

Public Agenda Pack



EXECUTIVE

Wednesday, 7 February 2024

10.00 am

**John Meikle Room, The Deane House, Belvedere
Road, Taunton TA1 1HE**

SUPPLEMENT TO THE AGENDA

To: The members of the Executive

We are now able to enclose the following information which was unavailable when the agenda was published:

Agenda Item 13 2024/25 General Fund Budget and Medium-Term Financial Plan
(Pages 3 - 12)

To view all the supporting documents, including the Savings Proposals, the Cumulative Impact Assessment and the relevant Equality Impact Assessment forms, please access the web library by using this link - [Supporting Documents](#)

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Somerset Council
Executive
– 07/02/24



2024/25 Budget Recommendations from Scrutiny Committee – Corporate and Resources

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Executive Lead Member: Cllr Bob Filmer, Chair of Scrutiny Committee – Corporate and Resources.

1. Summary

1.1. Following the Executive meeting on 15 January, on 31 January 2024, a MTFP scrutiny workshop gave members of all five Scrutiny Committees the opportunity to scrutinise the 2024/25 General Fund Budget proposals which included how the Council plans to bridge the estimated budget gap through use of reserves, significant savings proposals, and requests for DLUHC for a £20m Capitalisation Direction and the option of allowing an increase in Council Tax by an additional 5% (9.99% in total). All members were invited to the workshop, which was attended by members of the Executive and supported by the Council’s Executive and Corporate Leadership Teams.

On 2 February 2024, Scrutiny – Corporate and Resources scrutinised the budget proposals, with members of Executive and the other four Scrutiny Committees in attendance to comment and provide feedback.

1.2. Several key lines of Enquiry were raised at the MTFP workshop on the 31 January 2024 and at the Scrutiny Committee meeting on 2 February. A summary of the key lines of enquiry is set out in 1.3 – 1.10 below. A more detailed summary of the discussion and debate that took place on 2 February is set out at in paragraph 3.6.

1.3. Overall Budget:

1. Whether the council will be able to set a balanced budget without assurance from DLUHC of the capitalisation direction and proposed Council Tax increase.
2. The business case for Developing the approach to Transformation has not had appropriate scrutiny.

3. Whether the General Reserves projected for 25/26 will be sufficient to avoid a Section 114 and the risk level of General Reserve Position

1.4. Communities:

1. Concerns about the impact of cessation or devolution of the CCTV systems.
2. Where assets in Yeovil are being devolved (CMS022, CMS038, CMS020), what is the basis of the value of these assets and its impact on capital receipts.
3. Concerns about pressures on Parish/Town Councils from taking on additional areas to work and whether additional support is needed for Clerks and Parish/Town Councillors.

1.5. Adults and Health Services:

1. Concerns about potential impact on service users for maximising fees and charges (ADS001).
2. Concerns about the potential impact of the proposed savings proposals on service users regarding mental health and substance misuse (ADS004).
3. Concerns about the potential impact of the proposed savings proposals on service users regarding learning disability employment service (ADS005).
4. Concerns about potential impact on service users for support to people to live independent lives (ADS008).
5. Whether there are alternative proposals involving voluntary organisation and community assistance that would offset savings proposals and utilise other funding sources.

1.6. Children, Families, and Education:

1. Detail requested on the Deficit Action Plan relating to the High Needs Block.
2. Concerns about the potential impact of the proposed savings proposals on service users regarding SEND team reduction in vacant posts (CFE004).
3. Concerns about the deliverability of EHCP plan proposal (CFE007).
4. Concerns about the deliverability of savings relating to Homes and Horizons and children in residential care (CFE013, CFE014).
5. Concerns about the increase in pressure on SEND and Home to School Transport (Appendix 7, Pressures, CFE006 & CFE007).

1.7. Climate and Place Services:

1. Concerns regarding impact of closure of 5 Household Recycling sites on local communities (CAP010).
2. Concerns about the deliverability and impacts on communities of reduction in highways maintenance (CAP032).

3. Concerns over the ability to bid for external funding (CAP027).
4. Concerns over the safety of reduction in school crossing patrols (CAP007).
5. Concerns about the currently under resourced Flood Management Team and whether additional staffing is needed.

1.8. Resources and Corporate Services:

1. Clarification sought over why the Investment Yield (Appendix 7, Pressures, RCS001) is a pressure and if any mitigations are in place.
2. Clarification sought over why Dividend from Battery Storage is a pressure and if any mitigations are in place (Appendix 7, Pressures, RCS002).
3. Clarification sought over why Audit Fees are a pressure and if any mitigations are in place (Appendix 7, Pressures, RCS004).

