Decision Report - Executive Decision
Forward Plan Reference: FP/24/03/07
Decision Date – 06 September 2023
Key Decision – No

Somerset Council

2023/24 Budget Monitoring Report – Month 3 – End of June 2023

Executive Member(s): Deputy Leader of the Council and Lead Member for Resources and Performance
Local Member(s) and Division: All

Summary / Background

1. This report sets out the very stark and challenging financial situation that the new Somerset Council faces given the size of the potential overspend for the year. Directorates and services will work on actions to mitigate the position, particularly in relation to savings plans at risk, and will develop recovery actions wherever possible. The budget monitoring position cannot be looked at in isolation and needs to be set against the context of the forecast £100m budget gap in the Medium-Term Financial Plan (MTFP) over the next three financial years, the outstanding audits from predecessor councils and the relatively low level of reserves that the new council has inherited.

2. The detailed reason for the forecast overspends are set out in the report against each Service. However, there are some general themes which are adversely impacting upon the council's finances which include:
    - High Inflation
    - Interest rates
    - Rising complexity and costs of care
    - Labour market

3. The position is not dissimilar to 2022/23 where very high inflation led to significant pressures and the detailed forecasts in this report indicate that both demand and inflation are not subsiding in many areas and in some areas continue to grow at unprecedented rates, for example, cost of residential care. The budget monitoring position cannot be viewed in isolation and needs to be considered alongside the Medium-Term Financial Strategy (MTFS) 2024/25 to 2026/27 report considered at the Corporate & Resources Scrutiny and approved

Executive in July which set out that the forecast budget gap over the next 3 years was around £100m. The forecast overspend is of sufficient magnitude to be potentially destabilising to the authority's financial sustainability if it is not managed down and would significantly adversely impact on the level of Reserves.

4. Service Directors have been tasked to take actions within their areas to address their potential overspend and where this cannot be contained within a service then the Executive Director has been tasked with taking the necessary actions to do this within their Directorate.

5. The 2023/24 budget was developed through the LGR programme and was based upon the budgets, service levels and priorities of the five predecessor councils. The savings were largely efficiency savings set out in the LGR business case, existing transformations programmes, pension fund saving and the use £10m from reserves.

6. **Table 1** provides a summary of budget, projections, and variances on a service-by-service basis with further detail and mitigations being taken by the responsible director outlined in the body of the report. After taking into account all service expenditure and contingencies the projected outturn position is £522.0m against a net budget of £493.4m. This gives a £28.6m adverse variance which represents a variance of 5.8%.

Table 1: 2023/24 Budget Monitoring Report as at the end of June 2023 (Month 3)

Service Area	Original Budget	Current Budget	Full Year Projection	Month 3 Variance	A/(F)
	£m	£m	£m	£m	
Adult Services	186.6	185.5	197.6	12.1	A
Children & Family Services	123.1	123.1	131.9	8.8	A
Public Health	1.2	1.2	1.2	0.0	-
Communities Services	35.2	34.9	34.9	0.0	-
Climate & Place	87.1	87.6	92.7	5.1	A
Direct Services Position	**433.3**	**432.3**	**458.3**	**26.0**	**A**
Strategy, Workforce & Localities	20.2	20.2	21.7	1.5	A
Resources & Corporate Services	20.5	21.5	22.9	1.4	A
Accountable Bodies	3.7	3.7	3.7	0.0	-
Non-Service	9.8	9.8	9.3	(0.5)	(F)
Traded Services	0.0	0.0	0.2	0.2	A
Total Service Position	**487.4**	**487.4**	**516.0**	**28.6**	**A**
Corporate Contingency	6.0	6.0	6.0	0.0	-
Total after Contingencies	**493.4**	**493.4**	**522.0**	**28.6**	**A**
Reserves	(19.9)	(19.9)	(19.9)	0.0	-
Council Tax	(345.4)	(345.4)	(345.4)	0.0	-
Business Rates	(116.1)	(116.1)	(116.1)	0.0	-
Revenue Support Grant	(7.9)	(7.9)	(7.9)	0.0	-
Flexible Use of Capital Receipts	(4.0)	(4.0)	(4.0)	0.0	-
Total Month 3 Position	**0.0**	**0.0**	**28.6**	**28.6**	**A**

7. Services will continue to develop Financial Recovery Plans as required by the Councils financial management framework, but escalated, corporate recruitment and spending controls are also required in this situation and need to be put in place until further notice. The controls will be managed by Directorate Management Teams (DMTs) with oversight from the Executive Leadership Team (ELT) and members via the Budget Monitoring reports. The controls are summarised as follows:

- Savings – Delivery of the 2023/24 Approved Savings is vital and where this cannot be achieved then the development of alternative recovery or mitigation measures to address any forecast underachievement of approved savings is required.
- Staffing – Review and deferral / delay to all permanent, temporary, interim, agency or casual recruitments unless over-ridden by exception by the relevant DMT due to service delivery considerations, for example, to maintain staffing in services requiring statutory minimum staffing levels.
- Identifying underspending opportunities – DMTs will review 2022/23 underspending or break-even services to explore whether greater underspending or moving into underspend can be achieved to assist the position.

8. DMT specific financial management actions including:

a. Imposing financial transaction limits above which senior management (Strategic Manager, Head of Service or Director) approval will be required.
b. Similarly, reviewing any local schemes of delegation to managers for spending decisions, for example, authorisation of adult or children's social care packages, and considering whether or not to review the delegations.
c. Imposing a moratorium or limit on certain types of non-critical expenditure where possible.
d. Similarly, setting target reductions for certain types or categories of expenditure where this can be done without destabilising service delivery.
e. Curtailing or 'value-engineering' one-off or project spend or exploring alternative funding solutions.
f. Exploring alternative funding to relieve pressure on the revenue budget e.g., bids for grants, income generation, invest-to-save business cases, etc.

9. The 2023/24 Budget included £40.9m of savings, income generation, and transformation savings with £0.5m over-achieved/on-track to overachieve, £6.9m achieved, £22.4m on track, £6.3m at risk and £5.3m unachievable.

Recommendations

10. That the Executive:

a. Note the forecast overspend of £28.6m for the year and the key risks, future issues and opportunities detailed in the report.
b. Requests that each of the Scrutiny Committees urgently reviews the budget monitoring position for their areas of responsibility and that the relevant Executive members set out the reasons behind the current forecasts and the actions that are being taken to address the position.
c. Approves that member briefings are set to ensure every councillor has the opportunity to fully understand the financial current situation and the financial challenges facing the council going forward.
d. Receives a monthly update on the financial position and actions being taken to address it.

Reasons for recommendations

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

Other options considered

12. 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

13. 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

14. A new Strategic Risk ORG0070 Budget Overspend in the current financial year has been created and its current score is:

Likelihood	**5**	**Impact**	**5**	**Risk Score**	**25**

It is clear that the scale of financial challenges facing the council are significant. The precise level of reserves is not known with certainly until all of the 2022/23 accounts from the predecessor councils are finalised. However, based upon the work done in setting the 2023/24 budget it is estimated that they will be the region of £100m and there is already a programme to review and align these in place. In the light of this report Strategic Risk ORG0057 Sustainable MTFP has had its score revised upwards to:

Likelihood	**5**	**Impact**	**5**	**Risk Score**	**25**

Legal Implications

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

HR Implications

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

Other Implications:

Equalities Implications

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

Community Safety Implications

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

Climate Change and Sustainability Implications

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

Health and Safety Implications

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

Health and Wellbeing Implications

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

Social Value

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

Scrutiny comments / recommendations:

23. This report will be presented to Scrutiny for Corporate & Resources Committee, on 8th August 2023; comments arising will be made available to the Executive at the subsequent meeting.

Background

24. The 2023/24 Budget is the first for the new Somerset Council and it brought together the budgets of the five predecessor councils adjusted for new assumptions and identified savings. It is well documented that there are significant delays in the auditing of local authority accounts and this national issue means that there are a number of statement of accounts from the predecessor councils for prior years that are still outstanding. This brings an amount of uncertainty, as well resourcing implications, and in practical terms means that some of the information for Somerset Council such as the 2022/23 outturn, reserves position, and capital position are still being finalised.

25. The Full Council approved the 2023/24 Budget in February 2023. Budget monitoring is delegated to Executive and Scrutiny and revenue service reports will be presented monthly with a full overview of revenue, capital, and reserves quarterly. This report outlines the forecast year-end position of services against the 2023/24 budget of £493.4m as at the end of June 2023.

26. **Table 1** provides a summary of budget, projections, and variances on a service-by-service basis with further detail and mitigations being taken by the responsible director outlined in the body of the report. The significant variances are:

- Adult Services has a £12.1m adverse variance against their budget (6.5% of service budget). This variance is mainly in the adult social care and Learning Disabilities budget areas.

- Children's Services has a £8.8m adverse variance against their budget (7.2% of service budget). This variance is in External Placements.

- Climate and Place has a £5.1m adverse variance against their budget (5.8% of service budget). This adverse variance is seen in Waste Services, Infrastructure and Transport and Economy, Employment and Planning.

- Strategy, Workforce and Localities has a £1.5m adverse variance against their budget (7.4% of service budget). This variance is seen in Legal Services.

- Resources and Corporate Services has a £1.4m adverse variance against their budget (6.5% of service budget). This variance is seen in Revenues, Housing Benefits, Property, and ICT.

27. With the financial challenges outlined in this paper the Council needs to move at pace to deal with the very difficult financial situation that the council now faces.

The 2022/23 Outturn Position for Somerset

28. The Statement of Accounts for the 2022/23 financial year of the five predecessor councils are being finalised and show that the overall outturn position will be a c£20m overspend. This will need to be funded from reserves and reducing the Councils ability to manage issues in this financial year and flexibility in budget planning and sustainability. Over the summer there will be a full review of reserves once the overall outturn position is confirmed to ensure that Somerset Council has sufficient reserves to meet risks.

Medium-Term Financial Strategy

29. The forecast Medium Term Financial Plan gap outlined in February 2023 for the next three years was a predicted shortfall between the resources available and cost of current service of c£100m in 2025/26 prior to further savings being identified. In addition to the pressures on the General Fund, there are also pressures within the Housing Revenue Account (HRA) and Dedicated Schools Grant (DSG). The DSG is of particular concern given that the overall deficit on it is now £20.7m with the High Need Block (HNB) part of this being in deficit by £29.8m and is forecast to rise substantially over the next 3 years to be circa £70m deficit if planned mitigations are insufficient to address increasing demand. The statutory override provided by government ends on 31 March 2026 at which time this will revert to being set against the councils' other reserves and combined with all the other pressures on the Council resources raises the very real prospect of a Section 114 notice. The DfE is continuing to work with councils on a national programme to address the deficits in the HNB but given the very substantial figures are unlikely to resolve the issues. However, analysis from the DfE's Delivering Better Value for SEND programme suggest that the cumulative impact of these mitigations is likely to be between £10.4 million and £22.7 million by the end of 2026/27, which means that these initiatives are unlikely to resolve the issues entirely.

30. The Financial Strategy approved by the Executive in July recognised that given the level of required savings, the known pressures within the current year's budget and the relatively low level of reserves, it is imperative that action is taken to identify significant savings. With the need to take decisive action combined with limited staff resources it is proposed to take a targeted approach with three key elements, which are: -

- Targets Areas – An early focus on 'big ticket' items that are some of the key building blocks of the budget. **Table 2** below identifies 17 key areas for early review.

- Review of MTFP assumption – Challenging and reviewing of the identified cost pressures to try and reduce them down which would reduce the MTFP gap. Also reviewing all the funding streams in the light of deferral by government of the funding reforms.

- Service Budget Options – All Service Directors will be reviewing their services and identifying Budget Options for members to consider. This will help form the basis of a transformation pipeline of savings for the MTFP over the next three years.

