

## Detailed Directorate Summaries

### Adults Services

The changes to the Adults Services budget are set out in Table 1 below. It shows how the 2023/24 budget has been built from the original 2022/23 budget as the starting point.

**Table 1: Changes to the Adults Services Budget**

<b>Adults Services</b>	<b>£m</b>	<b>£m</b>
2022/23 Combined Original Base Budget		159.684
Removal of Once off & Inter-Authority Budgets for 2022/23	(1.019)	
In Year Permanent Virements	0.000	
		(1.019)
<b>2022/23 Amended Base Budget</b>		<b>158.665</b>
Additional Funding Requirements:		
Inflation (Contractual and General)	7.932	
Demographic and other Demand Increases	15.124	
Other Funding Requirements	18.715	
Growth	0.000	
Total Additional Funding Requirements		41.771
Pay Award		0.000
Savings Previously Agreed		0.000
Prior Year Savings Not Delivered		0.000
New Savings Proposals		(10.525)

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Use Of Reserves		0.000
Technical Adjustments		(3.277)
<b>2023/24 Proposed Budget</b>		<b>186.634</b>
<b>Change £m</b>		<b>27.969</b>
<b>Change %</b>		<b>17.63%</b>

Predicting future years demand is made more difficult by Covid-19 and one of the key challenges around this is identifying whether the current demand is on-going as residents' needs have increased, or whether there is a degree of temporary demand. These budget proposals have tried to strike a balance between the two and to ensure the budget proposals are robust.

Inflationary increases recognise the increased statutory pressures on providers such as increased national living wage, as well as general price inflation which is currently running at 10.1%.

The anticipated demographic growth in demand across the service has been calculated using Office for National Statistics population data and trends from previous years.

Historically Somerset has been a low fee payer for residential and nursing placements, this was highlighted in the recent cost of care exercise undertaken by all England local authorities. As part of this outcome, it is acknowledged we would not be able to achieve the full cost of care outcome next financial year and therefore, need to take a step approach to enable it to be achieved over the next 2-3 financial years.

New transformation saving proposals for 2023/24 included £5m linked to the current exercise being undertaken by Newton Europe to identify savings across the adults system. Work has progressed to identify savings and once confirmed this will be shared at a later date.

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The Adults Improvement Programme continues to offer a test and learn environment to test ideas with key stakeholders.

- New Models of Micro Provision are aiming to increase the options available to people and professionals in deciding how their care and support is provided either through a different model to access micro providers or using a different payment method.
- Technology Enabled Care aims to increase the technology options available to support people in their own homes. There has been an ongoing delay in the implementation of the prescriber portal, necessitating mitigating actions and a new agreed timeline. Proposals are now starting to be received and TEC installations have begun. Benefits analysis to be conducted shortly.

The Intermediate Care Model has been under significant pressure with demand, capacity and flow within the wider system creating some challenges that have affected capacity to deliver the improvement plan. As a consequence, the Intermediate Care Board agreed in September the essential deliverables needed ahead of the winter pressures, with the remainder of the plan is due to go on hold until the new year.

### **Childrens Services**

The changes to the Childrens Services are set out in **Table 2** below. It shows how the 2023/24 budget has been built from the original 2022/23 budget as the starting point.

**Table 2: Changes to the Childrens Services Budget**

<b>Children's Services</b>	<b>£m</b>	<b>£m</b>
2022/23 Combined Original Base Budget		105.048
Removal of Once off & Inter-Authority Budgets for 2022/23	(0.767)	
In Year Permanent Virements	(0.015)	

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		(0.792)
<b>2022/23 Amended Base Budget</b>		<b>104.266</b>
Additional Funding Requirements:		
Inflation (Contractual and General)	10.454	
Demographic and other Demand Increases	12.691	
Other Funding Requirements	0.282	
Growth	0.000	
Total Additional Funding Requirements		23.427
Pay Award		0.000
Savings Previously Agreed		0.000
Prior Year Savings Not Delivered		0.000
New Savings Proposals		(4.625)
Use Of Reserves		0.000
Technical Adjustments		0.000
<b>2023/24 Proposed Budget</b>		<b>123.067</b>
<b>Change £m</b>		<b>18.801</b>
<b>Change %</b>		<b>18.03%</b>

Demand for Children's Services, especially those with complex needs, continues to increase reflecting - increasing poverty amongst Somerset families, impact of COVID measures on children, and contextual safeguarding issues. The impact of the pandemic has meant that children entering the system have had more complex needs and therefore their care needs are higher costs in their own right. The future demand and inflation are based upon latest forecasts and trends over the last 3 years.