1.9. Strategy, Workforce, and Localities:

1. Significant concerns raised over the reduction from 5 to 3 Scrutiny Committees at a time when greater scrutiny is needed (SWL010).
2. Request that scrutiny and planning committees remain at 13 members to enable greater member involvement (SWL007).
3. Concerns raised about the potential impact on democracy of reduction of some SRAs (CWL012) and how this links with the recommendations from the Independent Remuneration Panel.
4. Clarification sought on why savings proposals do not include savings relating to LCNs and their running costs.

1.10. Capitalisation Investment Programme Proposals

1. Clarification sought on funding sources and expenditure on Decarbonisation of Various Properties.

1.11. Following the workshop, the budget was scrutinised in detail at the Scrutiny – Corporate & Resources meeting on 2 February 2024. The Committee agreed several recommendations to make to the Executive to consider at its meeting on 7 February, Those recommendations are set out in section 2 of this report..

2. Recommendations to the Executive

2.1. The Scrutiny Committee for Corporate and Resources agreed to make the following recommendations to the Executive :

Overall Budget:

- For Scrutiny – Corporate and Resources to receive an update on the outcome of the capitalisation direction and council tax increase at meeting on 7 March 2024 and if unsuccessful what mitigations are proposed.

- For Scrutiny – Corporate and Resources to scrutinise the Outline Business Case for Developing the approach to Transformation on 7 March 2024
- For Scrutiny – Corporate and resources to receive regular updates on the level of general and earmarked reserves in 2024/25 and projections for 2025/26 as part of monthly budget monitoring reports throughout 2024/25

2.2. Communities:

- For Scrutiny – Communities receives quarterly update reports regarding the progression and delivery of devolution of various communities services and assets to Parish and Town Councils
- For Scrutiny – Communities to receive quarterly update reports regarding the progression and delivery of income generation proposals with relevant Parish and Town councils to deliver the target value to avoid cessation of the CCTV service
- For Scrutiny – Communities to receive quarterly updates on the deliver of the devolution of specific assets and services to Yeovil Town Council as alternative solutions to the savings proposals CMS020, CMS022, CMS038.
- For Scrutiny – Communities to receive a quarterly update on the capital bid to DCMS and the potential capital investment in the Octagon Theatre.

2.3. Adults and Health Services:

- For Scrutiny Committee – Adults and Health to receive quarterly updates on the delivery of ADS001, ADS004, ADS005, ADS006, ADS007, and ADS011 and scrutinise any adverse impacts on services users, partners, and providers.

2.4. Children, Families, and Education:

- For Scrutiny Committee – Children and Families to receive quarterly reports regarding the Deficit Action Plan for High Needs Block and Dedicated Schools Grant and the continuation of the statutory override
- For Scrutiny Committee – Children and Families to receive quarterly updates on the delivery of savings proposals CFE003, CFE004, CFE005, CFE009, CFE011, CFE012, CFE013, and CFE014 and scrutinise any adverse impacts on young people, partners, and providers.
- For assurance from Executive that the proposed savings proposals will not adversely affect outcomes for vulnerable children and the Ofsted rating that the Council has invested significant staff and financial resources to achieve.

2.5. Climate & Place Services:

- Due to significant member and public concerns about potential closures of Household Waste Recycling Centres (CAP010), Scrutiny Committee – Climate & Place to receive quarterly updates to scrutinise the potential options to deliver this savings proposal and any adverse impacts on local communities
- For Scrutiny Committee – Climate and Place to receive quarterly updates on the delivery of savings proposals CAP001, CAP002, CAP007, CAP012, CAP036 and scrutinise any adverse impacts on local communities and partners.
- Recommend that the Executive withdraws the proposed saving of the Transport Policy Post (CAP027) in order to ensure the Council can continue to adequately bid for external funding for its infrastructure.
- Recommend that the Executive withdraws the proposed saving CAP032 in order to continue existing levels of highways maintenance.
- Proposal for savings to be funded instead from reductions to Local Community Network support costs.

2.6. Strategy, Workforce and Localities:

- Recommend that the Executive withdraws the proposed savings for the Pathway to Employment Scheme (SWL001)
- Recommend that the Executive withdraws the proposed saving SWL010 in order to continue existing 5 Scrutiny Committees and support the increased frequencies of their meetings.
- Recommend that the Executive withdraws the proposed saving to combine the Audit and the Constitution & Governance committee (SWL006) whilst the council is in a financial emergency and completing further reviewing work on the constitution.
- Recommend that the size of each of the Planning Committees and Scrutiny Committees remains at 13 members (SWL007)
- Recommends that saving proposal to reduce some SRAs (SWL012) be withdrawn as it is not in line with the Independent Remuneration panel recommendations.
- Recommend that the executive reduce the council's budget for supporting Local Community Networks and instead share the costs of supporting these meetings with Parish and Town Councils.