Table 2 – Targeted Areas

Ref	Key Area	Detail	Lead Member	Lead Officer
1	Adults Services	Implementing opportunities identified in the Diagnostic of Adults by Newton. Prior to this work the MTFP assumed cost reductions of £10m split equally over 2023/24 and 2024/25. The detailed diagnostic work has identified a different profile of savings and opportunities more than those built into the MTFP in future years.	Cllr Dean Ruddle, Lead Member for Adult Services	Mel Lock, Executive Director Adult Services

Ref	Key Area	Detail	Lead Member	Lead Officer
2	Childrens Services	Implementing the opportunities identified in the Diagnostic by Impower which identified potential, cumulative cost avoidance and savings ranging from £4.9m and £8.1m over three years. This includes developing new sufficiency strategies for placements and edge of care services to inform the transformation plan for Children Looked After. Transformation will include Homes & Horizons, recommissioning 16+, market development, reducing unregistered placements, and work with Impower consultancy to improve internal fostering and step-across options for children and young people.	Cllr Tessa Munt, Lead Member for Children, Families, and Education	Claire Winter, Executive Director – Childrens, Families & Education
3	Schools – High Needs Block	Delivering Better Value (DBV) in SEND Programme with Newton Europe & CIPFA which identified potential cumulative cost avoidance and savings ranging from £10.4m to £22.7 m over three years.	Cllr Tessa Munt, Lead Member for Children, Families, and Education	Rob Hart, Service Director Inclusion

Ref	Key Area	Detail	Lead Member	Lead Officer
4	Review of School Transport	Implementing the recommendations and opportunities identified in the report from the Edge Public Solutions report that identified saving of £0.6m in year 1, £2.4m in year 2 rising to £2.6m in year 3.	Cllr Tessa Munt, Lead Member for Children, Families, and Education	Rob Hart, Service Director Inclusion and David Carter, Service Director, Infrastructure & Transport
5	Schools Capital Programme	Review of capital programme for schools considering maintenance backlog, current schemes, future requirements with revised pupil numbers forecast & estimated academisations	Cllr Tessa Munt, Lead Member for Children, Families, and Education	Amelia Walker, Service Director Education Partnerships & Skills and Oliver Woodhams, Service Director – Strategic Asset Management

Ref	Key Area	Detail	Lead Member	Lead Officer
6	School Balances	There are a significant number of schools setting deficit budgets for 2023/24 which projected forward would see a significant reduction to the current £20m surplus in school balances. This would include a programme to identify some of the themes within school budgets to target support in the most effective way, and to lobby government if appropriate	Cllr Tessa Munt, Lead Member for Children, Families, and Education	Amelia Walker, Service Director Education Partnerships & Skills
7	Staffing Establishment Control	Management control of vacant posts, temporary posts, agency staff etc in order to minimise redundancy costs and help deliver the staff savings in the LGR business case.	Cllr Theo Butt, Lead Member for Transformation and Human Resources	Chris Squires, Service Director - Customers, Digital & Workforce and Nicola Hix – Service Director of Finance & Procurement
8	Commercial Investments	Review of the current portfolio and identification of opportunities for disposals and reduction of risks	Cllr Ros Wyke, Lead Member for Economic Development, Planning, and Assets	Oliver Woodhams, Service Director – Strategic Asset Management

Ref	Key Area	Detail	Lead Member	Lead Officer
9	Review of Assets	Review of assets and identification of pipeline of disposals including council office rationalisation	Cllr Ros Wyke, Lead Member for Economic Development, Planning, and Assets	Oliver Woodhams, Service Director – Strategic Asset Management
10	Business Rates & Council Tax	Review of business rates and council tax following the creation of the new unitary and the financial impacts this has on funding forecasts and collection fund positions	Cllr Liz Leyshon, Deputy Leader of the Council and Lead Member for Resources and Performance	Nicola Hix – Service Director of Finance & Procurement
11	Review of Capital Programme	Reduce number and costs of all existing capital schemes & restrict funding for new capital schemes to urgent Health & Safety schemes or schemes that are 100% externally funded.	Cllr Liz Leyshon, Deputy Leader of the Council and Lead Member for Resources and Performance	Nicola Hix – Service Director of Finance & Procurement
12	Reserves	Review the reserves from across the five councils, amalgamate them and ensure sufficient General Fund Reserves are set aside. The risk-based assessment of reserves identified that General reserves should be in the range £30m to £50m.	Cllr Liz Leyshon, Deputy Leader of the Council and Lead Member for Resources and Performance	Nicola Hix, Service Director - Finance & Procurement

Ref	Key Area	Detail	Lead Member	Lead Officer
13	Capital Receipts	Review capital receipts available along with the commitments in the capital programme and disposal programmes. Identify and recommend the most effective use within the MTFP	Cllr Liz Leyshon, Deputy Leader of the Council and Lead Member for Resources and Performance	Nicola Hix, Service Director - Finance & Procurement
14	Treasury Management	Review of the Borrowing & Investments portfolio. Identify a strategy of rationalisation of investments that takes account of future needs and interest rate forecasts.	Cllr Liz Leyshon, Deputy Leader of the Council and Lead Member for Resources and Performance	Nicola Hix, Service Director - Finance & Procurement
15	Grants	Review the grants provided by the 5 Councils. Understand the source of the grants and the priorities within the Council Plan and rationalise.	Cllr Theo Butt, Lead Member for Transformation and Human Resources	Alyn Jones, Executive Director – Strategy, Workforce & Localities
16	Transformation Programme	Outline the pipeline of transformation projects that deliver on-going savings / reductions in cost over the MTFP.	Cllr Theo Butt, Lead Member for Transformation and Human Resources	Alyn Jones, Executive Director – Strategy, Workforce & Localities
17	Financial Resilience & Sustainability Review	Complete a financial sustainability and resilience review for Somerset Council in the light of the 2022/23 outturn from the five predecessor councils.	Cllr Liz Leyshon, Deputy Leader of the Council and Lead Member for Resources and Performance	Jason Vaughan, Executive Director – Resources & Corporate Services

2023/24 Budget & Forecast Outturn Position

31. The 2023/24 Budget was put together using the information from the five predecessor councils who recorded things in different ways and also before the full officer structure was finalised. Therefore, there is still a lot of alignment of budgets to take place which will require budget virements. Service Directors are currently developing their service structure which will require further adjustments to the budget in order to reflect the new staffing establishment.

32. After taking into account all service expenditure and contingencies the projected outturn position is £522m against a net budget of £493.4m. This gives a £38.6m adverse variance which represents a variance of 5.8%. With the financial challenges outlined in this paper the Council needs to move at pace to deal with the very difficult financial situation that the council now faces. Further information for each service is shown below, along with details on movements, actions to be taken, future risks and opportunities.

Adult Services Director Mel Lock, Lead Member Cllr Dean Ruddle

- 2023/24 net budget £185.5m, projected adverse variance £12.1m
- 2022/23 net budget £160.7m, outturn adverse variance £15.4m

Table 3: Adult Services as at the end of June 2023 (Month 3)

Service Area		Current Budget	Full Year Projection	Month 3 Variance	A/(F)
		£m	£m	£m	
Adult Social Care Operations - Physical Disability/Sensory Loss/65 Plus					
	Residential & Nursing	54.0	54.7	0.7	A
	Home Care	28.1	30.3	2.2	A
	Direct Payments	11.9	12.8	0.9	A
	Staffing Costs	11.6	11.6	0.0	-
	Transport & Daycare	7.6	7.6	0.0	-
	sub total	**113.2**	**117.0**	**3.8**	**A**
Adult Social Care Operations - Mental Health					
	Residential & Nursing	13.9	13.9	0.0	-
	Home Care/Supported Living	5.7	5.9	0.2	A
	Staffing/Deprivation of Liberty Safeguards	2.6	2.6	0.0	-
	Direct Payments, Day Care & Transport	2.6	2.5	(0.1)	(F)
	sub total	**24.8**	**24.9**	**0.1**	**A**
Adult Social Care Operations - Learning Disabilities					
	Residential & Nursing	23.8	25.7	1.9	A
	Home Care/Supported Living	30.6	35.4	4.8	A
	Direct Payments/In Control	10.7	10.3	(0.4)	(F)
	Day Care	5.8	6.3	0.5	A
	Transport & Shared Lives	2.4	2.7	0.3	A
	Central & Salaries	6.0	6.2	0.2	A
	Discovery	30.5	30.1	(0.4)	(F)
	sub total	**109.8**	**116.7**	**6.9**	**A**
Commissioning					
	Commissioning	2.9	5.7	2.8	A
	Better Care Fund	(37.3)	(37.3)	0.0	-
	LD Pooled Budget Income	(27.9)	(29.4)	(1.5)	(F)
	sub total	**(62.3)**	**(61.0)**	**1.3**	**A**
Adult Services Total		**185.5**	**197.6**	**12.1**	**A**

Adult Services - key explanations, actions & mitigating controls

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

Within this area of adults its currently projecting to be £3.8m overspent. As in previous years, we continue to see pressure within residential and nursing placements, with pressure on the weekly costs, as well as the number of people receiving support. Historically the authority has paid low fee rates within this sector. The increase in fee levels for 23/24 are still not stabilising the market, due to the increase in inflation and cost of living.

There continue to be a number of interim placements as the service works with the NHS trusts to ensure a timely discharge for people from hospital. These placements are currently projected to cost £2.5m.

We continue to deliver more homecare, to allow people to remain in their own homes for as long as possible to help reduce the overreliance on beds, as well as it being the best place for them. This has led to reported overspends of £2.2m for home care.

As we continue to offer choice and have a varied market that includes micro-providers, we have seen an increase in the use of direct payments, resulting in a projected overspend of £0.9m.

Mental Health

This budget includes individuals who have a diagnosis of dementia. The budget continues to be an area of growth for the past few years, and this has continued in 2023/24. We are currently projecting an overspend of £0.1m mainly within home care and supported living. Residential and nursing continues to be a pressure for the service due to a combination of increasing numbers and high unit costs.

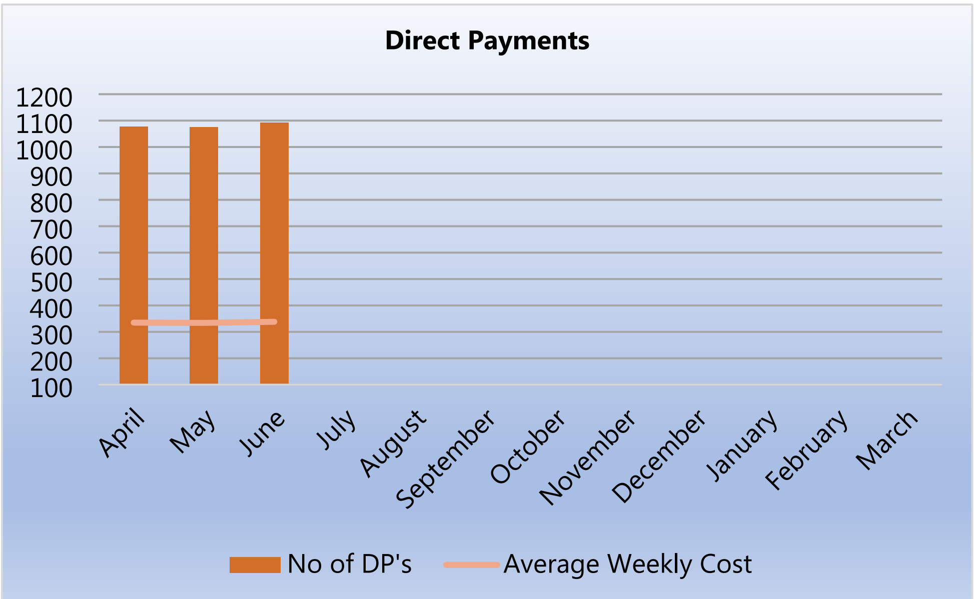
Learning Disabilities

Overall, the cost of Learning Disabilities is projected to overspend by £6.9m. Since outturn we have seen a number of high costs placements come through, either via transitions or due to other forms of funding coming to an end. The four main pressure areas continue to be residential & nursing £1.9m, supported living and homecare £4.8m and day care £0.5m due to market sustainability. Supported Living is in the best interest of people but is an area where unit costs can be high.

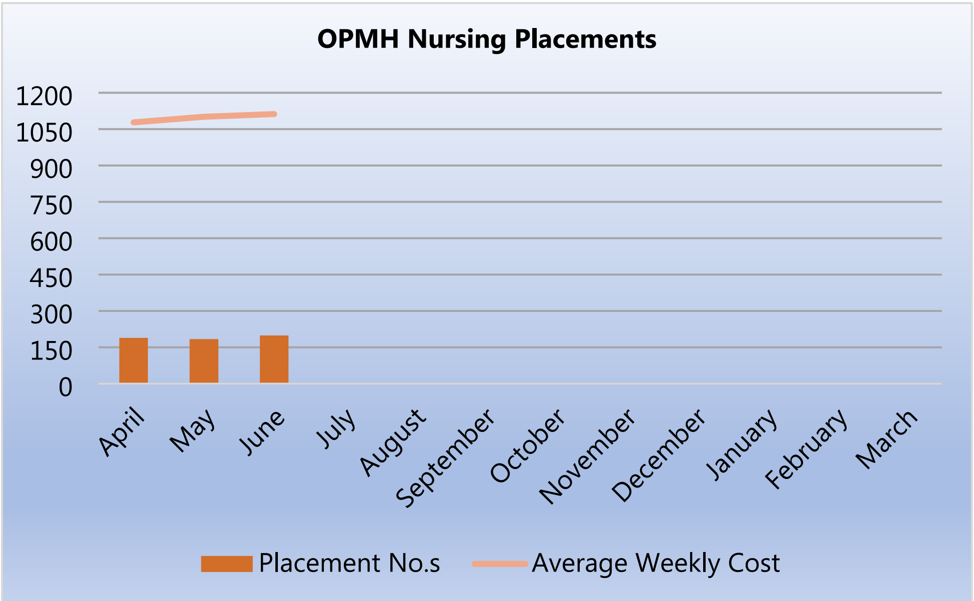
Commissioning

Commissioning is currently projecting to overspend by £1.3m, as the Adults transformation my life, my future will not achieve the full £5m saving.

