increase in underspend within the Older People and Learning Disabilities budgets since Month 7 are due to growth being less than originally anticipated. Mental Health Residential & Nursing have a reduction of £0.339m from Month 7 due to demand being less than anticipated.
- **Children, Families & Education Services** is forecasting an **overspend of £5.861m** (4.1% of budget). This is a **decrease of £2.519m** from Month 7. The overspend is mainly due to £10.636m (£13.490m gross less £2.854m Children's management contingency) on the External Placements budget due to the rising numbers of children moving into high cost residential and unregistered placements. The decrease from Month 7 is due to underspends in Home to School transport and SEN Transport due to reduced average costs per child and have partly offset the overall pressure for Children's Services.
- **Community Services** is forecasting an **underspend of £1.314m** (4.0% of budget). This is a **decrease of £0.152m** from Month 7. This underspend is mainly due to legacy budgets of £1.2m still being held in Leisure services. Additionally, underspends have been identified in Museums and Tourism due to devolution or closure of these services. Regulations & Operations have also forecast underspends due to updated salary forecasts, and reduced service spend without impacting service delivery. The movement from Month 7 is mainly attributed to an underachievement in income for Bereavement Services, an increase in expenditure for Coroners Services, and a decrease in contract spend for Open Spaces.
- **Climate & Place** is forecasting an **overspend of £3.180m** (3.4% of budget). This is a **decrease of £0.350m** from Month 7. The overspend is mainly attributed to increased contract costs in Waste Services, budgetary pressures within Transporting Somerset, income not yet achieved related to

Land Charges, and ongoing pressures in Highway Services. These pressures are partially mitigated by holding vacancies within Climate and Natural Environment and reducing consultancy fees for Connecting Devon and Somerset. The movement from Month 7 is due to identified savings in Climate and Natural Environment and Connecting Devon and Somerset, increased income within Infrastructure and Transport, and highlighted pressures within Transporting Somerset.

- **Strategy, Workforce & Localities** is forecasting an **underspend of £1.375m** (5.7% of budget). This is an **increase of £0.664m** from Month 7. This is due to savings on staffing costs and reduced spend on training budgets, offset in part by an overspend in Legal Services due to reliance on locum/agency lawyers, to deliver statutory and demand led services, because of recruitment challenges. The underspend has increased since in Month 7 due to further vacancy savings and further reduced spend on training.
- **Resources & Corporate Services** is forecasting an **overspend of £1.226m** (4.7% of budget). This is an **increase of £2.554m** from Month 7. The main overspend is from Commercial Investment Properties due to accelerated sales of investment properties reducing rental income. There are a variety of other pressures including one-off external audit costs, income not yet achieved, and Health & Safety costs on property, as well as savings on Microsoft products within Information Communications Technology, and the Mendip 5C contract. The increase in overspend from Month 7 is due to a combination of ICT contracts and an increased financial pressure in Commercial Investment Properties, offset in part by further savings in Property Services.
- **Non-Service** has a forecast outturn **underspend of £17.351m** (24.2% of budget) this is an **increase of £10.028m** from Month 7. This is due to the Council's debt charges now forecast to be lower than anticipated at budget setting, whilst investment income is expected to be higher by the end of the financial year. Also, the general fund proportion of the Pension Deficit charge is lower than estimated at budget setting. The Minimum Revenue Provision 2024/25 forecast for the Council has been revised to take into account the unfinanced capital expenditure through 2023/24, in line with the capital programme. This has resulted in an underspend of £3.5m compared to the 2024/25 original budget estimate.
- The Corporate Contingency budget remains unallocated, however **all £6.000m has been released into the forecast outturn.**
- The **overachievement of £0.060m** income forecast for **grants** is due to receiving confirmation that the 2024/25 Services grant will be more than budgeted. There is no change in forecast from Month 7.

