

Public Agenda Pack



Notice of Meeting of

EXECUTIVE

Wednesday, 8 November 2023 at 10.00 am

**Council Chamber, Council Offices, Brympton
Way, Yeovil BA20 2HT**

To: The members of the Executive

Chair: Councillor Bill Revans

Vice-chair: Councillor Liz Leyshon

Councillor Theo Butt Philip

Councillor Dixie Darch

Councillor Mike Rigby

Councillor Federica Smith-Roberts

Councillor Adam Dance

Councillor Tessa Munt

Councillor Dean Ruddle

Councillor Ros Wyke

For further information about the meeting, including how to join the meeting virtually, please contact Democratic Services democraticservicesteam@somerset.gov.uk.

All members of the public are welcome to attend our meetings and ask questions or make a statement **by giving advance notice** in writing or by e-mail to the Monitoring Officer at email: democraticservicesteam@somerset.gov.uk by **5pm on Thursday, 2 November 2023**.

This meeting will be open to the public and press, subject to the passing of any resolution under the Local Government Act 1972, Schedule 12A: Access to Information.

The meeting will be webcast and an audio recording made.

Issued by (the Proper Officer) on Tuesday, 31 October 2023

AGENDA

Executive - 10.00 am Wednesday, 8 November 2023

Public Guidance Notes contained in Agenda Annexe (Pages 9 - 10)

Click here to join the online meeting (Pages 11 - 12)

1 Apologies for Absence

To receive any apologies for absence.

2 Minutes from the Previous Meeting (Pages 13 - 30)

To approve the minutes from the previous meeting.

3 Declarations of Interest

To receive and note any declarations of interests in respect of any matters included on the agenda for consideration at this meeting.

(The other registrable interests of Councillors of Somerset Council, arising from membership of City, Town or Parish Councils and other Local Authorities will automatically be recorded in the minutes: [City, Town & Parish Twin Hatters - Somerset Councillors 2023](#))

4 Public Question Time

The Chair to advise the Committee of any items on which members of the public have requested to speak and advise those members of the public present of the details of the Council's public participation scheme.

For those members of the public who have submitted any questions or statements, please note, a three minute time limit applies to each speaker and you will be asked to speak before Councillors debate the issue.

We are now live webcasting most of our committee meetings and you are welcome to view and listen to the discussion. The link to each webcast will be available on the meeting webpage, please see details under 'click here to join online meeting'.

5 Executive Forward Plan

To note the latest Executive Forward Plan of planned key decisions that have been published on the Council's website.

[Browse plans - Executive, 2023 - Modern Council \(somerset.gov.uk\)](https://www.somerset.gov.uk/browse-plans-executive-2023-modern-council)

6 General Fund Revenue Budget Monitoring Report - Month 5 (Pages 31 - 70)

To consider the report.

7 Financial Strategy Update (Pages 71 - 104)

To consider the report.

8 Proposed formation of Property and Investments Executive Sub-Committee (Pages 105 - 112)

To consider the report.

9 Policy for the Disposal of Assets (Pages 113 - 134)

To consider the report.

Exclusion of Press and Public (Pages 135 - 136)

PLEASE NOTE: Although the main report for this item is not confidential, supporting appendices available to Members contain exempt information and are therefore marked confidential – not for publication. At any point if Members wish to discuss information within this appendix then the Council will be asked to agree the following resolution to exclude the press and public:

Exclusion of the Press and Public

To consider passing a resolution having been duly proposed and seconded under Schedule 12A of the Local Government Act 1972 to exclude the press and public from the meeting, on the basis that if they were present during the business to be transacted there would be a likelihood of disclosure of exempt information, within the meaning of Schedule 12A to the Local Government Act 1972:

Reason: Information relating to the financial or business affairs of any particular person (including the authority holding that information).

10 Celebration Mile - Bridgwater Urban Realm Enhancement Scheme Contract Award (Pages 137 - 162)

To consider the report.

Exclusion of Press and Public (Pages 163 - 164)

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Reason: Information relating to the financial or business affairs of any particular person (including the authority holding that information).

11 Decision to award Contracts for Care and Support at Home in Somerset (Pages 165 - 196)

To consider the report.

Exclusion of Press and Public (Pages 197 - 198)

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Reason: Information relating to the financial or business affairs of any particular person (including the authority holding that information).

12 Award of contract for Highways Services

To consider the report (to follow).

13 Voluntary, Community, Faith and Social Enterprise Strategic Funding

To consider the report (to follow).