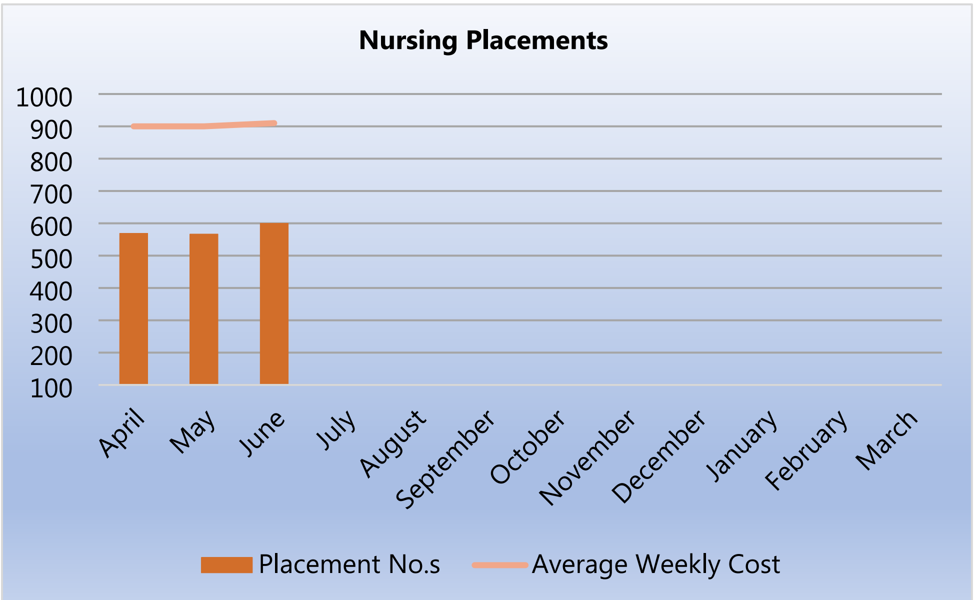
Adult Services - key performance cost drivers



Since the beginning of the financial year, we have seen the number of people receiving a Direct Payment within ASC increased from 1,077 to 1093 packages. The current weekly average cost of an ASC Direct Payment is £338 per package.



The number of Older People Mental Health (OPMH) Nursing placements has increased by ten placements since April, from 188 to 198. The current weekly average cost for OPMH Nursing is £1,112 per placement.



Nursing placements increased by thirty-one since April from 569 to 600. The current weekly average cost for Nursing is £910 per placement.

Adult Services - key risks, future issues & opportunities

90% of the ASC budget is spent on individual placements purchased through the market via block and spot placements. Therefore, there is a significant risk that this budget will continue to overspend. This is due to increase demand, the cost-of-living rise, particularly the increase in petrol, gas, electric, and food.

We have a number of mitigations that are not currently reflected in the financial position above but across the financial year we will start to see the impact:

- Enhanced Peer Forum – Robust financial and operating challenge
- Reviewing Interim Placements – This review will identify those who should be self-funding/contributing towards their long-term care.
- My life, my future – reduce the overreliance on bed placements and redesign the reablement service.
- Review all high cost/complex placements.
- Review void costs.

Children & Family Services – Executive Director Claire Winter, Lead Member Cllr Tessa Munt

- 2023/24 net budget £123.1m, projected adverse variance £8.8m
- 2022/23 net budget £107.1m, outturn adverse variance £21.2m

Table 4: 2023/24 Children & Family Services as at the end of June 2023 (Month 3)

Service Area		Current Budget	Full Year Projection	Month 3 Variance	A/(F)
Children's Social Care					
	Prevention	5.7	5.7	0.0	-
	Fostering & Permanence	13.3	13.3	0.0	-
	External Placements	38.4	47.2	8.8	A
	Fieldwork	13.9	13.9	0.0	-
	Disabilities	2.5	2.5	0.0	-
	Partnership, Audit & Quality	4.3	4.3	0.0	-
	Children Looked After	2.3	2.3	0.0	-
	Leaving Care	(0.8)	(0.8)	0.0	-
	Central	2.2	2.2	0.0	-
	Residential Homes	0.0	0.0	0.0	-
	sub total	**81.8**	**90.6**	**8.8**	**A**
Commissioning					
	Commissioning Services	11.1	11.1	0.0	-
	Supporting Families	(0.6)	(0.6)	0.0	-
	Central	0.7	0.7	0.0	-
	sub total	**11.2**	**11.2**	**0.0**	**-**
Education Partnerships and Skills					
	Education Partnerships and Skills	1.0	1.0	0.0	-
	Home to School Transport	13.1	13.1	0.0	-
	sub total	**14.1**	**14.1**	**0.0**	**-**
Inclusion					
	Home to School Transport	0.0	0.0	0.0	-
	Inclusion Services	5.9	5.9	0.0	-
	SEND Transport	10.1	10.1	0.0	-
	sub total	**16.0**	**16.0**	**0.0**	**-**
Children & Family Services Total		**123.1**	**131.9**	**8.8**	**A**

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

The external placements budget is forecasting a total overspend of £8.8m. Of this, the unregistered placement overspend is £3.5m and the residential overspend is £3.0m.

There are two key pressures that account for this:

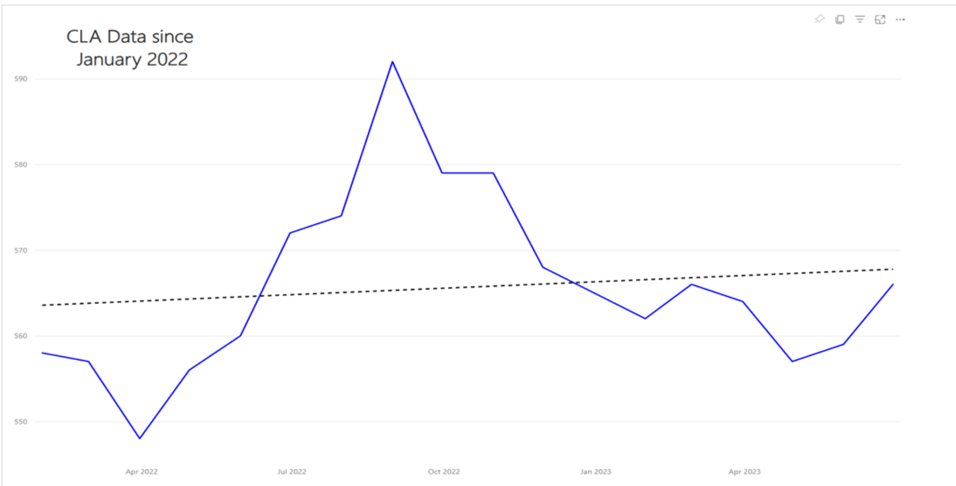
1. The number of unregistered bed placements with demand being higher than the budgeted placement nights. As at the end of June, the budgeted days were 545 compared to actual days used of 1,167.

2. We have seen an increase in residential placements due to both complexity of children and lack of sufficiency within fostering both internally and in the external market.

The service is developing new sufficiency strategies for placements and edge of care services to inform the transformation plan for Children Looked After. Transformation will include Homes & Horizons, recommissioning 16+, market development, reducing unregistered placements, and work with Impower consultancy to increase the number of internal foster carers and step-across options for children and young people.

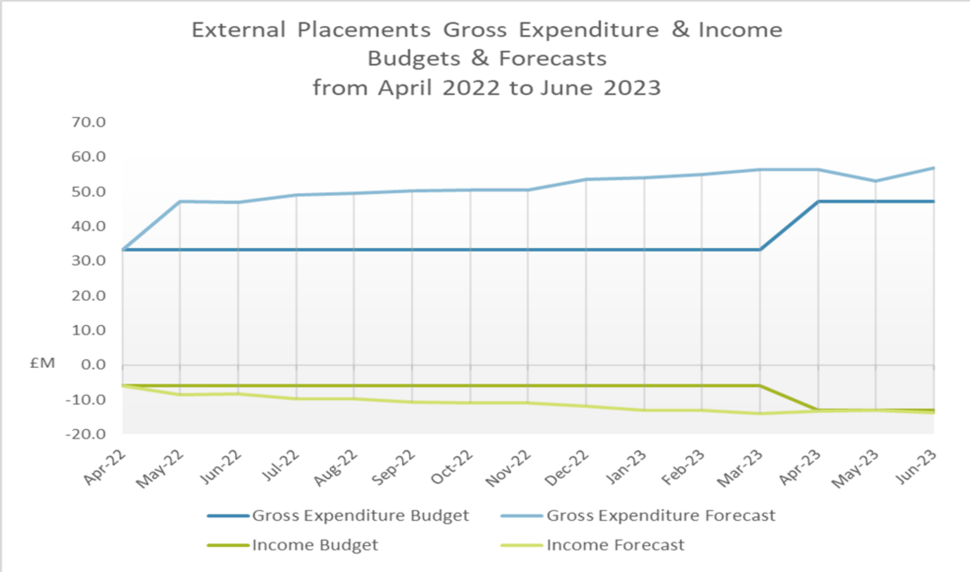
Children & Family Services – key performance cost drivers

The number of children in care has remained relatively stable for a significant period with an unexpected spike in the summer of 2022. This spike was largely children in their teenage years with complex needs. This has had an impact on the number of children in external placements and costs for these children were also higher than expected due to the complexity of their needs.



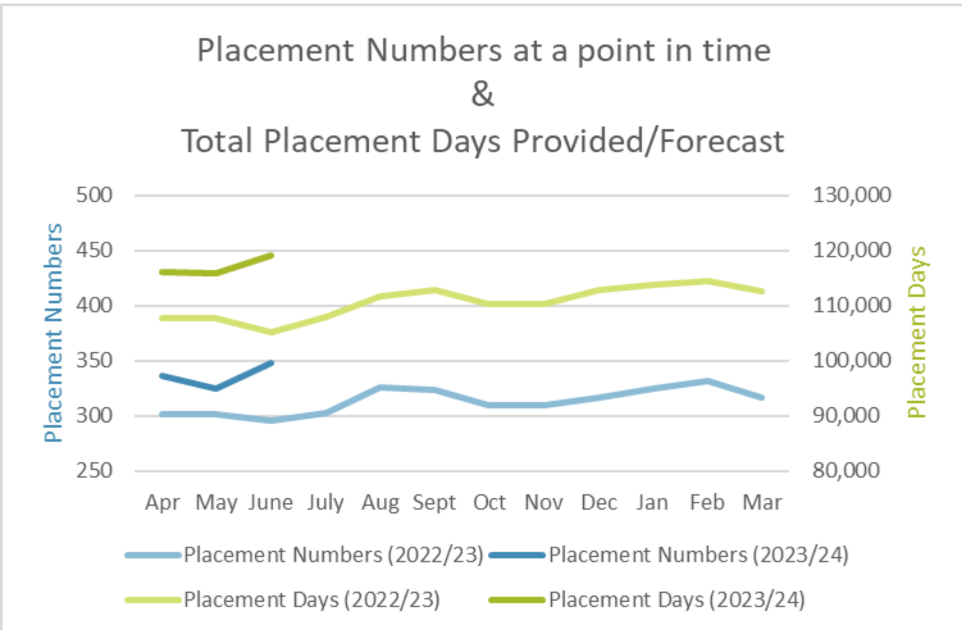
The external placements gross expenditure base budget for 2023/24 has increased by £14.0m to £47.3m in 2023/24. The forecast gross expenditure for 2023/24 is £56.9m, resulting in a forecast overspend on expenditure of £9.6m.

This is being offset by a forecast overachievement of income from the NHS and Education of £0.8m, resulting in an overall net forecast overspend of £8.8m (25.7%).

