

## **Report of the Leader and Executive – Items for Decision**

Executive Member: Councillor Bill Revans – Leader of the Council and Lead Member for Governance and Communications

Division and Local Member: All

Lead Officers: Duncan Sharkey – Chief Executive and Alyn Jones – Executive Director for Strategy, Workforce and Localities

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### **1. Summary**

- 1.1** This report sets out the Leader’s and Executive’s recommendations to Council arising from their consideration of reports at the Executive meetings on 4 October 2023 and 6 December 2023 (the Executive also met on 8 November 2023, but no decisions requiring Full Council approval were considered at this meeting).

**Note: The references in this report to Papers A, B, C1, C2, D, E and F relate to the relevant report considered by the Executive containing specific recommendations for Full Council to consider and are appended to this report for reference.**

- 1.2 Paper A (2024/25 General Fund Revenue Budget & Capital Programme update)** was considered at the Executive meeting on 6 December. The Executive endorsed Paper A and agreed for this to be reported to Full Council to consider and approve.

This report sets out the very stark and challenging financial position faced by the Council, this includes the cost of delivering services increasing significantly faster than income received. The report highlights that the Council cannot continue to provide and operate services in their current format and that rapid, radical, change is required if it is to become financially sustainable.

The latest forecast budget gap position for 2024/25 (a reduction to £87m) is detailed along with work planned to further reduce this figure. The report further specifically sets out that indications from the Autumn Statement on 22 November 2023 are that there will be real term reductions for Local Government spending and that the Council will not be able to set a balanced budget for 2024/25 without Government support through a capitalisation direction (this would enable the Council to capitalise an amount of revenue expenditure and either borrow or use asset sales to finance it).

Further detail included within the report includes: the Financial Strategy as approved by the Executive in July 2023; work and progress to reduce the current year's projected overspend including areas of priority focus; the review of earmarked reserves from the five predecessor councils and work to repurpose and be made available as a one-off to support the 2024/25 budget; and the revenue impact of a capitalisation directive in the long term.

**1.3 Paper B (Council Tax Reduction & Exceptional Hardship Scheme for 2024/25)** was considered at the Executive meeting on 6 December. The Executive endorsed Paper B and agreed for this to be reported to Full Council to consider and approve.

Council Tax legislation requires the Council, as a billing authority, to formally agree a Council Tax Reduction (CTR) scheme for each financial year for working age people.

This report specifically recommends uprating income band thresholds by the same increase applied by Government to state benefits (6.7%). The report details how this option protects existing working age claimants who are in receipt of state benefits from the impact of income inflation on their CTR entitlement, but working age claimants who are in receipt of the National Living Wage, which Govt. have announced will rise by 9.8%, could see a reduction in the amount of CTR they receive (depending on their circumstances).

The report further details work to ensure the Council is making best use of the limited funds at its disposal for future financial years, and that a full review of the scheme during the 2024/25 financial year together with full public consultation on any proposed changes will be required.

**1.4 Paper C1 and Paper C2 (Annual Treasury Management Outturn Report 2022-23 / Annual Treasury Management Mid-Year Report 2023/24)**

were considered at the Executive meetings on 4 October 2023 and 6 December 2023. The Executive endorsed Papers C1 and C2 and agreed for them to be reported to Full Council to consider and approve.

**Paper C1 - Annual Treasury Management Outturn Report 2022/23**

The Annual Treasury Management Outturn Report is a requirement of the CIPFA Treasury Management Code and covers the Treasury Management activity for 2022-23.

**Paper C2 - Annual Treasury Management Mid-Year Report 2023/24**

The Treasury Management Mid-Year Report is also a requirement of the CIPFA Treasury Management Code and covers the Treasury Management activity for the first 6 months of the 2023-24 financial year.

Papers C1 and C2: are prepared in accordance with the CIPFA Treasury Management Code and the Prudential Code. The reports: give details of the outturn position on treasury management transactions in 2021-22; present details of capital financing, borrowing, and investment activity; report on the risk implications of treasury decisions and transactions; and confirm compliance with treasury limits and Prudential Indicators or explains non-compliance.