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Guidance notes for the meeting

Council Public Meetings

The legislation that governs Council meetings requires that committee meetings are held face-to-face. The requirement is for members of the committee and key supporting officers (report authors and statutory officers) to attend in person, along with some provision for any public speakers. Provision will be made wherever possible for those who do not need to attend in person including the public and press who wish to view the meeting to be able to do so virtually.

Inspection of Papers

Any person wishing to inspect minutes, reports, or the background papers for any item on the agenda should contact Democratic Services at democraticserviceteam@somerset.gov.uk or telephone 01823 357628.

They can also be accessed via the council's website on [Committee structure - Modern Council \(somerset.gov.uk\)](#)

Members' Code of Conduct requirements

When considering the declaration of interests and their actions as a councillor, Members are reminded of the requirements of the Members' Code of Conduct and the underpinning Principles of Public Life: Honesty; Integrity; Selflessness; Objectivity; Accountability; Openness; Leadership. The Code of Conduct can be viewed at: [Code of Conduct](#)

Minutes of the Meeting

Details of the issues discussed, and recommendations made at the meeting will be set out in the minutes, which the Committee will be asked to approve as a correct record at its next meeting.

Public Question Time

If you wish to speak or ask a question about any matter on the Committee's agenda please contact Democratic Services by 5pm providing 3 clear working days before the meeting. (for example, for a meeting being held on a Wednesday, the deadline will be 5pm on the Thursday prior to the meeting) Email democraticserviceteam@somerset.gov.uk or telephone 01823 357628.

Members of public wishing to speak or ask a question will need to attend in person or if unable can submit their question or statement in writing for an officer to read out, or alternatively can attend the meeting online.

A 20-minute time slot for Public Question Time is set aside near the beginning of the meeting, after the minutes of the previous meeting have been agreed. Each speaker will have 3 minutes to address the committee.

You must direct your questions and comments through the Chair. You may not take a direct part in the debate. The Chair will decide when public participation is to finish. If an item on the agenda is contentious, with many people wishing to attend the meeting, a representative should be nominated to present the views of a group.

Meeting Etiquette for participants

Only speak when invited to do so by the Chair.

Mute your microphone when you are not talking.

Switch off video if you are not speaking.

Speak clearly (if you are not using video then please state your name)

If you're referring to a specific page, mention the page number.

There is a facility in Microsoft Teams under the ellipsis button called turn on live captions which provides subtitles on the screen.

Exclusion of Press & Public

If when considering an item on the agenda, the Committee may consider it appropriate to pass a resolution under Section 100A (4) Schedule 12A of the Local Government Act 1972 that the press and public be excluded from the meeting on the basis that if they were present during the business to be transacted there would be a likelihood of disclosure of exempt information, as defined under the terms of the Act.

If there are members of the public and press listening to the open part of the meeting, then the Democratic Services Officer will, at the appropriate time, ask participants to leave the meeting when any exempt or confidential information is about to be discussed.

Recording of meetings

The Council supports the principles of openness and transparency. It allows filming, recording, and taking photographs at its meetings that are open to the public - providing this is done in a non-disruptive manner. Members of the public may use Facebook and Twitter or other forms of social media to report on proceedings. No filming or recording may take place when the press and public are excluded for that part of the meeting.

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Minutes of a Meeting of the Executive held in the John Meikle Room, The Deane House, Belvedere Road, Taunton TA1 1HE, on Wednesday, 4 October 2023 at 10.00 am

Present:

Cllr Bill Revans (Chair)
Cllr Liz Leyshon (Vice-Chair)

Cllr Theo Butt Philip
Cllr Dixie Darch
Cllr Mike Rigby
Cllr Federica Smith-Roberts

Cllr Adam Dance
Cllr Tessa Munt
Cllr Dean Ruddell
Cllr Ros Wyke

In attendance:

Cllr Leigh Redman
Cllr Sarah Wakefield
Cllr Andy Soughton
Cllr Mandy Chilcott
Cllr Fran Smith
Cllr Heather Shearer

Cllr Tony Lock
Cllr Frances Nicholson
Cllr David Fothergill
Cllr Tom Deakin
Cllr Sue Osborne
Cllr Richard Wilkins

Other Members present remotely:

Cllr Martin Wale
Cllr Mike Best
Cllr Norman Cavill
Cllr John Cook-Woodman
Cllr Susannah Hart
Cllr Dawn Johnson
Cllr Val Keitch
Cllr Martin Lovell
Cllr Graham Oakes
Cllr Evie Potts-Jones
Cllr Mike Stanton
Cllr David Woan

Cllr Steve Ashton
Cllr Adam Boyden
Cllr Nicola Clark
Cllr Andy Dingwall
Cllr John Hunt
Cllr Helen Kay
Cllr Marcus Kravis
Cllr Dave Mansell
Cllr Oliver Patrick
Cllr Gill Slocombe
Cllr Claire Sully
Cllr Rosemary Woods

Cllr Gwil Wren

41 Apologies for Absence - Agenda Item 1

No Apologies were received.