12. The Dedicated Schools Grant (DSG) budget for Quarter 3 forecasts an in-year **overspend of £31.300m** on the High Needs Block, this is a **decrease of £1.467m** from Month 7. The DSG is forecasting a year end **deficit of £65.211m**. The High Needs block budget was set with a budgeted deficit of £18.853m for 2024/25. There continues to be significant pressure on costs within the High Needs Block, which relates to low inflationary increases to mainstream school funding, and historic underfunding of Special Educational Needs (SEND). These factors combined with lack of sufficient appropriate places are driving higher use of Independent Non-Maintained School (INMS) provision.

## **Mitigations**

13. 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:

- A focus on Commissioning of suitable Children's Placements including step down.
- Capital programme - reviews and reprofiling have been undertaken and will continue. The reduction in the capital financing has been reflected in the revenue forecast outturn.
- Alternative funding sources.
- Recharges across to Housing Revenue Account (HRA), Dedicated Schools Grant (DSG), Public Health Grant (PHG) – recharges are being reviewed throughout the year to ensure that eligible expenditure is being recharged to these.
- Invoiced income versus alternative payment methods
- Fees and charges.
- Annual underspends (review from 2023/24 outturn) – A review has been undertaken and savings have been identified and reflected in the forecast outturn.
- Increase the occupancy rates in the Homes to Horizons children's homes project.
- Work with providers to develop high quality, lower cost residential care for children.
- Continue to focus on in year mitigations at the Adults and Children's Finance Recovery Boards.
- Continue to review recruitment and spending through the Spend Control Panels.

14. Service Directorates that are forecasting overspends are required to identify mitigating actions to address the full forecast overspends, both one-off and ongoing. This is to ensure a balanced outturn position in-year and prevent any pressures rolling forward into 2025/26. The mitigating actions can be found in the service directorate **Appendices A-I**.



## MTFP Savings Monitoring

15. The Council's 2024/25 revenue budget included **£34.977m** of approved MTFP savings proposals. In addition to this, **£5.255m** of savings which were not achieved in 2023/24 have been rolled forward to 2024/25. Therefore, the total savings to be delivered in 2024/25 is **£40.232m**.

16. **Table 2** shows the Quarter 3 forecast achievement of savings against the 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.

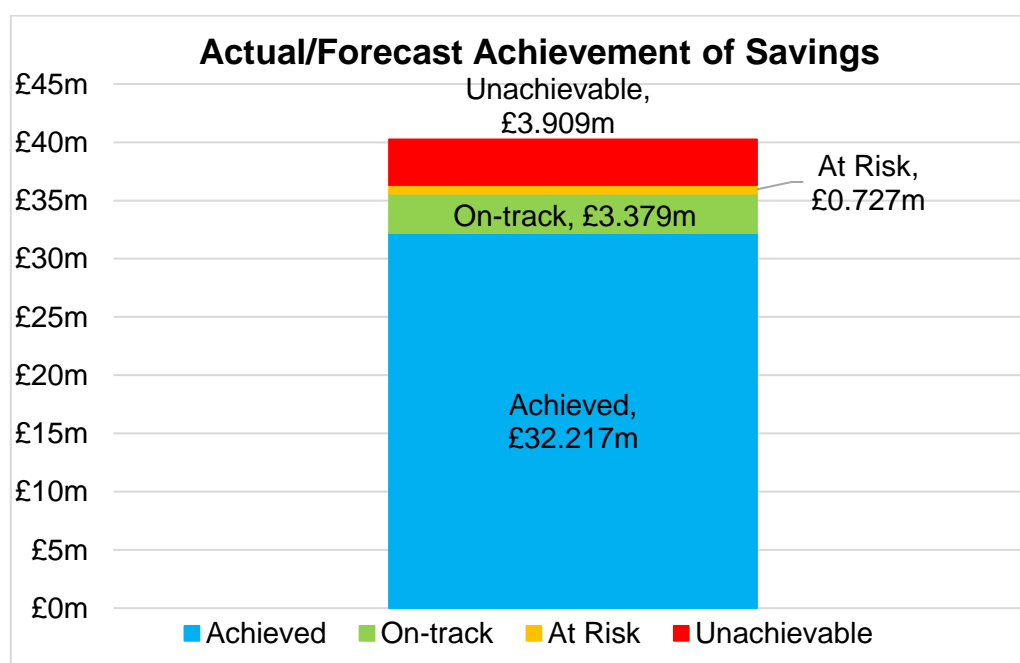
**Table 2: Performance of Agreed Savings Proposals as at the end of December 2024 (Quarter 3)**

