

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

Executive Member: Cllr Bill Revans – Leader of the Council

Division and Local Member: All

Lead Officer: Scott Wooldridge – Head of Governance & Democratic Services and Monitoring Officer

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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 15 June 2022 and 11 July 2022.

**Note: The references in this report to Papers A, B and C relate to the relevant reports considered by the Executive containing specific recommendations to the County Council meeting on 20 July 2022.**

- 1.2 Paper A (Medium Term Financial Strategy & Plan 2023/24 and 2027/28)** was considered at the Executive meeting on 11 July 2022. The Executive endorsed Paper B and agreed for this to be reported to the County Council to consider and approve

Paper A outlines the basis of the Medium-Term Financial Strategy (MTFS) for the new Somerset Council and also starts to set out the Medium-Term Financial Plan (MTFP) for the next five years. The report highlights that the 2023/24 budget will be challenging given both the practical difficulties involved in the process and the national economic outlook with inflation expected to be in double digits and the financial impacts that this will have upon the new Somerset Council.

The report details that although combining the finances of all five Somerset Authorities is at a very early stage, it is important to provide an initial view of the financial challenges ahead in order that we can plan a smooth transition from the existing five councils into the new unitary. The report notes that one of the biggest challenges for any organisation is ensuring that its expenditure is aligned to its priorities. More often than not, historic spend will determine how much is invested in different activities which can lead to disparity between

budgets and corporate priorities. This will be a particular challenge in the early years for the new council. The approach will be based upon not looking at 2023/24 in isolation but taking the first few years of the new unitary together and setting a solid financial foundation which the new council can then build from in the longer term.

The report also details the significant uncertainty in the national approach to funding local government, national and local recovery post Covid-19 pandemic, social care funding, and inflationary pressures as well as preparing for the new Unitary Council.

Scrutiny Committees will be consulted upon the detailed budget proposals in October/November 2022 and January/February 2023. Any required public consultation on the consultation on the budget proposals will take place later in the process once the specific proposals have been developed.

The Executive considered Paper A at its meeting on 11 July 2022. Executive agreed recommendations 'a' and 'b' in Paper A and further endorsed recommendation 'c' be recommended to Full Council for approval.

**1.2 Paper B (Treasury Management Outturn Report 2021-22)** was considered at the Executive meeting on 11 July 2022. The Executive endorsed Paper B and agreed for this to be reported to the County Council to consider and approve.

The Annual Treasury Management Outturn Report is a requirement of the CIPFA Treasury Management Code and covers the Treasury Management activity for 2021-22.

The report:

- Is prepared in accordance with the CIPFA Treasury Management Code and the Prudential Code.
- Gives details of the outturn position on treasury management transactions in 2021-22.
- Presents details of capital financing, borrowing, and investment activity. Reports on the risk implications of treasury decisions and transactions.
- Confirms compliance with treasury limits and Prudential Indicators or explains non-compliance.

**1.3 Paper C (The Children and Young People's Plan 2022-2024)** was considered at the Executive meeting on 11 July 2022. The Executive endorsed Paper B and agreed for this to be reported to the County Council to consider and approve.

The Somerset Children & Young People's Plan 2022- 2024 sets out the ambition of the Somerset Safeguarding Children Partnership to improve outcomes for all unborn babies, children and young people (in relation to care leavers and

young people with special educational needs duties extend to 25 years of age) for the next eighteen months.

The Plan will influence strategic plans and commissioning decisions with an ambition to be effective in furthering and sustaining improvement of children's services in Somerset.

The Scrutiny Committee for Children and Families has been updated on the Plan during its design in 2021/2022 and their recommendations are incorporated into the Plan. The Committee will receive quarterly updates on progress and are looking forward to working with partners on its successful implementation.

## **2.0 Recommendations**

### **2.1 Paper A - Medium Term Financial Strategy & Plan 2023/24 and 2027/28 -** see Paper A that Executive considered and endorsed at its meeting on 20 July 2022.

**The Council is recommended to approve:**

- c) That the Director of Finance and Governance is delegated authority to set the council tax base and business rates base for Somerset Council.**

Note – recommendations 'a' and 'b' as detailed below were approved by the Executive at its July meeting:

- a) Approves the Medium-Term Financial Strategy and notes the current budget gap and proposed process for producing a balanced revenue budget for 2023/24 and capital programme.
- b) That a Budget Working Group is set up to help develop the 2023/24 budget proposals.

### **2.2 Paper B - Treasury Management Strategy Statement 2021/22 -** see Paper B and its appendices that Executive considered and endorsed at its meeting on 11 July 2022.

**The Council is recommended to endorse the Treasury Management outturn report for 2020-21.**

### **2.3 Paper C - The Children and Young People's Plan 2022-2024 -** see Paper C and its appendices that Executive considered and endorsed at its meeting on 11 July 2022.

**The Council is recommended to endorse Somerset's Children & Young People's Plan 2022 – 2024.**

**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 Papers A and B.

**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 Papers A and B.

In accordance with the requirements of the Localism Act 2011 the Authority is required to approve a Council Tax Requirement on an annual basis. In order to calculate a balanced budget the Council has to calculate its Budget Requirement by estimating all future revenue income and forecasting future expenditure requirements and taking into account movements to or from reserves.

The obligation to make a lawful budget each year is shared equally by each individual Member. In discharging that obligation, Members owe a fiduciary duty to the Council Taxpayer.

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 and C and their appendices.