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Inflation includes contractual inflation for existing contracts for Home to School transport and care placements as well as several smaller contracts across Children's Services. Rates of inflation vary between contracts, but significant inflationary pressures are expected which are caused by rising fuel costs, driver shortages and wage demand. Although fuel costs have reduced in recent months, it is unclear how this will impact contract costs, when balanced against wage demands and staff shortages.

Demographic and other demand changes include projected increased demand for care and SEND school transport.

Other funding requirements are £0.2m for a change in financing of budgets previously funded by the Dedicated Schools Grant and £0.1m for changes in government policy that impact on the number of UASC children transferred to Somerset as part of the national scheme.

New transformation, savings, and income generation proposals for 2023/24 of £4.6m include our strategic partnership with The Shaw Trust of £1.2m and ongoing savings from the Family Safeguarding transformation programme of £1.3m.

Compared to other local authorities, overall need for social work intervention and care placements are significantly lower, due in part to the Council's investment in Family Safeguarding and the Family Intervention Service (SCCs Early Help Service).

However, the increasing number of children with complex needs is putting a significant capacity and resource strain on the service at all levels. This is due in part to increased need but also changes nationally in the provision of care to those children with the most complex needs, these include:

Regulations which came into force in Autumn 2021 prohibiting the use of unregulated (i.e., not registered with Ofsted) provision for under 16s – this had unintended (but

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predictable) consequences of putting even more pressure on an already saturated residential care market.

Changes in access to Tier 4 CAMHS provision (not consulted beyond the NHS) – restricting access to children with a diagnosed mental health disorder who require inpatient treatment.

Secure Estate – issues about the quality of care have led to restrictions to this provision, resulting in children who would have entered the secure estate requiring other residential care provision

Residential Care Staffing – longstanding recruitment and retention issues in the sector have further deteriorated post pandemic resulting in some homes closing at short notice due to inadequate staffing levels.

These are national issues which have been recently highlighted by independent reports commissioned by central Government from the Competition and Markets Authority and an independent expert report – The Care Review. The former has highlighted the profits from private care companies.

Local proposals to improve the availability of local high-quality care placements are being progressed, specifically through the mobilisation of the Strategic Partnership as described above.

The Children's Transformation Programme continues at pace; working with families to deliver sustainable change, enabling them to reduce reliance on statutory services and to achieve excellent outcomes.

The Strategic Partnership (with Homes 2 Inspire and the Shaw Trust) is developing into a strong partnership model which will increase our capacity for providing high quality Somerset homes for our most complex young people, reduce our reliance on unregulated provision and enable improved long-term outcomes.

- The first 2 homes are due to open by end January/ early February 2023 with a further 3 opening during the year. These homes will accommodate our

most complex children, reducing our reliance on external unregistered and high cost provision.

- The partnership is also delivering an innovative career pathway for foster carers and residential staff which is starting to evidence positive results.

Recent benchmarking undertaken against national and southwest trends has evidenced that the Family Safeguarding service is holding off the rise in numbers of younger children coming into care. Interim evaluation of the multi-disciplinary staffing model has evidenced positive feedback from staff and families, who feel supported and empowered to lead their own change. Learning from this model is influencing how we work with partners and agencies to build successful integrated teams.

Recently commissioned external reviews of the drivers of costs in children's services and our school transport system will help us understand what further efficiencies and innovation can be delivered to reduce costs further.

### **Communities Services**

This is a new Directorate and includes Housing, Culture, Customers and Regulatory & Operational services.

The changes to the Communities Services budget are set out in **Table 3** below. It shows how the 2023/24 budget has been built from the original 2022/23 budget as the starting point.