Service Area	Rolled Forward Savings from 2023/24 £m	New Savings for 2024/25 £m	Total Saving to be Delivered £m	Achieved £m	On-track £m	At Risk £m	Unachievable £m
Adults Services	(3.900)	(9.808)	(13.708)	(13.708)	-	-	-
Children & Family Services	(1.000)	(9.570)	(10.570)	(7.849)	-	(0.417)	(2.304)
Community Services	-	(2.866)	(2.866)	(2.084)	(0.443)	(0.106)	(0.233)
Climate & Place	-	(5.637)	(5.637)	(3.110)	(1.071)	(0.204)	(1.252)
Strategy, Workforce & Localities	-	(0.484)	(0.484)	(0.402)	(0.082)	-	-
Resources & Corporate Services	-	(2.564)	(2.564)	(0.709)	(1.735)	-	(0.120)
Public Health	-	-	-	-	-	-	-
Non-Service	(0.355)	(4.048)	(4.403)	(4.355)	(0.048)	-	-
<b>Total</b>	<b>(5.255)</b>	<b>(34.977)</b>	<b>(40.232)</b>	<b>(32.217)</b>	<b>(3.379)</b>	<b>(0.727)</b>	<b>(3.909)</b>

Percentages - Quarter 3	100%	80%	8%	2%	10%
Percentages - Month 7	100%	43%	42%	12%	3%

**Chart 2: Actual/Forecast Achievement of Savings during 2024/25**



17. 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. See **Appendix J** for further information.

## Reserves

18. The current budget for reserves is £39.499m as detailed in **Table 1**. This is made up of £36.800m of earmarked reserves used to balance the budget and £2.699m of additional service drawdowns. The forecast reduction in the draw of reserves from £39.499m to £19.343m is due to the overall underspend of £20.065m. This brings the authority from an underspend to an on-budget position, protecting the authority's reserves, and increasing financial resilience.

19. During Quarter 3 the reserves position has been assessed by the Interim Chief Finance Officer (Section 151 Officer) as part of a detailed review of the Council's balance sheet. This has identified the opportunity to repurpose and prioritise some specified Earmarked reserves to the General Fund balance and also has prioritised the earmarked reserves into corporate reserves such as the Business Risk Reserve and Transformation Reserve. £5.776m was repurposed to increase the General Fund Reserve to £60m and £41.418m has transferred to the Business Risk Reserve, further increasing financial resilience. Further details can be found in **Appendix N**.

## Collection Fund

20. For 2024/25, the amount of Council Tax collected at the end of Quarter 3 was **83.92%** against a target of 83.77%. The amount of Business Rates collected by the end of Quarter 3 was **81.09%** against a target of 79.28%. Both of these collections are ahead of the in-year profile as at Quarter 3.

## Spend Control Board

21. The Spend Control Board was initially established in October 2023, with the Council implementing additional controls whereby all purchases over £100 were reviewed and challenged to avoid any non-essential spend.

22. The Council has seen a slight increase in the number of suppliers paid, from 28,929 payments in Quarter 2, to 29,124 payments in Quarter 3. The value of payments to suppliers also increased by £3.765m in Quarter 3, totalling £320.834m. The Council enforced a '**No Purchase Order, No Pay**' policy last financial year, rejecting any supplier invoice without a valid purchase order number unless it was on an exemption list. This policy aims to ensure proper procurement procedures and improve budgeting, and forecasting.