**1.5 Paper D (Harbour Management Advisory Committee)** was considered at the Executive meeting on 6 December. The Executive endorsed Paper D and agreed for this to be reported to Full Council to consider and approve.

This report details how the previous establishment of a Harbour Management Advisory Committee as an Executive Sub-Committee limits the membership from Somerset Council to the Sub-Committee to only members of the Executive. The recommendations propose the formation of a committee of the council which would enable broader membership and locally elected members to be part of the Harbour Management Advisory Committee.

Within the report it is highlighted that S102(4) of the Local Government Act 1972 expressly allows the Council to appoint a committee to advise the Executive as Duty Holder and allows the committee to consist of both members of the Council and co-opted members. The Harbour Management Advisory Committee would remain purely 'advisory' in nature and would still

only be able to make ‘recommendations’ to the Executive. The Executive would remain as the Duty Holder under the Port Marine Safety Code and as such would retain ultimate responsibility in relation to the Ports and responsibility to make financial decisions about their operation.

Establishing the Harbour Advisory Committee as a Council committee with both members of the Council and external co-opted members therefore strengthens governance by widening the pool for membership of the committee and allowing members of the wider Council and external appointees who are stakeholder representatives or individuals with valuable skills and experiences to participate in advising the Executive as Duty Holder, and in doing so achieving the balance of skills required to effectively govern the ports.

**1.6 Paper E (Proposed withdrawal and dissolution of the Heart of the South West Joint Committee)** was considered at the Executive meeting on 6 December. The Executive endorsed Paper E and agreed for this to be reported to Full Council to consider and approve.

The report detail that in 2015 the HotSW partnership (local authorities, National Parks, the LEP and clinical commissioning groups) submitted a devolution “statement of intent” to Government and began negotiations about a devolution deal. However, that following the EU referendum in 2016, devolution was no longer a government policy priority and the HotSW partnership developed a Productivity Strategy. In March 2018 the partnership formalised the arrangements to establish the HotSW Joint Committee.

The Joint Committee was seen a partnership vehicle to provide a single forum for local authority engagement with the Heart of the South West Local Enterprise Partnership and Government.

Changes in Government policy over the last five years, the development of the Devon, Plymouth and Torbay devolution deal and forthcoming integration of the HotSW LEP into local authorities mean that the purpose of the HotSW Joint Committee has largely been superseded and other existing partnership arrangements between the Constituent Authorities can deliver their aims. The HotSW Joint Committee is therefore considered to be superfluous and not adding value to the Constituent Authorities.

The report specifically recommends that the Council that it agrees to serve notice of its withdrawal and that the Heart of the South West Joint Committee be dissolved on 31 December 2023.

**1.7 Paper F (2023/24 Housing Revenue Account Q1)** was considered at the Executive meeting on 4 October. The Executive endorsed Paper F and agreed for this to be reported to Full Council to consider and approve.

This report provides an update on the projected outturn financial position of the Council's Housing Revenue Account (HRA) for the financial year 2023/24 (as at 30 June 2023).

The HRA is a ring-fenced account which must abide by the relevant accounting regulations and ensure that cross subsidy between the Council's General Fund and the HRA does not occur. Whilst self-financing has provided some flexibilities, the HRA is heavily regulated which restricts income growth and increases cost pressures.

The HRA has set a balanced budget for 2023/24.

The recommendation to Full Council relates to a supplementary capital budget approval of £3,313,829 for the in-house service to spend on Fire Safety.

## **2. Recommendations**

**2.1 2024/25 General Fund Revenue Budget & Capital Programme update**  
– see Paper A and its appendices that the Executive considered and endorsed at its meeting in 6 December 2023.