3. Background

3.1. Somerset Council is a new unitary council, created less than one year ago and faces a very stark and challenging financial position. The scale of the financial challenge is significant and based upon the latest estimates of costs and income, there is a forecast budget gap of £137.3m over the next three financial years.

Despite making substantial savings, disposing of assets, using available reserves, and increasing council tax, the council is unable to close the budget gap for 2024/25.

3.2. It is very clear that under the current financing model for local government the Council is not financially sustainable and that urgent reform of the funding mechanism for local government is required. Significant and on-going financial support from Government will be required due to the cost of delivering services increasing significantly faster than the income the council receives particularly in relation to social care. Without Government support there is a risk that the Section 151 Officer (Chief Finance Officer) may have no choice other than to issue a section 114 notice during 2024/25.

3.3. The Committee has received 2023/24 budget monitoring reports, together with an update on the budget proposals and the approach to the development of the Medium Term Financial Strategy at its meetings on 6 July 2023, 7 September 2023, 9 November 2023, 5 December 2023 and 4 January 2024.

3.4. On 15 January 2024, the Executive considered the 2024/25 General Fund Budget update. The update set out the proposals for how the Council plans to bridge the estimated budget gap through use of reserves, significant savings proposals, and requests for DLUHC for a £20m Capitalisation Direction and the option of allowing an increase in Council Tax by an additional 5% (9.99% in total). On 2 February 2024, following an MTFP workshop, Scrutiny – Corporate and Resources scrutinised the budget proposals, with members of Executive and the other four Scrutiny Committees in attendance to comment and provide feedback. The other four Scrutiny Chairs acknowledged this would require all of their committees to attend on 2nd February to ensure their areas of responsibility were thoroughly scrutinised.

3.5. Accomplished successfully, scrutiny should be valued as a key part of the financial planning and delivery process. It aims to be a positive, supportive experience for the Executive and a constructive, value-adding service to the

Council and community. Transparent and rigorous scrutiny also provides an important level of assurance to local taxpayers and community.

The approach at the workshop and at the Committee meeting was focused on where scrutiny of the budget proposals could add the most value:

- (a) reviewing how resources are allocated,
- (b) testing out whether the council is directing its resources effectively to meet its priorities and
- (c) providing challenge to the Executive's management of the Council's finances and a different perspective on challenges.

3.6. This paragraph contains a detailed summary of the budget discussion for each of the service areas at the Corporate and Resources Scrutiny Committee – 2nd February 2024.

- The members questioned the underlying assumptions of the budget: the level of confidence in them, the dependence on approval from DLUHC on the Council Tax increase and Capitalisation direction which is unlikely to be received prior to setting the budget, the process for increasing Council Tax if a Section 114 is issued, whether there will be any savings left to make in 2025/26 and beyond, how integral the transformation package is to the budget, the level of variance expected in the budget, the adequacy of general and earmarked reserves in both 2024/25 and beyond, and at what point the level of pressures make a balanced budget unachievable. Additionally, concerns were raised around the Schools budget, and it was clarified that this was a national issue and there is a Deficit Management Plan in progress.
- In Communities Service budget members questioned the pressures on the service, the progression of devolution of services to Town and Parish councils and whether there was the capacity both within Somerset Council and the Town and Parish Councils for this work, the ongoing funding for CCTV and the level of service provided and other sources of funding such as the police contribution of £10,000. They raised the issue of the timescale for the devolution projects in Yeovil (Octagon Theatre, Westlands, Yeovil Rec, and Yeovil Country Park), and how that would be represented in the budget as a saving, the reduction in grant for the South West Heritage Trust, and highlighted the importance of local knowledge. The issue of health and safety and provision of temporary toilets (CMS016 and CMS017) for Bridgwater Carnival was raised, and members were reassured that all safety barriers would be in place, but aside from that tourism and culture is not a statutory requirement. More detail was requested on the devolution or possible closure of public toilets and the progression of the work around

park closure at night, as well as caps on fees and charges set by central governments and any other statutory duties.