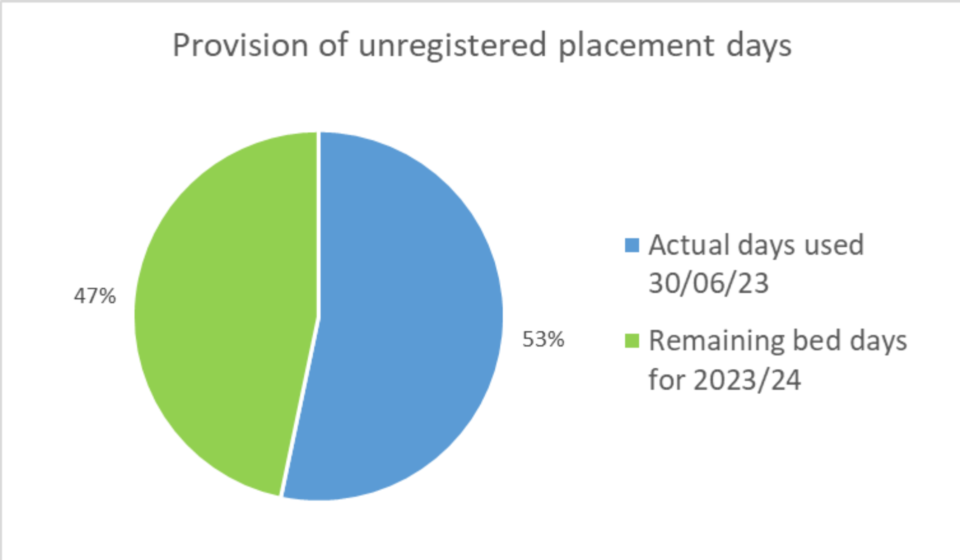


Placement numbers and the forecast number of placement days has increased compared to June last year, mainly due to:

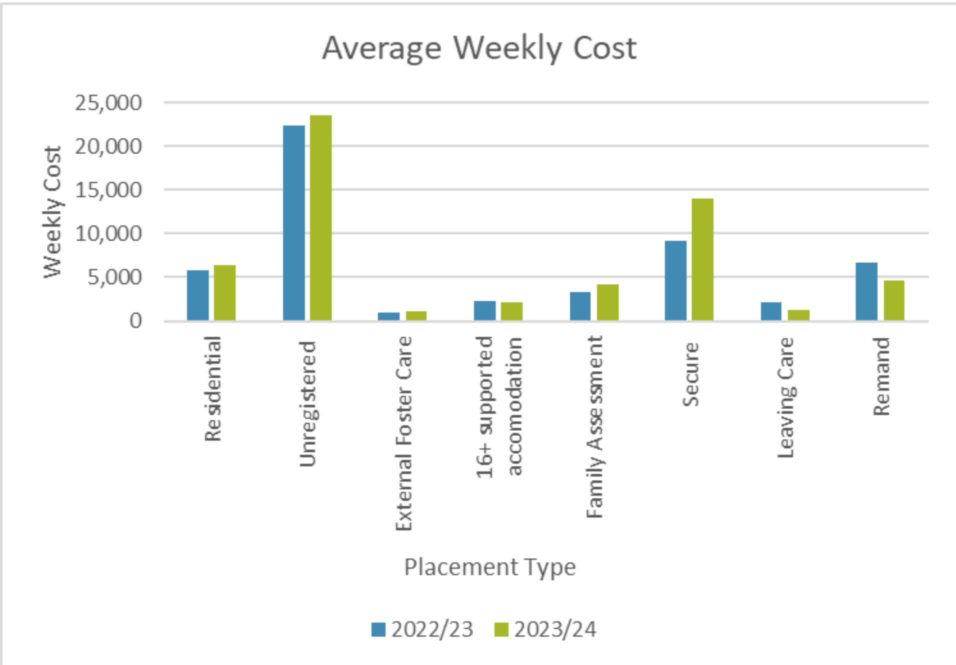
- Increases in placements for Unaccompanied Asylum-Seeking Children (UASC), largely from the National Transfer Scheme, which are only partly funded from the UASC Grant.
- Increases in residential placements due to both complexity of children and lack of sufficiency within the fostering sector.
- Increases in bespoke 16+ supported accommodation placements due to complexity of need.
- Reduction in external fostering placements.



The demand for unregistered bed placements is higher than the budgeted placement days. Over half of the annual 2,190 budgeted placements days have been provided in the first quarter of the financial year.



The average weekly cost of unregistered placements is £23.5k, a 5% increase on last year's average weekly cost. The average weekly cost of residential placements has increased by 10%.



Children & Family Services - key risks, future issues, and opportunities

For reasons outlined by the Competition and Markets Authority, the external residential market is a difficult market with unreasonable expectations of profits. Somerset is disproportionately exposed to Private Equity companies which often expect a 25% return. Although Children Looked After numbers in Somerset have remained largely stable over the last year, they have increased by 10% in Counties nationally over the same period. Lack of sufficiency, nationally, has led to providers being able to choose children with the least complex needs, again maximising profit, and minimising risk. The immediate impact is an increase in unregulated provision as providers refuse to take our most complex children.

There are also insufficient secure placements nationally which has a domino effect on residential care sufficiency. It is of note that NHS England has reduced tier 4 mental health beds for children by 90% in Somerset – leading to additional costs for the most complex children for the Council.

In parallel, there is a risk that the cost-of-living crisis and reducing budgets in partner organisations will have a significant impact on demand in children's social care including the number of children requiring support, or the complexity of need, and therefore the cost of services. Due to the complexities of families and communities and their resilience it is unclear when this risk might occur.

16+ Supported Accommodation (high risk)
There is a specific risk that the Ofsted's new inspection regime for 16- and 17-year-old supported accommodation placements, which begins in the Autumn of 2023, will lead to increased cost for the CLA budget. National Newton Europe analysis puts this increase at between 15% and 30%.

The annual additional cost to the Council is likely to be in the range of £0.9m to £1.9m (including the small additional new burdens grant from DfE).

The retender of the 16+ services with housing should encourage more competition and move spot purchasing to a lower cost block arrangement which will help to mitigate against this risk.

Education Partnership and Skills (EPS) (medium risk)
EPS has a gross expenditure of £29.7m and is dependent on schools and academies buying the traded service.

Somerset schools are significantly underperforming, and the Council has recently initiated a five-year strategy to improve educational outcomes. The financial health of the education support services provided to schools and early years settings, and of the schools and settings themselves, is of concern, particularly in 2023/24 due to inflation.

The traded income assumptions continue to be updated in the financial model. Should schools (maintained and academies) choose to buy less than the trading assumptions this would result in a loss of income. The buy back for the following financial year will be calculated mid-year every year and services are resized accordingly.

Home to Schools Transport for Mainstream and SEN (medium risk)

In 2022/23, the overall cost of mainstream passenger transport had risen by 50% since 2018 despite static demand, while demand for SEND transport has doubled in the same period, with per passenger costs increasing by 10% (See table below). A significant factor in the rise in demand for SEND transport was a rise in number of children with EHCPs.

	Demand Number of Passengers		Costs £m		Cost per passenger £/annum	
	SEN	**Mainstream**	**SEN**	**Mainstream**	**SEN**	**Mainstream**
Mar-23	1,252	8,212	8.9	12.3	7,109	1,498
Mar-22	1,112	7,825	7.0	9.9	6,316	1,269
Mar-21	885	8,003	5.4	9.7	6,052	1,217
Mar-20	857	8,074	5.3	9.4	6,209	1,168
Mar-19	758	8,347	4.6	9.8	6,073	1,175
Mar-18	674	8,400	4.4	8.1	6,468	968

Another main driver of increased cost has been the increasing cost of contracted supply. Suppliers have been bidding higher for tenders and in addition to a 2% fuel allowance which was given to reflect inflation, this has driven up unit costs. The average annual cost of providing transport for every SEN child has risen from £6,468 in 2018 to £7,109 in 2023 (10% increase) and the average annual cost of providing transport to mainstream children has risen from £968 in 2018 to £1,498 in 2023, a 54% increase.

An additional £5.6m in relation to these demand and inflationary increases is included in the 2023/24 budget for mainstream and SEN transport. Forecasting future costs and demand is challenging. Edge Public Solutions were commissioned to conduct a deep dive review of Home to Schools Transport following unprecedented growth in demand and costs. In April 2023 Edge produced a report that summarised the review findings, detailed opportunities and made recommendations to make financial and service improvements. Following discussion at the Transformation Transition and Change Board there has been approval to establish a transformation programme to address the recommendations of the Edge review.

Opportunities

Our transformation programme includes the following improvements, which taken together are significantly changing the model of children's services in Somerset to improve the efficiency and effectiveness of how we use our limited resources. The transformation programme is acting at all levels and drawing in a wide all-age partnership across health, care, and education, including:

- **New placement and edge of care sufficiency strategies** – describing emerging needs and response. Both strategies will inform a children looked after transformation plan, overseen by the new CLA Outcomes Transformation Board. Changes incorporate new provision, market development, fostering redesign, Family Safeguarding business case and regional commissioning.

- **Homes and Horizons** – a strategic partnership with the charity, the Shaw Trust, to deliver up to ten homes for children, up to 20 foster homes and therapeutic education provision for the most complex children in our care. This aligns with the political ambition to ensure that children from Somerset in our care have a home in the county and allows us to bring children who have been placed elsewhere home to their communities.

- **Education for Life strategy** – with the ambition and confidence to improve outcomes for children in both our maintained and academised sector schools over the next five years. This is a central pillar of the Council's work.

- **Our SEND strategy** – focussing with our partners on ensuring that our children with SEND are included with their peers in their schools and communities and well supported in all aspects of their lives. Two key elements of this that will help to address financial challenges are a focus on early identification and support to reduce demand for statutory support, and the focus on developing more inclusive mainstream education provision and specialist provision for children with social, emotional, and mental health needs.

- **Connect Somerset –** an early help partnership between the Council, the NHS, schools, the voluntary sector, and our communities, ensuring that professionals and communities work together to help families and residents to improve their lives. This work is integrated with the Neighbourhoods, Local Community Networks and Primary Care networks.

Transformation, Savings, and Income Generation

Children's Services revenue budget includes £4.6m of MTFP transformation and other savings.

Homes to Inspire/Strategic Partnership (on track) – The first four 'Homes and Horizons' children's homes have opened. Our first 5 young people are settling in well, with a strong partnership approach currently supporting the transition of two further children into new homes from unregistered provision. The programme continues at pace with home 5 (due to open early in August) and home 6 due to open towards the end of 2023. Planning work continues for the first annexes (for crisis provision) and pods (for Staying Close provision) and for the establishment of the registered Therapeutic Education Provision, and these aspects of the programme are the most at risk currently. Unless delivered on time this will impact on 2023-24 financial year savings. As reported to Children's Scrutiny Committee, the programme is on course to deliver system savings of £2m (of which £1.2m relates to Children's Social Care, primarily by reducing the number of children in unregistered provision where costs would otherwise be significantly higher).

Family Safeguarding saving (on track) – this saving is about preventing children coming into care. The savings target, set in early 2020, relates to reduced numbers of children coming into care. The impact of the pandemic, which led to more children coming into care, could not be anticipated. Numbers of children in care have reduced significantly and are now stable evidencing the positive impact of this service on children remaining in their birth family.

There is approximately £2.3m of MTFP savings at risk:

Increased staff turnover (high-risk) – the £0.5m saving in 2023/24 increases the total turnover saving to £1m per year which is unlikely to be deliverable because we have a more stable workforce.

Diagnostic Review of Children's Services (medium risk) – the Impower report identifies potential savings which deliver approximately 6 to 8 step downs from residential to in house fostering, but there is a risk that not all savings will be delivered in 2023/24 due to the unknown timescale to drive significant change in in-house fostering services.

Children and Family Services – Dedicated Schools Grant (DSG)

Dedicated Schools Grant - key explanations, actions, and mitigating controls

The DSG is a ring-fenced grant which is allocated in four blocks:

- **Schools** funds the Individual Schools' Budgets of Academies and Local Authority Maintained schools.
- **Early Years** funds the provision of education for children from age three up to age five and for qualifying two-year olds.
- **High Needs** funds the place budgets at special schools, Enhanced Resource schools and Pupil Referral Units within the local authority's geographical boundary and other expenditure required to support children and young people with additional educational needs.
- **Central Schools Services** funds limited central expenditure on behalf of all schools and academies plus historic commitments that have been agreed by the Schools' Forum

The forecast variances by the four DSG blocks are outlined below.