23. The Finance team continues to work with services to ensure compliance with the purchase order policy, which has led to a cultural change within the organisation. Initially, there were many retrospective purchase orders, but this has declined with

the enforcement of the policy. The value of purchase orders reviewed by the Spend Control Board decreased by £29.52m in Quarter 3, with a total of £16.01m reviewed. The number of purchase orders reviewed increased from 1,091 in Quarter 2 to 1,884 in Quarter 3, with a slight decrease in the value of retrospective purchase orders of £0.142m. This indicates improved adherence to procurement procedures and a reduction in non-essential spending. **Appendix K** provides further information on the Spend Control Board.

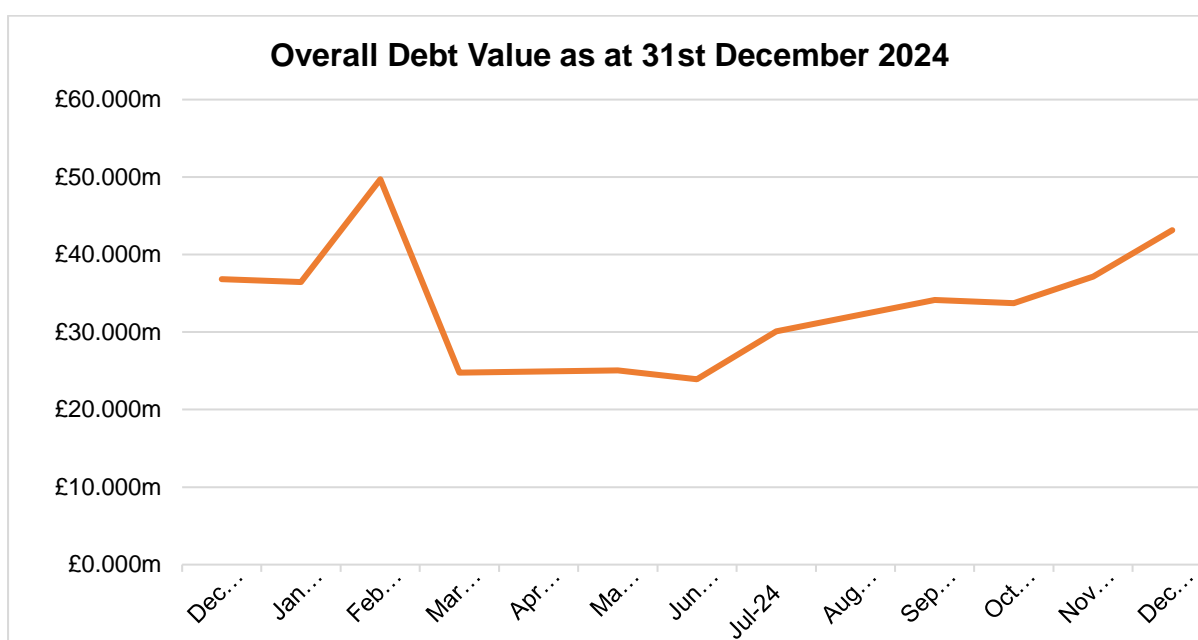
## **Treasury Management**

24. Cash balances have remained slightly higher than anticipated in Quarter 3, but this is forecast to unwind in the final quarter of the financial year as Council Tax receipts reduce, as typically collected over 10 months.
25. As expected, the Bank of England base rate continued to fall during the quarter with a reduction of 0.25% to 4.75%. Rates are forecast to continue to fall at a rate of 0.25% per quarter through 2025. This gradual reduction will lead to a lowering of income on cash balances. On 6 February Bank of England reduced the base rate from 4.75% to 4.5%. This decrease was anticipated and has been included in forecasts.
26. Cash resources continue to be used to keep borrowing to a minimum, only taking out new borrowing as cashflow requires it. With cashflow being stronger in Quarter 3, some local authority, and Public Works Loan Board (PWLB) debt maturities were not replaced during the quarter.
27. Further details of investments, borrowing and Treasury Prudential Indicators can be found in **Appendix L**.