**Full Council is recommended to note that the Council has declared a financial emergency and accordingly endorses the range of actions and mitigations being taken forward. Furthermore, the Council fully supports the Executive and Senior Officers to continue its discussions with the Department for Levelling Up, Housing and Communities (DLUHC) and formally requests a capitalisation direction in order to set the 2024/25 budget.**

**2.2 Council Tax Reduction & Exceptional Hardship Scheme for 2024/25** – see Paper B and its appendices that the Executive considered and endorsed at its meeting in 6 December 2023.

**Full Council is recommended to approve:**

- i. The Council Tax Reduction and Exceptional Hardship schemes set out in Appendices 4 and 5 to this report;**
- ii. Option 3 in relation to the income band thresholds used within Schedule 1 of the proposed Council Tax Reduction scheme i.e. uprating in line with the 6.7% rise in state benefits announced by Govt. in the November 2023 Autumn Statement; and**
- iii. A full review of the Council Tax Reduction scheme during the 2024/25 financial year to identify options for a revised scheme in the 2025/26 financial year. (NB. the review and consultation exercise will require funding which is anticipated to be in the region of £60k).**

**2.3 Annual Treasury Management Outturn Report 2022-23 / Annual Treasury Management Mid-Year Report 2023/24** – see Paper C1 and C2 that the Executive considered and endorsed at its meetings on 4 October 2023 and 6 December 2023.

**That Full Council approves the reports as being in compliance with the CIPFA Code of Practice for Treasury Management.**

**2.4 Harbour Management Advisory Committee** – see Paper D that the Executive considered and endorsed at its meeting on 6 December 2023.

**Full Council is recommended to approve:**

- (i) that a Harbour Management Advisory Committee is established as an advisory committee to the Executive under s102(4) of the Local Government Act 1972;**
- (ii) approval of the Terms of Reference of the Harbour Management Advisory Committee attached at Appendix 1;**
- (ii) approval of the terms of the Memorandum of Understanding between the Executive and the Harbour Management Advisory Committee attached as Appendix 2;**
- (iii) the appointment of 6 elected members, as nominated by relevant political group leaders, to the Harbour Management Advisory Committee in accordance with the political balance requirements in section 15 of the Local Government and Housing Act 1989.**
- (iv) delegated authority be granted to the Service Director Regulatory and Operational in consultation with the Service Director Governance, Democratic & Legal Services to conduct a**

**skills audit for the Harbour Management Advisory Committee and to conduct the process for the recruitment of appropriately skilled co-opted members to the Committee and make recommendations to Full Council for appointment of the co-opted members**

- 2.5 Proposed withdrawal and dissolution of the Heart of the South West Joint Committee** – see paper E that the Executive considered and endorsed at its meeting on 6 December 2023.

**Full Council is recommended to agree the Council serve notice of its withdrawal and that the Heart of the South West Joint Committee be dissolved on 31 December 2023.**

- 2.6 2023/24 Housing Revenue Account Q1** – see Paper F that the Executive considered and endorsed at its meeting on 4 October 2023.

**Full Council is recommended to approve a supplementary capital budget of £3,313,829 for the in-house service to spend on Fire Safety.**

### **3. Options considered and consultation undertaken**

- 3.1** Options considered and details of consultation undertaken in respect of the recommendations set out above are set out in the reports and appendices within Paper A, B, C1, C2, D, E and F.

### **4. Implications**

- 4.1** Financial, legal, Human Resources, equalities, human rights and risk implications in respect of the recommendations set out in this report are detailed within Paper A, B, C1, C2, D, E and F.

It is essential that consideration is given to the legal obligations and in particular to the need to exercise the equality duty under the Equality Act 2010 to have due regard to the impacts based on sufficient evidence appropriately analysed.

The duties placed on public bodies do not prevent difficult decisions being made such as, reorganisations and service reductions, nor does it stop decisions which may affect one group more than another. What the duties do is require consideration of all of the information, including the potential impacts and mitigations, to ensure a fully informed decision is made.

### **5. Background Papers**

**5.1** These are set out within Papers A, B, C1, C2, D, E and F and their appendices.