Table 5: 2023/24 Dedicated Schools Grant Summary

DSG Block	Balance b/fwd at 1 Apr 2023 surplus/(deficit)	Total funding for 2023/24	Allocation to Academies and LA Schools	Total funding available for services 2023/24	2023/24 Forecast Quarter 1	Forecast in-year variance surplus/(deficit)	Forecast balance c/fwd at 31 Mar 2024 surplus/(deficit)
	£m	£m	£m	£m	£m	£m	£m
Schools	2.6	370.5	373.0	(2.5)	0.3	(2.8)	(0.1)
Central Schools	5.6	5.0	-	5.0	5.0	0.0	5.6
Early Years	0.9	30.6	-	30.6	30.6	0.0	0.9
High Needs	(29.8)	85.2	9.5	75.7	85.6	(9.9)	(39.7)
Total	**(20.7)**	**491.4**	**382.5**	**108.9**	**121.6**	**(12.7)**	**(33.4)**

The DSG is forecast to have an in-year deficit of £12.7m in 2023/24 giving a carried forward cumulative deficit of £33.4m when added to the brought forward balance of £20.7m. The main area for concern continues to be the High Needs Block with a forecast in-year deficit of £9.9m and there is forecast in-year deficit on the Schools Block of £2.8m of which £2.5m is planned expenditure for growing schools and academies and £0.3m is for unplanned expenditure to support asylum-seeking children.

The main areas contributing to the £9.9m adverse variance in the High Needs Block are:

1. Planned budget pressure (£5.6m adverse variance)

   The planned budget allocation for 2023/24 included a forecast in-year pressure on the High Needs Block of £5.6 million. Largely this is due to two related factors: year-on-year growth in the number of children and young people with an education, health, and care plan (93% increase from 2019 to 2022) and a lack of sufficient provision within Somerset's maintained sector for children with social, emotional, and mental health needs.

2. Independent & Non-Maintained Schools (INMS) (£3.1m adverse variance)

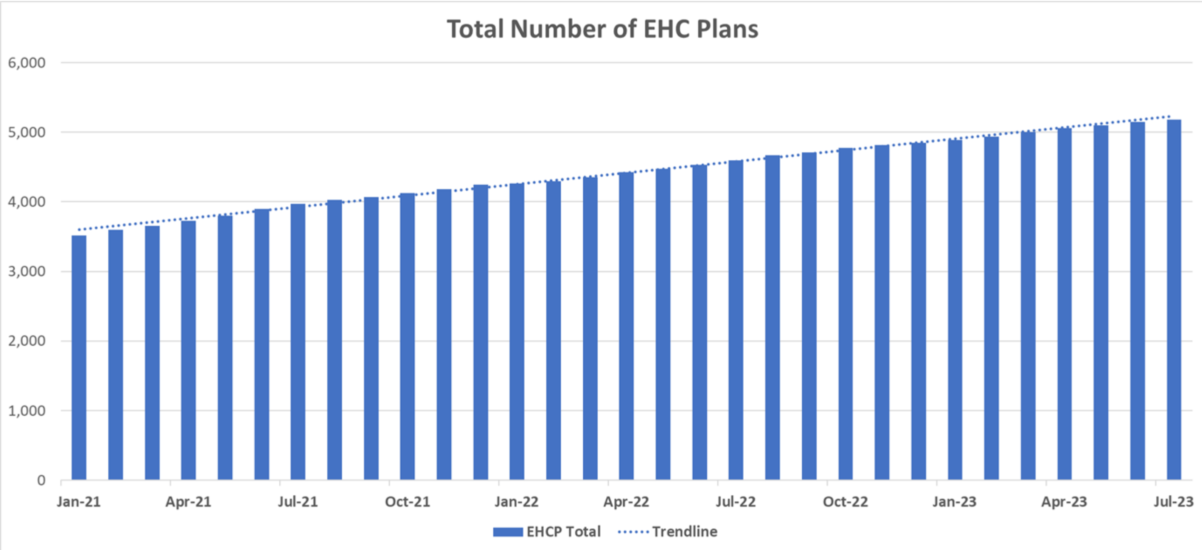
   The effect of the significant increase in new INMS placements agreed through the LA's Placement and Travel Panel or ordered by the SEND Tribunal continued in the first quarter of 2023/24. In part, this has been due to insufficient availability of maintained specialist provision for pupils with social, emotional, and mental health needs.

3. Children Looked After (CLA) (£0.9m adverse variance)

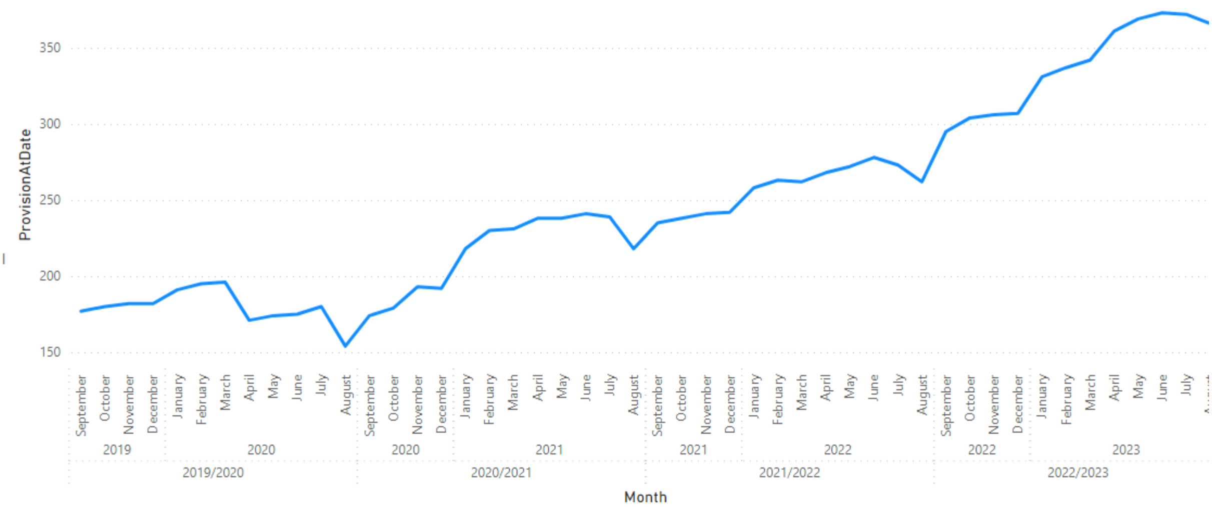
   The complexity and, therefore, cost of CLA placements resulting in a contribution from education has increased above the budgeted assumptions.

Dedicated Schools Grant - key performance cost drivers

Since 2018, Somerset has experienced a steady growth in the number of children with Education Health & Care (EHC) plans as shown below. Previously, Somerset was an outlier, nationally, with extremely low numbers of children with EHC plans, as there was a policy of allocating high needs funding to mainstream schools to support children. This policy was changed in 2018 to ensure there was better oversight and accountability for use of high needs funding. From 2018 to 2023 there was an increase nationally in the proportion of school pupils from 2.9% to 4.3%. Somerset is now slightly above the national level at 4.5% of pupils with an EHC plan.



The graph below shows the growth in the number of children accessing independent non-maintained specialist (INMS) schools. INMS schools are significantly more costly (Approx £30k per pupil per year) than placements in maintained specialist schools. These placements are only made where there is no viable alternative placement available in a maintained setting, so the growth is a result of not having sufficient maintained provision in Somerset to meet the range of needs.



Dedicated Schools Grant - key risks, future issues, and opportunities

The key issues relating to the DSG Reserves are:

1. The projected future overspends in the High Needs Block will continue to create increasing deficits within that block and hence within the overall DSG Reserves position. This is discussed further in the High Needs Block sections below.

2. The DSG had an overall cumulative deficit of £20.7m at 31 March 2023. The statutory override that allows the separation of DSG deficits from the local authority's wider finances is due to expire in March 2026 whereupon the DSG deficit will need to be recognised within the local authority's overall level of reserves.

The key risks in the High Needs Block are:

1. Increased demand for education, health, and care (EHC) plans

   The key driver for increases in high needs spending is increased demand for EHC plans. Having had one of the lowest rates of EHC plans nationally in 2018, Somerset has seen a continued increase in rates of EHC plans and the current rate of 4.0%, is now just above the national average of 3.9% (2021/22 figures). Although most children with EHC plans are educated in mainstream schools, there has been a gradual movement of children from mainstream settings into specialist settings, with demand for places exceeding the growth in the provision of specialist settings. £10.1m of DfE capital funding was made available in 2022 allowing the development of a new phase of the capital programme, which focuses on special school satellites, enhanced learning provision across the county and new therapeutic education capacity, to enable more children to access inclusive provision close to where they live. In addition, service transformation activity linked to the national Delivering Better Value (DBV) programme focuses on improving interventions and support at an early stage to prevent the need for so many EHC plans.

2. Sufficiency of provision of Social, Emotional and Mental Health (SEMH) support

   There is currently insufficient SEMH provision in Somerset with the only provider currently operating significantly below capacity. This has been caused by a poor Ofsted rating for this provider. In addition, the opening of a new special SEMH free school in South Somerset has been delayed from September 2022 to September 2024. These issues result in SEMH needs being met by higher cost INMS providers. In 2022 the Council successfully applied for another SEMH special free school in the Wells area, which will cater for 64 children. However, this is not expected to be delivered until 2027. These will help to address the current lack of SEMH provision.

Transformation, Savings, and Income Generation

There have been two key programmes of work to address the ongoing challenges in the high needs block. The specialist capital programme began in 2019, supported by investment from the local authority, to expand and improve Somerset's specialist estate. This has resulted in an increase of 361 additional places in specialist SEND provision across the county to date. In 2022, the Council received a £10.1 million DfE high needs capital grant, which is being used to fund further increases in specialist SEND capacity, through development of special school satellites, enhanced learning provisions in mainstream settings, and therapeutic education provision. In addition, the Council has successfully bid for two new Special Free Schools, which the DfE is responsible for delivering. The first was due to open in September 2022, but has been delayed and is now expected to open in September 2024. This will ultimately provide 120 new places. The second is due to open in 2027 and will provide a further 64 places.

Since April 2022, the service has been working with IMPOWER Consulting to identify further opportunities to improve outcomes for children and reduce pressures on high needs budgets. This work has focused on improving early identification and support and led to the set-up of a dedicated advice line for schools to support earlier intervention, as well as a trial of the Somerset Inclusion Tool (Valuing SEND) to improve planning around transitions for children with SEND. This is helping to identify children who can remain in mainstream settings with the right support, who might otherwise have moved into more specialist settings.

Following on from this, in summer 2022, Somerset was invited to participate in the DfE-led Delivering Better Value programme. This is aimed at 55 local authorities with significant high needs deficits, but not the 20 areas with the biggest deficits (who access a different "safety valve" programme). During autumn 2022 the service worked with Newton Europe and CIPFA to develop an improved understanding of our demand and financial trajectories in relation to high needs, as well as identify opportunity areas where improvements and efficiencies could be made. This has resulted in the award of a £1m grant from DfE to support transformation and test and learn activity.

Newton's analysis has suggested that there are opportunities for reducing high needs expenditure, which could realise a £1.05m benefit by the end of 2024/25, and a cumulative benefit of £7.93m by the end of 2027/28. However, based on Newton's model, it is still expected that the cumulative deficit will continue to grow each year, unless there were to be significant changes to SEND policy or funding at a national level. Newton have reported that in each of the local authorities they have worked with, they are projecting that deficits will continue to grow, so Somerset is in line with other areas in this respect.

The Department for Education still requires the Local Authority to produce a DSG Deficit Management Plan to evidence how it will reduce the in-year deficit to zero by 31st March 2026 when the statutory override expires. The activities and opportunities identified through the work with IMPOWER Consulting and the DBV SEND programme are included in Somerset's DSG Deficit Management Plan with further mitigating actions being developed.

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

LA Maintained Schools - key explanations, actions, and mitigating controls

These reserves are regarded as being under the control of the individual schools and not the local authority and are therefore not included in the calculation of the overall DSG reserves.

The overall revenue reserves of the 133 local authority's maintained schools were £19.8m at 31 March 2023. Projections for 2023/24 indicate a sharp downturn in the forecast for most schools, with overall revenue reserves expected to decrease by around £8m during the year and move into overall deficit during 2024/25.

- At the beginning of the year, 9 schools shared a cumulative deficit position of £1.9 million and 124 schools shared a cumulative surplus of £21.7m.
- Budget plans submitted by schools for 2023/24 show significant budgetary pressures with 103 of 122 plans submitted by 30 June 2023 indicating projected in year deficits totalling £8.2m. These schools are now the focus of targeted work to review their budgets in detail and develop financial recovery plans.