42 Minutes from the Previous Meeting - Agenda Item 2

The minutes of the Executive meeting held on 6 September 2023 were agreed upon and signed by the Chair.

43 Declarations of Interest - Agenda Item 3

COUNCILLORS WHO ARE ALSO CITY, TOWN AND/OR PARISH COUNCILLORS
SOMERSET COUNCILLOR CITY, TOWN AND/OR PARISH COUNCIL

Theo Butt Philip - Wells City Council

Adam Dance - South Petherton Parish Council

Mike Rigby - Bishop's Lydeard and Cothelstone Parish Council

Dean Ruddle - Somerton Town Council

Federica Smith-Roberts - Taunton Town Council

Ros Wyke - Westbury-sub-Mendip Parish Council

44 Public Question Time - Agenda Item 4

Public Questions were received regarding Item 10 – Octagon Project Update, from:

Kathy Rolls

Jason Welch

Tareth Casey

Ray Tostevin

All questions were considered under the relevant agenda item.

The questions and responses provided are attached to the minutes in Appendix A.

The Lead Member for Public Health, Equalities and Diversity, Cllr Adam Dance, added an update on refreshed timescales and the signage at the Octagon work area.

The Lead Member for Children, Families and Education, Cllr Tessa Munt, and the

Lead Member for Economic Development, Planning and Assets, Cllr Ros Wyke, updated the Executive on the Reinforced Autoclaved Aerated Concrete (RAAC) dynamic and evolving situation.

45 Treasury Management Outturn Report - Agenda Item 5

The Leader of the Council and Lead Member for Governance and Communications, Cllr Bill Revans, invited the Deputy Leader and Lead Member for Resources and Performance, Cllr Liz Leyshon, to introduce the report.

The Deputy Leader and Lead Member for Resources and Performance, Cllr Liz Leyshon, introduced the report, highlighting: that the report is prepared in accordance with the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services Code of Practice (the CIPFA Code) and Prudential Code; that the report detailed the outturn position on treasury management transactions in 2022-23, and presented details of capital financing, borrowing and investment activity, the risk implications of treasury decisions and transactions; and that the appendices of the report summarised the treasury management activities during 2022/23 for each of the five legacy Councils.

The Director of Resources and Corporate Services, Jason Vaughan, added to the above points, highlighting: that the information presented is a factual report position of the former five legacy Councils; the opportunity to bring the different ways of working together and find the best way going forward, including a clear risk section.

The Leader of the Council and Lead Member for Governance and Communications, Cllr Bill Revans, requested clarification of the intra-unitary borrowing and compliance regarding the former Sedgemoor District Council reports for audit, and invited comments from other Members present, questions and points raised included: the financial risk to the authority considering the reduction in investment against the borrowing position for 2022/23.

The Director of Resources and Corporate Services, Jason Vaughan, confirmed that Somerset Council are fully compliant with the CIPFA code.

The Service Manager, Investments, Anton Sweet, clarified the intra-unitary borrowing of the former Sedgemoor District Council as £34m and that the Treasury Management 6-month report is to be considered at the 6 December 2023 Executive meeting.

Following consideration of the officer report and discussion, the Executive

approved the report as being in compliance with the CIPFA Code of Practice for Treasury Management and recommended it to Full Council at the next available meeting.

ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report

REASON FOR DECISION: As set out in the officer report

46 2023/24 Housing Revenue Account Report Q1 - Agenda Item 6

The Leader of the Council and Lead Member for Governance and Communications, Cllr Bill Revans, invited the Lead Member for Communities, Housing and Culture, Cllr Federica Smith-Roberts, to introduce the report.

The Lead Member for Communities, Housing and Culture, Cllr Federica Smith-Roberts, introduced the report, highlighting: that the report provided an update on the projected outturn financial position of the Council's Housing Revenue Account (HRA) for the financial year 2023/24; that the new unitary Somerset Council has inherited two landlord operating models (formerly Somerset West and Taunton and formerly Sedgemoor District Council) which now sit under one HRA and has over 10,000 of dwelling stock; that the HRA is a ring-fenced account and is self-financing; that the HRA has set a balanced budget for 2023/24; the ambitious capital programme and the planned new schemes, including major and improvement works and the Social Housing Development schemes; the revenue and capital challenges and risks relating to the economic operating environment; and the risks associated with support services and regulatory and compliance requirements.