**Table 3: Changes to the Communities Services Budget**

Communities Services	£m	£m
2022/23 Combined Original Base Budget		36.853
Removal of Once off & Inter-Authority Budgets for 2022/23	(1.198)	
In Year Permanent Virements	(0.033)	
		(1.231)

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<b>2022/23 Amended Base Budget</b>		<b>35.622</b>
Additional Funding Requirements:		
Inflation (Contractual and General)	1.344	
Demographic and other Demand Increases	0.000	
Other Funding Requirements	0.317	
Growth	0.000	
Total Additional Funding Requirements		1.660
Pay Award		0.000
Savings Previously Agreed		0.000
Prior Year Savings Not Delivered		0.000
New Savings Proposals		(1.560)
Use Of Reserves		0.000
Technical Adjustments		(0.500)
<b>2023/24 Proposed Budget</b>		<b>35.223</b>
<b>Change £m</b>		<b>(0.399)</b>
<b>Change %</b>		<b>-1.12%</b>

The main pressure within these services is contract pressures especially within leisure centres that have been impacted by fuel and pay inflation. Other pressures are within the provision of accommodation for homelessness.

A large saving in a leisure contract as well as increases in fees and charges provide most of the savings proposals. Fees and charges will be reviewed by Scrutiny Committee and presented to the Executive in February 2023.



**Climate and Place Services**

This is new a Directorate and includes Climate & Sustainability, Infrastructure & Transport and Economy, Employment & Planning.

The changes to the Climate and Place Services budget are set out in **Table 4** below. It shows how the 2023/24 budget has been built from the original 2022/23 budget as the starting point.

**Table 4: Changes to the Climate and Place Services Budget**

Climate & Place	£m	£m
2022/23 Combined Original Base Budget		83.069
Removal of Once off & Inter-Authority Budgets for 2022/23	0.076	
In Year Permanent Virements	0.013	
		0.088
<b>2022/23 Amended Base Budget</b>		<b>82.157</b>
Additional Funding Requirements:		
Inflation (Contractual and General)	10.406	
Demographic and other Demand Increases	0.681	
Total Additional Funding Requirements		11.856
Pay Award		0.000
Savings Previously Agreed		(0.120)
Prior Year Savings Not Delivered		0.000
New Savings Proposals		(7.700)
Use Of Reserves		0.000
Technical Adjustments		(0.090)

<b>2023/24 Proposed Budget</b>		<b>87.104</b>
<b>Change £m</b>		<b>3.946</b>
<b>Change %</b>		<b>4.75%</b>

Inflation has had a major impact on services within this Directorate with inflation within waste services estimated to increase by £5.6m. Other contracts that have been impacted are street lighting and highways. Additional funding of £0.8m has been provided for revision of the Local Plan.

The main saving within this directorate is the full rollout saving from the introduction of Recycle More £3.1m, the rolling back of Covid measures £0.6m and the capitalisation of waste bins £1m. There are also a number of proposals to increase fees and charges – these will be reviewed by Scrutiny Committee and presented to the Executive in February 2023.

**Strategy, Workforce & Localities Services**

This a new Directorate and includes Partnerships & Localities. Strategy & Performance. Governance, Legal & Democratic, and Human Resources services.

The changes to the Strategy, Workforce and Localities Services budget are set out in **Table 5** below. It shows how the 2023/24 budget has been built from the original 2022/23 budget as the starting point.

**Table 5: Changes to the Strategy, Workforce, and Locality Services Budget**

<b>Strategy, Workforce &amp; Localities</b>	<b>£m</b>	<b>£m</b>
2022/23 Combined Original Base Budget		23.592
Removal of Once off & Inter-Authority Budgets for 2022/23	(3.590)	

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In Year Permanent Virements	0.015	
		(3.575)
<b>2022/23 Amended Base Budget</b>		<b>20.017</b>
Additional Funding Requirements:		
Inflation (Contractual and General)	0.000	
Demographic and other Demand Increases	0.250	
Other Funding Requirements	(0.055)	
Growth	0.000	
Total Additional Funding Requirements		0.195
Pay Award		0.000
Savings Previously Agreed		0.261
Prior Year Savings Not Delivered		0.000
New Savings Proposals		(0.614)
Use Of Reserves		0.300
Technical Adjustments		0.000
<b>2023/24 Proposed Budget</b>		<b>20.159</b>
<b>Change £m</b>		<b>0.142</b>
<b>Change %</b>		<b>0.71%</b>