- One school, Wadham Secondary, had a cumulative deficit of £1.5m at 31 March 2023 and does not have an agreed recovery plan. The underlying problems have now been addressed by an area restructure, but the historic deficit is too large to be recovered solely by this school. A proposal has been developed to manage down this deficit over a 5–10-year period. There is a risk that the local authority may be required to fund the deficit if the school is required to convert to an academy due to underperformance.

LA Maintained Schools - key risks, future issues, and opportunities

Somerset's education system as whole (both the academised and maintained sectors) is underperforming and the 2022 assessment outcomes showed a trajectory of decline. While funding and finance issues are significant factors contributing to school performance, they do not determine educational outcomes. However, a weakened support infrastructure around schools has been strongly associated with that decline and financial stability is necessary for strong and reliable support services. Ensuring that financial uncertainty does not disrupt the focus on improvement and the benefit of improvement for children is therefore a priority for the local authority.

Key stakeholders, including Schools and the Local Authority are currently being consulted on proposals that are designed to mitigate risks and provide clarity and stability in relation to financial measures associated with a change of status from local authority maintained to academy status.

These proposals have been considered by Scrutiny and are due for decision on 2 August by the Executive:

a) Change the approach to managing Core Offer contracts when a school converts to academy status.
b) Update the Council's academy charge for schools electing to convert to academy status.
c) Apply Department for Education guidance when dealing with surplus and deficit balances on conversion to academy status.
d) Implement the proposal at (c) in relation to surplus and deficit balances effective from the date of decision (2 August 2023)

There are currently 13 schools with an academy order and a further 10 that have notified of an intention to academise. Five of the schools with orders have directive academy orders due to underperformance which means that costs cannot be recouped but any surplus would be retained.

Public Health – Executive Director Trudi Grant, Lead Member Cllr Adam Dance

- 2023/24 Net Budget £1.2m, no projected variance
- 2022/23 Net Budget £1.3m, no variance at outturn

Table 6: 2023/24 Public Health as at the end of June 2023 (Month 3)

Service Area	Current Budget	Full Year Projection	Month 3 Variance	A/(F)
Public Health Grant	22.6	22.6	0.0	-
Somerset Council Budget	1.2	1.2	0.0	-
Grant Income	(22.6)	(22.6)	0.0	-
Public Health Total	**1.2**	**1.2**	**0.0**	**-**

Public Health - key risks, mitigations, future issues, and opportunities

The Public Health budget is currently projected to be on budget for both the ringfenced grant and the Somerset Council budget.

Both the Public Health Grant and the Somerset Council funding managed by public health are under significant pressure caused by contract and pay inflationary increases. This pressure will intensify following an early indication of a 1% increase to the Public Health Grant for the 2024/25 financial year which is again significantly below inflation. We are still awaiting a decision by the treasury to pay the inflationary pay increase for staff on active NHS Agenda for Change Terms and Conditions where teams are employed outside of the NHS.

There is a systemic underfunding of public health in Somerset. The Public Health Grant is significantly below the national average being 141st out of 153 local authorities nationally. Improvements in whole population health are not achievable within the constraints of the public health budget. A new operating model for public health is underway in order to focus the activity of the Public Health Team towards influencing policy, commissioning and spend right across the Somerset system towards improving health and tackling inequalities.

Community Services – Director Executive Director Chris Hall, Lead Member Cllr Federica Smith-Roberts

- 2023/24 net budget £34.7m, no projected variance.

Table 7: 2023/24 Community Services as at the end of June 2023 (Month 3)

Service Area	Current Budget	Full Year Projection	Month 3 Variance	A/(F)
Housing				
Lifeline	(0.5)	(0.5)	0.0	-
Housing Enabling	0.4	0.4	0.0	-
Housing Strategic	1.3	1.3	0.0	-
Homelessness	4.2	4.2	0.0	-
Customer Services				
Customers & Communities	7.6	7.6	0.0	-
Cultural Services				
Library Service	3.8	3.8	0.0	-
Heritage Service	1.7	1.7	0.0	-
Leisure - Sports Centre	2.0	2.0	0.0	-
Museum/ Theatres	0.6	0.6	0.0	-
Visitor Centre	0.1	0.1	0.0	-
Tourism	0.1	0.1	0.0	-
(wellbeing) Community Safety	0.5	0.5	0.0	-
Regulatory & Operational Services				
Scientific Services	0.0	0.0	0.0	-
Registration	(0.2)	(0.2)	0.0	-
Environmental Health	4.2	4.2	0.0	-
Bereavement Services	(1.2)	(1.2)	0.0	-
Harbours	0.3	0.3	0.0	-
Ports	0.0	0.0	0.0	-
Street Cleansing	5.0	5.0	0.0	-
Open Spaces	3.1	3.1	0.0	-
CCTV	0.7	0.7	0.0	-
(wellbeing) Community Grants	1.0	1.0	0.0	-
Communities Services Total	**34.7**	**34.7**	**0.0**	**-**

Community Services - key risks, mitigations, future issues, and opportunities

Cultural Services

Freedom Leisure Contract – there may be an under recovery of income from the contracted schedule of payments in 2023/24 due to changes in the business rate policy and pension contributions as well as benchmarking clauses currently being discussed in relation to the dramatically increased utility costs that are placing significant pressure on the contractor's budget position. The service is continuing to work with the contractor to find solutions to reduce the impact to the Council. A bid may be required, as part of the MTFP process, to reflect the impact of any changes in future years.

Octagon Theatre & Westlands Entertainment Venue – the Council currently subsidises the delivery of this provision to the community. The revenue budgets are currently under pressure from the rising cost of inflation. In addition, The Octagon has been closed to complete survey work and preparatory work as part of the proposed refurbishment tender process. The service is working with finance to review the annual budgets and business plan to see where savings could be made and / or income could be increased to mitigate any variance to the net budget.

Housing

Homelessness – the Council has a statutory duty to assist in the prevention and provision of accommodation to those who are at risk of or become homeless. The service is seeing an increase in the number of approaches and the number of cases which the service has a duty to investigate due to the cost-of-living crisis. The cost of temporary accommodation has also increased due to the economic climate and local demand pressures on B&B and private rented accommodation. Whilst the government is providing £1.6m in the form of a Homelessness Prevention Grant and an extra £940k Ukraine Homeless Prevention Grant, there is a risk that the service will overspend above its base budget from the Council to fulfil its statutory duty. The service's current projections suggest that existing earmarked reserves should cover any overspend in this financial year. To reduce any impact on the MTFP, the service's directorate plan includes implementing a consistent approach, improving performance measures and the development of an accommodation strategy. In addition, the government has pledged a further £1.6m Homelessness Prevention Grant in 2024/25.

<u>Climate & Place – Executive Director Mickey Green, Lead Members – Cllr Dixie Darch, Cllr Mike Rigby, Cllr Ros Wyke</u>

- 2023/24 net budget £87.7m, projected adverse variance of £5.1m

Table 8: 2023/24 Climate & Place as at the end of June 2023 (Month 3)

Service Area	Current Budget	Full Year Projection	Month 3 Variance	A/(F)
Climate, Environment & Sustainability				
Civil Contingencies	0.4	0.4	0.0	-
ECI Management	0.4	0.4	0.0	-
Business Support	1.3	1.3	0.0	-
Waste Services	49.4	52.8	3.4	A
Drainage Board Levy	2.3	2.3	0.0	-
Climate Change Costs	0.8	0.8	0.0	-
Infrastructure & Transport				
Highways and Transport Commissioning	1.8	1.8	0.0	-
Community Infrastructure	0.6	0.6	0.0	-
Infrastructure Programmes Group	0.4	0.6	0.2	A
Highways	16.4	17.5	1.1	A
Traffic Management	1.0	1.0	0.0	-
Transporting Somerset	9.3	9.3	0.0	-
Car Parks	(7.3)	(7.3)	0.0	-
Fleet Management	0.3	0.3	0.0	-
Economy, Employment & Planning				
Economy and Planning	2.2	2.6	0.4	A
Commissioning Development	0.1	0.1	0.0	-
Building Control	0.5	0.5	0.0	-
Development Control	1.5	1.5	0.0	-
Planning Policy	3.5	3.5	0.0	-
Economic Development	2.8	2.8	0.0	-
Climate & Place Total	**87.7**	**92.8**	**5.1**	

Climate & Place - key explanations, actions, & mitigating controls

Climate and Place is currently forecasting an outturn variance of £5.1m. The forecasted overspends are due to the following:

Climate, Environment and Sustainability

- Waste Services is forecasting an overspend of £3.4m at outturn. This can be explained by the following:
  - An increase in residual waste has been seen at both the kerbside and recycling centres. The budgeted increase was estimated to be 0.7%, however figures at the end of Quarter 1 shows that the actual increase for this period is 4.2%. Based on this increase the forecasts have been amended to reflect the higher costs. The increase in tonnages is currently

being investigated by the service to understand what has caused this significant increase.

- The additional bank holiday for the Kings coronation, meant that there was an impact on waste collections and was not anticipated in budgets.
- An anticipated change of legislation due in January 2024 regarding DIY waste (removing charges at recycling centres) adds further pressures to the waste budget.
- Waste services have been able to negotiate an improved pay award shared with Suez, however this has provided a further unbudgeted pressure within the service. This however has avoided any strike action which would have caused disrupted waste collections across the County and resulted in significant costs.

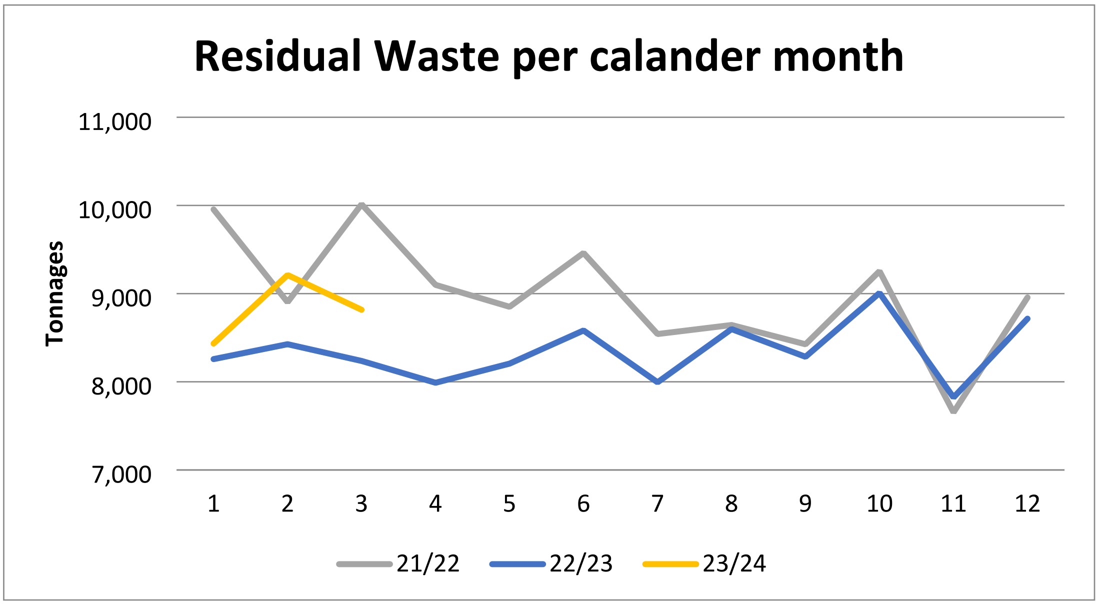
Infrastructure and Transport

- Highways is forecasting an overspend of £1.1m at year end. As many authorities are finding this is due to an increase in Safety defects across the road network. The service continues to work hard to successful complete the investigation and repair works. This pressure is a continuation of the situation that Somerset County Council reported in 2022/23.
- Infrastructure Programmes Group have highlighted pressures of £0.2m. This is due to being unable to allocate salary costs to capital schemes, the service is currently supporting revenue funded projects as well as Capital works.