## **Debtor Management**

28. At the end of Quarter 3 total debt stands at £43.186m. This is an increase of £9.024m since Quarter 2. A large amount of this debt was only raised during Quarter 3 and is not yet classed as 'aged'. Further information on the debtor position can be found in **Appendix M**.

**Chart 3: Overall Debt Value as at 31 December 2024**



### **Capital Programme 2024/25**

29. This report is for the General Fund and does not include anything in relation to the Council's Housing Revenue Account. The General Fund (GF) mainstream Capital programme that includes all the departments and represents schemes which are funded from Council resources (grants, capital receipts or borrowing). It is the area of the programme where the Council has the greatest discretion.
30. A high-level update on the significant schemes that are planned to be delivered is provided. Each scheme has a nominated Budget Manager who is responsible for ensuring the scheme stays within budget, and who provides the forecast the spend, working with the Capital Finance team and Finance Business Partnering Team.
31. Capital investment decisions are now required to be underpinned by a robust business plan that sets out the full costs and risks and any expected financial return alongside the broader outcomes including economic and social benefits. Where possible the project initiation document/business cases have been collected to provide details on each project. Officers are responsible for monitoring and delivering projects within approved budgets and reporting variances.
32. The Capital and Finance Business Partnering Teams are working closely with Budget Managers to review their capital schemes, with particular focus on the spend profile against that budgeted for 2024/25. The effect of which can be seen in **Table 3** below where the 2024/25 capital budget is now set at £151.751m including the Capitalised Transformation costs. This will also allow the Treasury Management Team to forecast more accurately the borrowing requirement for the year.

**Table 3: 2024/25 Quarter 3 Capital profiling comparison to original budget and Month 7 budget.**

Service	Original Budget	Revised Budget per Q2 Report	Revised Budget Q3 (including slippage)	Budget slipped into future years	Quarter 3 Variance	Overspend / (Underspend)
	£m	£m	£m	£m	£m	
Adult & Health Services	4.689	4.132	1.827	2.862	-	On-budget
Children, Families & Education Services	40.556	14.166	14.300	26.256	-	On-budget
Community Services	18.689	5.833	7.063	11.517	0.109	Overspend
Climate & Place	183.792	88.982	85.153	98.639	-	On-budget
Strategy, Workforce & Localities	0.370	0.135	-	0.370	-	On-budget
Resources & Corporate Services	20.625	6.071	3.408	14.473	(0.257)	Underspend
Capitalised Transformation Costs	-	-	40.000	(40.000)	-	On-budget
<b>Total Services</b>	<b>268.721</b>	<b>119.319</b>	<b>151.751</b>	<b>114.117</b>	<b>(0.148)</b>	<b>Underspend</b>

### Capital Spend for 2024/25

33. Total spending for 2024/25 per **Table 4** below, is estimated to be **£150.573m**; Against the reprofiled budget of £151.751m there is a total variance of £1.178m being forecast; slippage of £0.631m and an underspend of £0.548m.

34. **Table 4** provides a Directorate level breakdown of the reprofiled 2024/25 budget and spend to Quarter 3. The (£0.548m) net underspend is mainly due to Comeytrove School which is completing under budget (£0.400m), and Property Services related underspend of (£0.256m). Following a detailed review of the projects, there were a number identified that were completed or old projects brought forward in legacy District budgets that are no longer expected to be delivered. This combined underspend is reduced by an overspend of £0.109m in Heritage Conservation which is under investigation.