On 16 November 2022, Executive Members noted that to establish LCN' s in Somerset it could cost up to £0.9m based on modelling at that time from other Unitary authorities and learning from LCN pilots. This comprised predominantly of community development and democratic services staffing, the continuation of the Highways Steward pilot in the Exmoor Area and one-off capital costs for technology. Further work has been done to refine that figure, including evaluation of job descriptions to

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understand salary impacts, allocation of the new pay award as well as recognising the part year effect of being able to recruit staff to the new LCN roles.

There was also a recognition that the new Council would not be working from a standing start with their being locality and community development roles and expertise within the current five Councils and wanting to build on this best practice and legacy. Whilst scope and resourcing levels are different in each council, it is expected that there will be officers in the new Somerset Council with the knowledge, skills and experience to develop and manage LCNs. However, at this point in time it is not possible to accurately quantify the capacity that will be available, as in many cases the current roles cover multiple functions, some of which are likely to sit within different directorates in the new Council. Nonetheless a review of community development spend has commenced and we are confident that existing community engagement and development staff and resources could be identified and re-assigned to support LCNS' s over the coming 12 months. Furthermore, there are also opportunities to explore other funding streams with partners and shared models of delivery.

The budget proposals include the setting up of an earmarked reserve of £0.300m to establish LCN' s and to support the completion of a Community Development spend review across the councils to identify existing funding to support LCN' s on an ongoing basis.

### **Resources & Corporate Services**

This is new a Directorate and includes Finance & Procurement, Strategic Asset Management and Information Communications Technology services.

The changes to the Resources & Corporate Services budget are set out in **Table 6** below. It shows how the 2023/24 budget has been built from the original 2022/23 budget as the starting point.

**Table 6: Changes to the Resources & Corporate Services**

Resources & Corporate Services	£m	£m
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2022/23 Combined Original Base Budget		18.900
Removal of Once off & Inter-Authority Budgets for 2022/23	(0.418)	
In Year Permanent Virements	0.020	
		(0.398)
<b>2022/23 Amended Base Budget</b>		<b>18.502</b>
Additional Funding Requirements:		
Inflation (Contractual and General)	4.563	
Demographic and other Demand Increases	1.370	
Other Funding Requirements	0.200	
Growth	0.000	
Total Additional Funding Requirements		6.134
Pay Award		0.000
Savings Previously Agreed		0.015
Prior Year Savings Not Delivered		0.000
New Savings Proposals		(4.658)
Use Of Reserves		0.000
Technical Adjustments		0.481
<b>2023/24 Proposed Budget</b>		<b>20.474</b>
<b>Change £m</b>		<b>1.972</b>
<b>Change %</b>		<b>10.66%</b>

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The main pressures within this budget are inflationary with £3m required for electricity costs for council premises and £1.5m for increases in ICT contracts.

Savings proposals include additional rental income £0.5m, and rationalisation of ICT licences, applications, decommissioning systems £0.6m, Dividend income £1.7m.

### **Public Health Services**

The changes to the Public Health Services budget are set out in **Table 7** below. It shows how the 2023/24 budget has been built from the original 2022/23 budget as the starting point.

**Table 7: Changes to the Public Health Services**

Public Health	£m	£m
2022/23 Combined Original Base Budget		1.336
Removal of Once off & Inter-Authority Budgets for 2022/23	0.000	
In Year Permanent Virements	0.000	
		0.000
<b>2022/23 Amended Base Budget</b>		<b>1.336</b>
Additional Funding Requirements:		
Inflation (Contractual and General)	0.000	
Demographic and other Demand Increases	0.000	
Other Funding Requirements	0.000	
Growth	0.000	
Total Additional Funding Requirements		0.000

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Pay Award		0.000
Savings Previously Agreed		0.000
Prior Year Savings Not Delivered		0.000
New Savings Proposals		(0.100)
Use Of Reserves		0.000
Technical Adjustments		0.000
<b>2023/24 Proposed Budget</b>		<b>1.236</b>
<b>Change £m</b>		<b>(0.100)</b>
<b>Change %</b>		<b>-7.49%</b>

The Comprehensive Spending Review committed to maintaining the Public Health grant at current levels in real terms until 2024/25, but we await the detail with concerns over inflationary pressures for both contracts and staff costs. Somerset receives a very low proportion of the overall Public Health grant and is 141st out of the 152 authorities with Public Health responsibilities, when comparing allocation per person in the population.