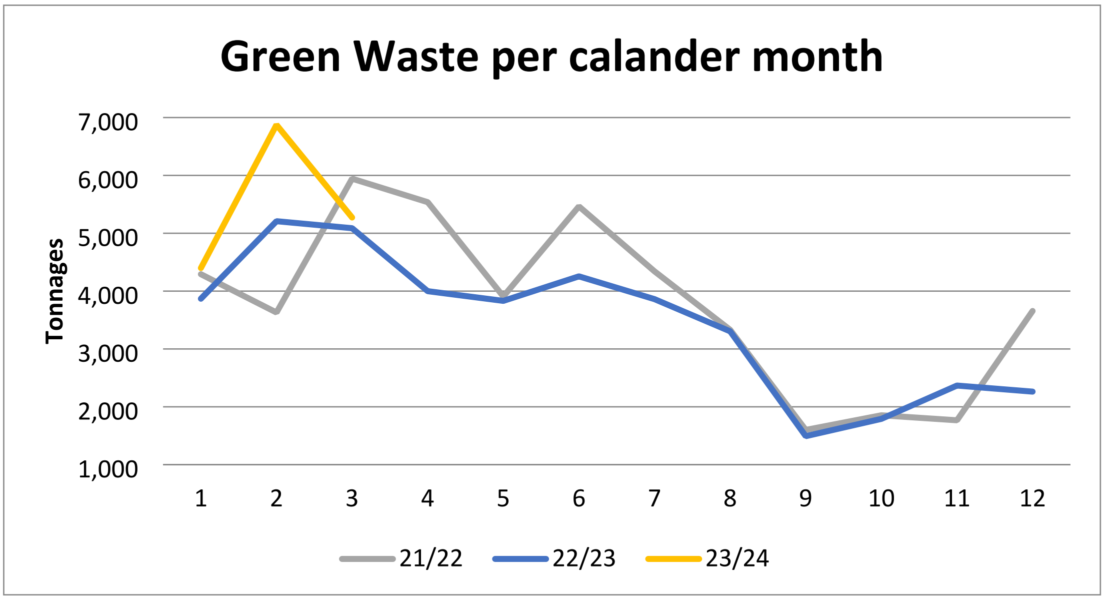
Economy, Employment and Planning

- A one-off pressure of £0.4m has been identified in this area due to a change in how funding from DWP can be applied. Work continues to try and mitigate this pressure, and the service are exploring other funding streams to try and mitigate this action.

Climate & Place - key performance cost drivers



The above graph shows the residual waste (per tonnage) per month. The residual waste includes Kerbside collected waste and waste deposited at the recycling centre. The graph currently shows the reduction of waste in 2022/23 compared to 2021/22, however this highlights the unexpected increase in tonnages for 2023/24.



The above graph shows the green waste (per tonnage) per month. It is expected to see a downwards trend between month 6-12 (September to April) due to the seasonality of garden waste. The graph currently highlights a higher tonnage of green waste compared to 2021/22 and 2022/23.

Climate & Place - key risks, future issues & opportunities

Due to the current economic climate, there are several key risks and future issues that need to be taken into consideration:

- **Contract inflation** is applied at various times throughout the year, as the increase in contract could be led by RPI or CPI it is currently difficult to predict accurately what the impact for each contract might be. In addition, there are a number of contractual disputes which are being worked through. It is anticipated that these can be resolved in a timely matter, but in resolution may see increased costs agreed.

- **Impact of cost-of-living crisis.** As costs continue to rise, spending habits may change therefore it is possible that services across Economic and Community Infrastructure will see a decrease in income budgets.

- **Staff vacancy levels.** Difficulties in recruiting permanent staff across Climate and Place continue to impact on the ability to deliver services, where possible agencies have been used to feel critical roles. However, this has a financial impact as generally the cost of these staff is higher than budgeted for.

Risks can be identified due to the change in climate. It is almost difficult to be able to identify financially what the impact of climate change will be year on year, but risks with a potential financial impact include:

- Icey conditions will see a high demand on the Highways service to grit primary and secondary routes.
- An increase in rainfall raises the risk of flooding across the County. This will require input from the Emergency Planning department, Highways and Traffic Management to help ensure residents can safely navigate around the affected areas.
- The extreme changes in weather will impact the road surfaces which continues to increase the safety defects reported and increases the costs of investigation and corrective action for potholes.

Climate and Place are working with finance colleagues to ensure pressures within budgets are highlighted and that income has been received as anticipated. There is a risk that further pressures will be identified as this work continues.

Strategy, Workforce & Localities – Executive Director Alyn Jones, Lead Members Cllr Theo Butt Philip, Cllr Liz Leyshon, Cllr Mike Rigby & Cllr Bill Revans

- 2023/24 net budget £20.2m, projected adverse variance £1.5m.

Table 9: 2023/24 Strategy, Workforce & Localities as at the end of June 2023 (Month 3)

Service Area	Current Budget	Full Year Projection	Month 3 Variance	A/(F)
Partnership & Localities				
Community Development	0.8	0.8	0.0	-
Strategy & Performance				
Communications	1.2	1.2	0.0	-
Transformation & Change	2.2	2.2	0.0	-
Land Charges	(0.6)	(0.6)	0.0	-
Performance	0.4	0.4	0.0	-
Workforce				
Human Resources & Organisational Development	5.1	5.1	0.0	-
Learning & Development	0.9	0.9	0.0	-
Governance, Democratic & Legal Services				
Democratic Services	4.6	4.6	0.0	-
Legal Services	5.6	7.1	1.5	A
Strategy, Workforce & Localities Total	**20.2**	**21.7**	**1.5**	A

Strategy, Workforce & Localities - key risks, mitigations, future issues, and opportunities

Legal Services

The forecast £1.5m is an estimate in respect of an anticipated increase in external legal costs based on the previous year’s reported pressures. This is due to the continued need to place legal cases, principally in respect of childcare, with external legal experts.

An improvement plan is under development and some initial actions have already been implemented. This includes reviewing practice, improving representation to the courts, and developing capacity in the Legal Services team. The intention is to reduce the need to externalise this work and, in turn, reduce the level of spend that is currently being incurred in this service.

<u>Resources & Corporate Services – Executive Director Jason Vaughan, Lead Member Cllr Liz Leyshon, Cllr Mike Rigby & Cllr Ros Wyke</u>

- 2023/24 net budget £21.6m, projected adverse variance of £1.4m.

Table 10: 2023/24 Resources & Corporate Services as at the end of June 2023 (Month 3)

Service Area	Current Budget	Full Year Projection	Month 3 Variance	A/(F)
Finance & Procurement				
Finance	8.3	8.3	0.0	-
Director of Resources & Corporate Services	0.2	0.2	0.0	-
Commercial & Procurement	1.7	1.7	0.0	-
Revenues	1.7	2.4	0.7	A
Housing Benefits	1.1	1.3	0.2	A
Property Services				
Property Services	11.9	12.3	0.4	A
Commercial Investment Properties	(21.1)	(21.1)	0.0	-
Information Communication Technology				
ICT	17.8	17.9	0.1	A
Resources & Corporate Services Total	**21.6**	**23.0**	**1.4**	A

Resources & Corporate Services - key risks, mitigations, future issues, and opportunities

Revenues

Additional spend in respect of temporary staff due to service pressures. Work is being undertaken on identifying unallocated funding in the earmarked reserves for this area to fund the additional costs. Additional spend in respect of Foster Carers and Carers Leave discount which was approved as part of the Council Tax Discounts and Premiums scheme for the new Council.

Housing Benefits

Temporary resourcing required to maintain service delivery resulting in additional spend on staffing. The Housing Benefit Admin Subsidy grant received is anticipated to be less than the budget. The temporary resourcing additional spend is partially covered by funding received in the form of a government grant (Ukrainian refugee scheme).

Property Services

Vacant property running costs are forecast to be higher than budget as the service is taking on larger complex sites and properties are vacant for longer periods due to ongoing phosphates issues delaying planning. Tenancy changes at various properties has resulted in an anticipated shortfall of income in respect of rent receivable. Various other overspends anticipated on several budgets including facilities costs, property maintenance and training costs. The additional spend has been partially offset by an anticipated underspend on cleaning costs.

The budget in respect of National Non-Domestic Rates (NNDR) payable is expected to be exceeded, however the impact of this will be minimised due to a revaluation in respect of an office premise. The revaluation mentioned is expected to reduce the NNDR payable in respect of the office premises and therefore reduce the spend.

Information Communication Technology

Additional costs have been incurred in respect of the Office365 backup costs. The cost in respect of consolidating into a single electronic payments system will be more than anticipated and the work on data centre consolidation is not achievable in this financial year meaning the budget will be exceeded.

Work is being undertaken to find a solution that delivers the Office365 backup work on budget, an update on progress will be provided in quarter 2. All service budgets are being reviewed and budget savings will be identified to offset the additional costs anticipated in respect of the systems consolidation work.

<u>Accountable Bodies – Executive Director Mickey Green, Lead Members - Cllr Mike Rigby, Cllr David Woan, Cllr Mike Stanton</u>

- 2023/24 net budget £3.7m, no projected variance.

Table 11: 2023/24 Accountable Bodies as at the end of June 2023 (Month 3)

Service Area	Current Budget	Full Year Projection	Month 3 Variance	A/(F)
Somerset Rivers Authority	3.0	3.0	0.0	-
Local Enterprise Partnership	0.0	0.0	0.0	-
Connecting Devon & Somerset	0.7	0.7	0.0	-
Accountable Bodies Total	**3.7**	**3.7**	**0.0**	**-**

Accountable Bodies - key explanations, actions, & mitigating controls

Somerset Rivers Authority (SRA)

Somerset Rivers Authority is currently reporting to be within budget and are not anticipating any draws from or to reserves.

Local Enterprise Partnership (LEP)

LEP is currently reporting to be within budget and are not anticipating any draws from or to reserves.

Connecting Devon & Somerset (CDS)

CDS is currently reporting to be within budget and are not anticipating any draws from or to reserves.

Accountable Bodies - key risks, future issues & opportunities

Somerset Council acts as the accountable body for the Heart of the Southwest LEP, providing a service across the core functions of the LEP and its programmes. This is in the context of an assurance framework for this programme funding meeting Government principles and expectations. In performing these functions, Somerset Council works closely with the LEP core team, and the services Somerset Council provides are specified and resourced via a service level agreement between the LEP and Somerset Council.

LEP performance is subject to periodic assessment and an annual formal review by Government – the most recent of these for 2022/23 looked positively on Somerset Council's accountable body services to the LEP.

LEPs are being reviewed by Government and in March 2023 the Chancellor indicated that the Government is minded ceasing funding them post 2023/24. Detailed outcomes of this review are planned this summer with the likely outcome of LEP integration into local authorities including Somerset Council. The Council is working with the LEP and partner Local Authorities to seek advice about the treatment of LEP assets remaining at this point.

Non-Service – Executive Director Jason Vaughan, Lead Member Cllr Liz Leyshon

- 2023/24 net budget £9.8m, projected favourable variance £0.5m

Table 12: 2023/24 Non-Service as at the end of June 2023 (Month 3)

Service Area	Current Budget	Full Year Projection	Month 3 Variance	A/(F)
Local Government Reform	0.1	0.1	0.0	-
Contributions	0.9	0.9	0.0	-
Corporate Costs	9.3	9.3	0.0	-
Financing Transactions	40.6	40.6	0.0	-
Special Grants	(56.4)	(56.9)	(0.5)	(F)
Pay Award	15.3	15.3	0.0	-
Non-Service Total	**9.8**	**9.3**	**(0.5)**	**(F)**

Non-Service - key risks, mitigations, future issues, and opportunities

Special Grants

The favourable variance of £0.5m for Special Grants is due to receiving confirmation that the Rural Services Delivery grant and the 2023/24 Services Grant will be higher than budgeted. The grant confirmation was received after the budget setting process.

<u>Traded Services – Executive Director Claire Winter, Lead Member Cllr Tessa Munt</u>

- Traded Services are required to set a net nil budget with full costs offset by income generated.

Table 13: 2023/24 Traded Services as at the end of June 2023 (Month 3)

Service Area	Current Budget	Full Year Projection	Month 3 Variance	A/(F)
Dillington	0.0	0.2	0.2	A
Traded Services Total	**0.0**	**0.2**	**0.2**	**A**

Traded Services - key risks, mitigations, future issues, and opportunities

Dillington's deficit for the year is forecast to be £0.240m with operating costs continuing to increase, particularly food, drink, and utility bills. Salary costs have also increased due to using agency staff whilst current employees secure alternative employment.

Contingencies – Executive Director Jason Vaughan, Lead Member Cllr Liz Leyshon

- 2023/24 allocation of £6m, assumed £6m is committed.

Table 14: 2023/24 Contingencies as at the end of June 2023 (Month 3)

Service Area	Original Budget	Contingency Allocations £m	Current Budget	Full Year Projection	Month 3 Variance	A/(F)
Corporate Contingency	6.0	0.0	6.0	6.0	0.0	-
Contingencies Total	**6.0**	**0.0**	**6.0**	**6.0**	**0.0**	**-**

Contingencies – key risks, mitigations, future issues, and opportunities

Corporate Contingency

The Corporate Contingency is showing as being fully committed in order to cover the additional costs of the national pay award over and above the 5% that was budgeted for, temporary staffing, the additional costs in closing the accounts of the predecessor councils and costs of the financial resilience review.