**Table 4: Directorate summary of 2024/25 spend against budget**

Capital Programme General Fund	Reprofiled Budget Quarter 3	Forecast Outturn Quarter 3	Quarter 3 Variance	Slippage Forecast to Budget	In-year (under)/ overspend	Overspend / (Underspend)
	£m	£m	£m	£m	£m	
Adult & Health Services	1.827	1.827	-	-	-	On-budget
Children, Families & Education Services	14.300	13.621	(0.679)	(0.280)	(0.400)	Underspend
Community Services	7.063	7.182	0.119	0.010	0.109	Overspend
Climate & Place	85.153	85.147	(0.006)	(0.006)	-	On-budget
Strategy, Workforce & Localities	-	-	-	-	-	On-budget
Resources & Corporate Services	3.408	2.796	(0.612)	(0.355)	(0.257)	Underspend
Capitalised Transformation Costs	40.000	40.000	-	-	-	On-budget
<b>Total Services</b>	<b>151.751</b>	<b>150.573</b>	<b>(1.178)</b>	<b>(0.631)</b>	<b>(0.548)</b>	<b>Underspend</b>

35. A summary by Service and Directorate is in **Appendix O**.

### External Funding Additions to the Programme since Quarter 2 report for 2024/25

36. Members are recommended to approve the following supplements to the Capital Programme in Quarter 3:

- a. £150.000m for the Gravity Enterprise Zone dependent on securing a grant from the Department for Business and Trade (DBT) and a 10-year extension to the Enterprise Zone designation from the Ministry of Housing, Communities and Local Government (MHCLG). Those two agreements are necessary to make sure that the Council can implement the Gravity Enterprise Zone and support the first occupier, Agratas without the negative impact on the Council's finances
- b. £85.000m Capitalised Transformation costs, being £40.000m in 2024/25 and £45.000m in 2025/26, funded from Flexible Capital Receipts
- c. £1.130m for Orchard Grove School, Comeytrove to be funded by S106 contributions
- d. £2.570m Rural England Prosperity Fund fully funded by grants from MHCLG
- e. £4.619m UK Shared Prosperity Fund fully funded by grants from MHCLG
- f. £0.525m Towards the Chard Reservoir Health & Safety remediation works.
- g. £0.250m towards the Wellington Leisure Centre.
- h. £0.101m towards the Ham Hill Visitors Centre funded by private grants.
- i. £0.150m projects fully funded by S106 contributions.

### Financing of the 2024/25 Capital Programme

37. The financing of the forecast capital outturn is in **Table 5** below. The Grants and Contributions is £100.179m, being made up of Central Government funding of £93.512m (of which £2.789m relates to the Staplegrove Infrastructure Project), Other Grants of £2.867m, Capital Receipts of £40.746m of which £40.000m relates to the Capitalised Transformation costs, and £3.800m of CIL/S106. Borrowings at £9.640m constitute 6.4% of the funding required.

**Table 5: Expected Financing of 2024/25 Forecast Spend**

Capital Programme General Fund	Forecast Outturn 2024/25	Grant and Contributions	Capital Receipts	RCCO and Reserves	Borrowing
	£m	£m	£m	£m	£m
Adult & Health Services	1.827	1.827	-	-	-
Children, Families & Education Services	13.621	10.415		0.008	3.198
Community Services	85.147	82.774	0.688		1.685
Climate & Place	7.182	3.872			3.309
Resources & Corporate Services	2.796	1.291	0.058		1.447
Strategy, Workforce & Localities					
Capitalised Transformation Costs	40.000		40.000		
<b>Total Services</b>	<b>150.573</b>	<b>100.179</b>	<b>40.746</b>	<b>0.008</b>	<b>9.640</b>

## Capital Programme 2024/25 to 2027/28

38. **Appendix P** shows the total capital programme for 2024/25 to 2027/28, which includes forecasts against Gravity and Bridges for 2028/29 and 2029/30, in terms of the Budgeted spend for each year and the total funding.

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

39. The 2024/25 Revenue 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.

40. The 2024/25 Capital Budget was approved by Council in February 2024 alongside the Medium-Term Financial Plan (MTFP) and is the financial resourcing plan to deliver the Council Plan. Monitoring of the agreed programme has been delegated to Executive and is undertaken on a monthly basis.

### Other options considered

41. 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:

42. This report was presented to Scrutiny for Corporate & Resources Committee, on 24 February 2025.

### Consultation and feedback

43. A consultation is not required for this report.

### Financial and Risk Implications

Current Risk Score:

There are two relevant Strategic Risks which are **ORG0057 Sustainable Medium Term Financial Plan**, and **ORG0083 Revenue Budget overspend for 2024/25**.