In addition to the public Health grant, the council provides funding of over £1.3m for services that the public health team manage for the organisation. The savings proposals above relate to these services and include the reduction in dedicated communications support for the central volunteer team £0.010m and a £0.018m reduction for projects within Stronger Communities. The remaining SCC funding in this budget line will still enable the service to function and to fulfil its agreements. It also includes a reduction in contribution for the Somerset Integrated Domestic Abuse service contract of £0.072m. This saving can be achieved as a provider has won a number of lots within the contract and therefore can reduce establishment costs as a result.

### Local Government Reorganisation

This budget area includes the LGR Implementation Costs and LGR Business Case savings from staffing that will be allocated out to services during the year.

The changes to the Local Government Reorganisation budget are set out in **Table 8** below. It shows how the 2023/24 budget has been built from the original 2022/23 budget as the starting point.

**Table 8 – Changes Local Government Reorganisation**

Local Government Reorganisation	£m	£m
2022/23 Combined Original Base Budget		9.404
Removal of Once off & Inter-Authority Budgets for 2022/23	(6.284)	
In Year Permanent Virements	0.000	
		(6.284)
<b>2022/23 Amended Base Budget</b>		<b>3.120</b>
Additional Funding Requirements:		
Inflation (Contractual and General)	0.000	
Demographic and other Demand Increases	0.000	
Other Funding Requirements	0.903	
Growth	0.000	
Total Additional Funding Requirements		0.903
Pay Award		0.000
Savings Previously Agreed		0.000
Prior Year Savings Not Delivered		0.000
New Savings Proposals		(3.900)
Use Of Reserves		0.000



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Technical Adjustments		0.000
2023/24 Proposed Budget		0.123
<b>Change £m</b>		<b>(2.997)</b>
<b>Change %</b>		<b>-96.04%</b>

This budget is made up of two elements, £4.023m for the final year of LGR Implementation costs and £3.9m of staff savings as per the LGR Business Case. The staff savings will be allocated to individual services once the restructuring process has been completed and is made up of the reduction of 39 posts in Tiers 1 to 3 (£2.9m) and £1m out of the £9.4m (300 posts) of other staff savings.

### **Corporate Costs and Special Grants**

This budget includes those costs that do not directly relate to individual services and non-service specific grants such as New Homes Bonus. It also includes the estimated increase in the 2023/24 national pay award that will be allocated out to services during the year.

The changes to the Corporate Costs and Special Grants budgets are set out in **Table 9** below. It shows how the 2023/24 budget has been built from the original 2022/23 budget as the starting point.

**Table 9 -Corporate Costs and Special Grants**

<b>Corporate Costs and Special Grants</b>	<b>£m</b>	<b>£m</b>
2022/23 Combined Original Base Budget		3.954
Removal of Once off & Inter-Authority Budgets for 2022/23	(4.073)	
In Year Permanent Virements	0.000	
		(4.073)

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<b>2022/23 Amended Base Budget</b>		<b>(0.119)</b>
Additional Funding Requirements:		
Inflation (Contractual and General)	0.120	
Demographic and other Demand Increases	0.000	
Other Funding Requirements	(1.229)	
Growth	0.000	
Total Additional Funding Requirements		(1.109)
Pay Award		15.337
Savings Previously Agreed		0.000
Prior Year Savings Not Delivered		0.000
New Savings Proposals		(7.102)
Use Of Reserves		0.000
Technical Adjustments		2.642
<b>2023/24 Proposed Budget</b>		<b>9.649</b>
<b>Change £m</b>		<b>9.768</b>
<b>Change %</b>		<b>8203%</b>

The main areas held within corporate costs is £15.337m in additional pay costs that is being held centrally and the adjustment post actuarial valuation of the pension scheme resulting in a reduction of £7m.