- For Adult Services, members raised queries on the work on micro providers and the work going on in communities to work together, and updates were provided. Concerns were raised about the specific cuts to mental health services, whether the proposed reductions would lead to more costs in the system overall later on, and what the alternative is to the work provided by Discovery, which is not statutory. Members were informed of the Equalities Impact Assessments available for each proposal. The My Life, My Future programme to create savings was also raised as the savings outlined in the budget were lower than expecting. The large pressure on Adult Services of Care Provider Fees was questioned and whether benchmarking with other councils has been completed, and the conclusion was that historically Somerset has paid lower fees than other councils and that was the reason for the pressure. Members examined funding sources such as the Social Care Grant and the Local Assistance Scheme and how they were expected to meet costs in the future. The need to consider which services are funded and what support for communities is being cut, such as grants for CAB. Some of the non-statutory services that were previously in the savings list have been removed, such as support for Village Agents, as their importance was highlighted.
- In Children's, Families, and Education members raised concerns around the capacity of the SEND team and the increasing demand for EHCPs which had previously been handled by an external contractor, and the combined impact of cuts to SEND and Educational Psychologist posts. The need for alternative funding for some items, such as virtual schooling and educating children in care was raised, looking at government funding instead of using the revenue grant for this work. Members questioned the confidence in foster care recruitment and the overall benefit of this, and it was explained that the most difficult and expensive cases are teenagers but there is improvement in recruiting foster carers for this group which will result in savings. Concern about the OFSTED inspection for Children's Services resulting in a "good" rating and whether the savings proposals would put that at risk was also highlighted.
- In the area of Climate and Place, members raised concern about the large amount of public engagement on the issue of recycling centres, and whether there would be other environmental impacts of reducing them as people had to travel further to recycle. However, this saving proposal is on hold as contract negotiations with the provider are carried out, which may lead to alternative solutions. These negotiations are currently commercially

sensitive. It was also pointed out that after a Section 114, more than 5 recycling centres would likely close, and with only 5 closures Somerset would still be above average in the South West for recycling centres per capita. Questions were raised around the budget pressures: legislation to prevent charging for removal of certain materials, and contract inflation. Members highlighted the importance of the officers working on transport policy as their role includes applying for funding bids, and proposed that this be withdrawn as it may be a false economy, reducing funding in future for transport and infrastructure. Clarification was sought on the changes to the highways and maintenance budget, particularly as some of these savings are only one year, whether it would create further costs in the long-term, and the complexity of devolving some of this work to town and parish councils. There were particular concerns raised around the safety of cutting school crossing guards and the lack of engagement from schools on this issue resulting in an unclear picture of the results of this saving. Members requested further detail on the wider implications of fee increases in planning services. Members were concerned about pressures on the flood team and the bridges team, the quality of bus services reducing use, the levels of illegal signposting alongside roads, the implications of permits for recycling sites on the wider environment, and digital exclusion issues around garden waste communication.

- Members had no comments on the Resources and Corporate Services budget proposals.
- On the Strategy, Workforce, and Localities budget proposals, members were particularly concerned about the reduction in Scrutiny Committees, both in number of members and number of committees. The importance of Scrutiny, particularly in the current circumstances, was highlighted, both for the overall function of the council and for the members who participate in it. Local Community Networks were raised as an area to make possible cuts, but the role of LCNs in developing the unitary council and important work of Taunton LCN was highlighted, and LCNs don't have a specifically identifiable budget to cut from beyond the amount given to develop them. SRAs and allowances were debated, with a reminder that councillors are free to decline allowances. Concerns were also raised about the removal of the budget for the pathway to employment scheme, as it supports some of the most vulnerable.
- For the HRA budget proposals, members sought clarity on the pressure caused by staff changes. This was partly due to inflationary costs and corporate overhead and there is a proposed restructure.

- For the capital budget proposals, members questioned funding around Section 106 and Community Infrastructure Levies and how this is being monitored and collected. Variances across the county and exemptions were detailed. Questions around funding for Rights of Way were raised, as well as total spend for Wellington Sport Centre decarbonisation and where the funding for this had come from.

Reasons for recommendations

For scrutiny to provide constructive challenge and help ensure that the Council sets a balanced and sustainable budget for 2024/25.

Other options considered

None as the proposed approach is in accordance with the Council's Constitution, the Budget and Policy Framework and the Financial Regulations.

Links to Council Plan and Medium-Term Financial Plan

This relates to the setting of the 2024/25 Medium-Term Financial Plan (MTFP) which will be the financial resourcing plan to deliver the Council Plan.

Financial, Risk, Legal, HR, Other, Equalities, Community Safety, Health & Safety, Health & Well-Being, Sustainability and Social Value Implications

The Committee considered the specific implications set out in the 2024/25 Budget proposals and supporting appendices.

4. Background papers

- 4.1.** 2024/25 Budget Medium-Term Financial Plan
Appendix 6, Detailed List of Savings Proposals
Appendix 7, Detailed List of Pressures

Note For sight of individual background papers please contact the report author