**ORG0057 Sustainable Medium Term Financial Plan** – The Council has requested Exceptional Financial Support for 2025/26 to enable a balanced budget to be set. Though the budget is not balanced over the medium term and therefore the risk score has remained the same at the highest possible score.

<b>Likelihood</b>	<b>4</b>	<b>Impact</b>	<b>5</b>	<b>Risk Score</b>	<b>25</b>
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**ORG0083 Revenue Budget overspend for 2024/25** – A significant budget overspend in current financial year (2024/25) that would have to be funded from council reserves reducing them to dangerously low levels affecting the Council’s Financial Resilience and potential S114 notice.

<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**

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

### **HR / Workforce Implications**

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

### **Equalities Implications**

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

### **Community Safety Implications**

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

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

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

### **Health and Safety Implications**

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

### **Health and Wellbeing Implications**

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

### **Social Value**

51. 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.
- 2024/25 General Fund Revenue Budget Monitoring Report – Month 4 – End of July 2024 to Scrutiny in September 2024 and Executive in October 2024
- 2024/25 General Fund Revenue Budget Monitoring Report – Month 5 – End of August 2024 to Scrutiny in October 2024 and Executive in November 2024.
- 2024/25 General Fund Capital MTFP Budget report to Corporate & Resources Scrutiny, Executive, and Full Council February 2024.
- 2023/24 Month 12 (Qtr. 4) Capital Budget report to Corporate & Resources Scrutiny & Executive September 2024.
- 2024/25 General Fund Revenue Budget Monitoring Report – Quarter 2 – End of September 2024 to Scrutiny in November 2024 and Executive in December 2024.
- 2024/25 General Fund Revenue & Capital Budget Monitoring Report – Month 7 – End of October 2024 to Scrutiny in January 2025 and Executive in January 2025

## **Appendices**

Appendix A: Adults Services

Appendix B: Children, Families & Education Services

Appendix C: Dedicated Schools Grant

Appendix D: Community Services

Appendix E: Climate & Place (including Accountable Bodies)

Appendix F: Strategy, Workforce & Localities

Appendix G: Resources & Corporate Services

Appendix H: Public Health

Appendix I: Other service areas

Appendix J: MTFP Savings Monitoring

Appendix K: Spend Control Board

Appendix L: Treasury Management

Appendix M: Debtor Management

Appendix N: Earmarked Reserves Update

Appendix O: General Fund Capital Programme Outturn Forecast 2024/25

Appendix P: General Fund Capital Programme Budget & Funding

Appendix Q: 2024/25 Summary Updates for Major General Fund Capital Projects

**Report assurance checklist ahead of report publication  
(for Audit, Executive, Full Council and Scrutiny Committees)**

	Officer Name	Date Completed
Legal & Governance Implications	Jill Byron/Alyn Jones	13/02/2025
Finance & Procurement	Nicola Hix	07/02/2025
Workforce (*)	Dawn Bettridge	13/02/2025
Asset Management (*)	Simon Lewis	N/A
Executive Director	Maria G Christofi	07/02/2025
Executive Lead Member	Cllr Liz Leyshon	14/02/2025
<b>Consulted:</b>		
Local Division Members	All	N/A
Opposition Spokesperson(s)	Cllr Diogo Rodrigues - Deputy Leader of the Opposition & Opposition Lead Member for Finance, Procurement & Performance	17/02/2025
Relevant Scrutiny Chair(s)	Cllr Steven Pugsley, Chair - Scrutiny Corporate & Resources Committee	17/02/2025

**Note:**

Directors may nominate additional officers to act on their behalf

(\*) – these areas only need to be consulted on proposals if the proposals have workforce or asset management implications

Reports will not be published if assurance checklist has not been adequately completed – report author to liaise with Democratic Services well ahead of publication deadline