Core Revenue Funding – Executive Director Jason Vaughan, Lead Member Cllr Liz Leyshon

- 2022/23 net budget (£473.4m), no projected variance

Table 15: 2023/24 Core Revenue Funding as at the end of June 2023 (Month 3)

Service Area	Current Budget	Full Year Projection	Month 3 Variance	A/(F)
Council Tax	(345.4)	(345.4)	0.0	-
Business Rates	(116.1)	(116.1)	0.0	-
Revenue Support Grant	(7.9)	(7.9)	0.0	-
Flexible Use of Capital Receipts	(4.0)	(4.0)	0.0	-
Core Revenue Funding Total	**(473.4)**	**(473.4)**	**0.0**	**-**

Core Revenue Funding - key explanations, actions, & mitigating controls

There is currently no variance projected for outturn.

Transformation, Savings, and Income Generation Proposals

The Council's 2023/24 revenue budget includes over £40m of approved MTFP transformation, savings, and income generation proposals (TSIGP). As at the end of quarter one, it is forecast that 72% will be delivered against this target and 1% will be achieved over and above this target.

Delivery of the 2023/24 Approved Savings is vital and where this cannot be achieved then the development of alternative recovery or mitigation measures to address any forecast underachievement of approved savings is required by the relevant Service Director.

Table 16 shows the forecast achievement of TSIGPs 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. Any over or under achievement is reflected in the forecast outturn position.

Within the overall profile, £29.3m (72%) are either achieved or on-track to be delivered.

Table 16: Performance of Agreed Transformation, Savings, and Income generation Proposals as at end of June 2023 (Month 3)

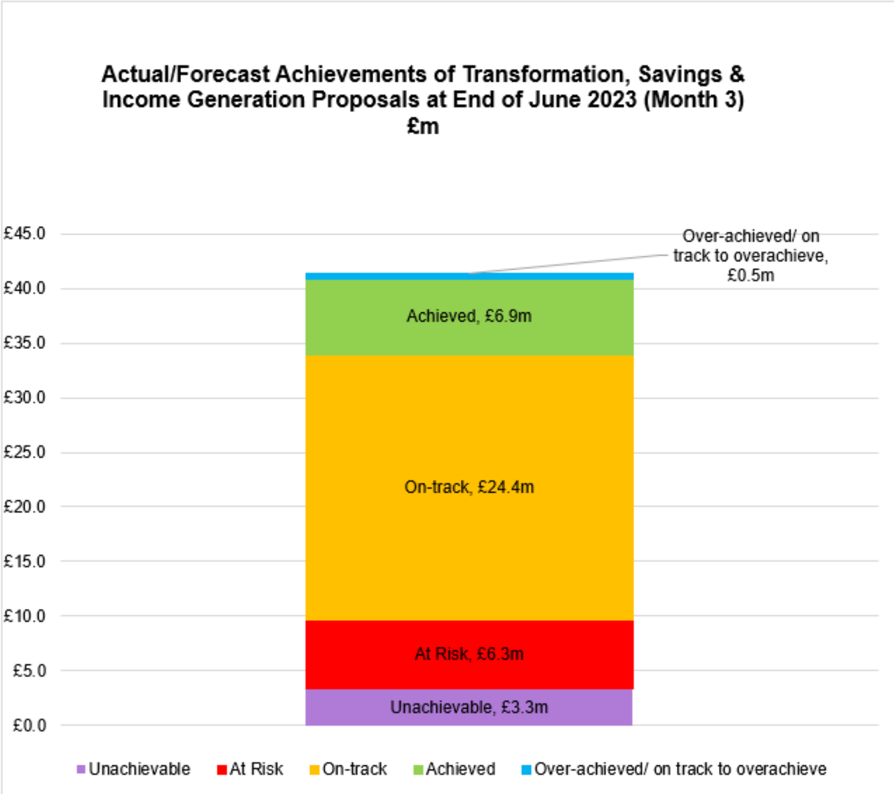
Service Area	Approved TSIGP	Over-achieved/ on track to overachieve	Achieved	On-track	At Risk	Unachievable
	£m	£m	£m	£m	£m	£m
Adults Services	10.5	0.0	2.0	3.7	0.0	4.8
Children's Services	4.6	0.4	0.2	2.1	2.3	0.0
Public Health	0.1	0.0	0.0	0.1	0.0	0.0
Communities Services	1.5	0.0	0.1	0.5	0.4	0.4
Climate & Place	7.9	0.0	0.6	5.2	2.1	0.0
Strategy, Workforce & Localities	0.6	0.0	0.6	0.1	0.0	0.0
Resources & Corporate Services	4.7	0.1	0.8	3.6	0.2	0.1
Non-Service	11.0	0.0	2.6	7.1	1.3	0.0
Total	**40.9**	**0.5**	**6.9**	**22.4**	**6.3**	**5.3**

At Risk/Unachievable savings total £11.6m (28%) and include:

- **Adult Services – Total savings £10.5m, £4.8m unachievable.**
  - Newton Europe savings. Longer rollout than originally anticipated. £4.8m of the £5.0m saving will now be achieved in 2024/25.
- **Children & Family Service – Total savings £4.6m, £2.3m at risk.**

    - Turnover Factor (high-risk) – the £0.5m saving in 2023/24 increases the total turnover saving to £1m per year which is unlikely to be deliverable because we have a more stable workforce.
    - Family Intervention (high risk) - a review of the original savings assumptions has been undertaken and an alternative delivery model proposed.
    - Diagnostic Review of Children's Services (medium risk) – the Impower report identifies potential savings which deliver approximately 6 to 8 step downs from residential to in house fostering, but there is a risk that not all savings will be delivered in 2023/24 due to the unknown timescale to drive significant change in in-house fostering services.
    - Strategic Partnership Staying Close Pods and Annexes (medium risk) – delays in identifying a cost-effective construction method, procurement of the pods and annexes, and agreeing a planning route have resulted in a 4-month delay to opening the provision. There is a risk of further slippage while there is still no contractor in place.
- **Communities Services – Total savings £1.5m, £0.8m at risk/unachievable.**
    - Freedom Leisure Contract savings. Income & costs determined by contract with Freedom Leisure, so savings opportunities are limited. £0.669m at risk/unachievable
    - Reduction in Watchet Harbour dredging activity. Activity is still required therefore £0.020m saving unachievable.
    - Alignment of fees & charges for new Lifeline customers. Currently undertaking a review of income and costs to provide confidence that the savings are achievable following merger of lifeline services - £0.106m potentially at risk.
- **Climate & Place – Total savings £7.9m, £2.1m at risk.**
    - Recycle More. Latest data shows increase in landfill tonnages. Therefore £1.7m of the total saving (£3.1m) is at risk.
    - Materials Income. The entire £0.4m saving is at risk due to fluctuating material prices and volumes caused by the recession.
- **Resources & Corporate Services – Total savings £4.7m, £0.3m at risk/unachievable.**
    - Mobile Devices. £0.051m saving is due to be delivered January 2024. Project Manager considers this value to be at risk.
    - Reduction Treasury Management Advice costs. £0.025m at risk due to lack of baseline & Invoicing data.

  - Review of SAP Licences. Project Manager advises anticipated delay putting the £0.050m saving at risk.
  - Environmental Health IT. No activity in the programme to realise this saving therefore the entire £0.039m saving is at risk.
  - Various Supplies and Services Minor Budget Reductions. No activity in the programme to realise this saving therefore the entire £0.004m saving is at risk.
  - Subscriptions. No activity in the programme to realise this saving therefore the entire £0.005m saving is at risk.
  - Office 365 back-up contracts. Project Manager states this £0.026m saving is likely unachievable due to pressure to extend Office 365 back-up.
  - Data Centre Consolidation. Linked to office rationalisation therefore £0.050m saving will not be achievable this year.
  - Housing Benefit Admin Grant (2% increase): The increase in the Government Grant, was less than anticipated resulting in this £0.028m saving being unachievable.
- **Non-Service – Total savings £11.0m, £1.3m at risk.**
  - LGR Staffing savings. Work is currently being undertaken on the new staffing structures for the council, with some proposals out for consultation. Until the consultation is complete the financial savings cannot be guaranteed.


Actual/Forecast Achievements of Transformation, Savings & Income Generation Proposals at End of June 2023 (Month 3) £m
£45.0
£40.0
£35.0
£30.0
£25.0
£20.0
£15.0
£10.0
£5.0
£0.0
Over-achieved/ on track to overachieve, £0.5m
Achieved, £6.9m
On-track, £24.4m
At Risk, £6.3m
Unachievable, £3.3m
Unachievable
At Risk
On-track
Achieved
Over-achieved/ on track to overachieve

Treasury Management

The creation of the unitary authority from 1st April has considerably changed the nature of the treasury investments compared to any of the portfolios of the five prior councils.

No further investment has been made in pooled funds during the quarter, we have maintained the £116.5m already invested by the five prior councils. It is likely we will be looking to reduce this level of investment as the year progresses.

The outlook for interest rates is for the Bank of England (BoE) base rate to continue to increase from the 5.00% seen at the end of the June quarter. The BoE has raised rates at each of the last 13 Monetary Policy Committee meetings (including every meeting in 2022 and the first six month of 2023) and markets expect this trend to continue at least until autumn 2023.

The rapid increase in rates has allowed us to broadly maintain interest income versus budget despite the reduction in balances.

A summary of investment balances and movements during the last three months is shown in Table 17 below:

Table 17: Investment Balances and Movements as at end of June 2023 (Month 3)

	Balance as at 31-03-2023 £m	Balance as at 30-06-2023 £m	Movement £m
Money Market Funds	16.8	35.7	+18.9
Notice Bank Accounts	0.0	20.0	+20.0
Time deposits/CDs – Banks	70.0	70.0	+0.0
Intra Unitary Deposits	45.0	0.0	-45.0
Time Deposits – LAs	73.0	30.0	-43.0
Debt Management Office	0.0	0.0	+0.0
Strategic Pooled Funds	116.5	116.5	+0.0
Total Investments	**321.3**	**272.2**	**-49.1**

Similar to the position on investments the creation of the unitary council has created a significantly different debt portfolio with a significant amount pf short term borrowing.

The Council is currently managing the cost of borrowing through its Treasury Management activities, as set out in the approved Treasury Management Strategy, by utilising cash funds available rather than taking external debt. This is known as internal borrowing and the council has utilised this strategy over the past three years. This has seen some debt repaid on maturity with only selective deals being renewed. As we move forward through the 2023-24 financial year it is likely that additional debt will be required to manage cash balances and meet capital expenditure.

Paying down some debt initially has allowed us to make savings on debt interest costs in the first fiscal quarter. The majority of the existing debt is fixed rate and therefore it is less sensitive to the increases in BoE base rate but the cost of new debt when needed will be higher than originally budgeted.

Table 18: Debt Balances and Movements as at end of June 2023 (Month 3)

	Balance as at 31-03-2023 £m	Balance as at 30-06-2023 £m	Movement £m
Local Authority	191.5	113.0	-78.5
PWLB	234.8	234.8	+0.0
Fixed Rate Bank	57.5	57.5	+0.0
LOBO Bank	108.0	108.0	+0.0
Total General Fund	**591.8**	**513.3**	**-78.5**
Local Authority	15.0	15.0	+0.0
PWLB	135.9	135.9	+0.0
Fixed Rate Bank	3.0	3.0	+0.0
Total HRA	**153.9**	**153.9**	**+0.0**
Total Debt	**745.7**	**667.2**	**-78.5**

Background Papers

28. Medium Term Financial Strategy (MTFS) 2024/25 to 2026/27 report to Corporate & Resources Scrutiny & Executive July 2023

29. 2023/24 Budget, Medium-Term Financial Plan & Council Tax Setting report to Council February 2023

Appendices

None

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

	Officer Name	Date Completed
Legal & Governance Implications	David Clark	
Communications	Chris Palmer	
Finance & Procurement	Nicola Hix	
Workforce	Chris Squire	
Asset Management	Oliver Woodhams	
Executive Director / Senior Manager	Jason Vaughan	27/07/2023
Strategy & Performance	Alyn Jones	
Executive Lead Member	Cllr Liz Leyshon	
Consulted:		
Local Division Members	All	
Opposition Spokesperson	Cllr Mandy Chilcott Deputy Leader of the Opposition and Opposition Spokesperson for Resources and Performance	
Scrutiny Chair	Cllr Bob Filmer, Chair - Scrutiny Corporate & Resources Committee	