The Leader of the Council and Lead Member for Governance and Communications, Cllr Bill Revans, asked for assurance of building compliance, post the Grenfell Tower fire, of Westfield House residential tower block in Bridgwater; and invited comments from other Members present, questions and points raised included: dwelling housing stock and future provision work across the whole of Somerset; the duty as a Landlord for previously held HRA areas and the housing crisis issue across the whole of Somerset; the quality new builds in Minehead and the North Taunton Woolaway project; the opportunity to provide low carbon and zero carbon properties; and the zero variance across the budget lines and clarity of information.

The Director of Community Services, Chris Hall, confirmed that works had been undertaken and would be ongoing at Westfield House, to achieve the constantly changing regulatory requirements.

The Deputy Leader and Lead Member for Resources and Performance, Cllr Liz

Leyshon, commented on the HRA report, acknowledging the national and local factors that had considerable impact and challenge throughout the reporting period. The Lead Member further added that the HRA Quarter 2 report is be considered at the 6 December 2023 Executive Meeting, which will give the opportunity to provide assurance or due warning of where the Council should pay due regard.

Following consideration of the officer report, appendices and discussion, the Executive agreed:

- 1. To note the Housing Revenue Account's forecast financial performance and projected reserves position for 2023/24 financial year as at 30 June 2023, including key risks and future issues and opportunities detailed in the report which would be closely monitored and updated throughout the year.**
- 2. To note the forecast outturn position of the Capital Programme.**
- 3. To recommend to Full Council to approve a supplementary capital budget of £3,313,829 for the in-house service to spend on Fire Safety.**

ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report

REASON FOR DECISION: As set out in the officer report

47 Statement of Community Involvement - Agenda Item 7

The Leader of the Council and Lead Member for Governance and Communications, Cllr Bill Revans, invited the Lead Member for Economic Development, Planning and Assets, Cllr Ros Wyke, to introduce the report.

The Lead Member for Economic Development, Planning and Assets, Cllr Ros Wyke, introduced the report, highlighting: the requirement of Somerset Council to prepare a Statement of Community Involvement (SCI) to set out how and when the Council will engage with local communities and other interested parties when carrying out its statutory planning functions; that the SCI includes consultation on both planning applications and the preparation of planning policy documents, such as the Local Plan; that the preparation of a new single SCI for the whole new unitary area is essential to ensure a consistent approach to engagement is taken across all communities; and that following public consultation, the final SCI document had been amended significantly in response to feedback received.

The Principal Policy Officer, Policy, Andy Reading, with the aid of a PowerPoint

presentation, presented the report, highlighting: the legal requirements to be met by Somerset Council; that the SCI is a high level document setting out statutory legal requirements over consultation which covers engagement on planning policy, i.e. local plan, neighbourhood plan and determination of planning applications; that the SCI will replace the existing five separate SCIs of the former Districts and County Councils; that consultation on the draft SCI was undertaken during Spring 2023 prior to vesting day for a six-week period; following consultation, the content of the SCI has been reviewed and amended as appropriate to take into account comments received; summarised the consultees / interest groups, consultation statement and review of comments received, subsequent changes and key points of the received comments; summarised the main changes and key points of changes following consultation; and that there are detailed communication engagement strategies which will be prepared for particular elements of planning.

The Leader of the Council and Lead Member for Governance and Communications, Cllr Bill Revans, reminded Members of the need for a structured debate and invited comments from other Members present, questions and points raised included: the comments and discussion from the Scrutiny Committee – Climate and Place held 20 September 2023: including consultation with the local community and the statutory requirements for notification on planning applications, the use of site notices and adjudicate neighbour notifications, an all Member briefing request – planning application process including notification and consultation (specifically neighbour and community), and small applications and use of website notifications; the scale of development and the effect on the area; the minimum statutory requirements of an SCI and the document presented; the role of a Unitary Councillor, particularly in a rural area; Parish, Town and City Councils engagement, consultation on planning applications and the closer alignment for improved understanding; and the constitutional review work for community involvement in planning.

The Assistant Director, Strategic Planning, Alison Blom-Cooper, advised of the current different practises across the different area teams and the work to make the practises consistent and confirmed the plan for an all Member briefing to be provided. The Assistant Director, Strategic Planning further added that the planning team welcomed comments from Parish, Town and City Councils in terms of their local knowledge and bringing issues to officers' attention.

The Lead Member for Economic Development, Planning and Assets, Cllr Ros Wyke, advised the Executive of the change in the process whereby Parish Councils can now refer directly to the Planning Chairs and Vice-Chairs.

Following consideration of the officer report, appendices and discussion, the Executive formally adopted the Statement of Community Involvement

(Appendix 1 to the report).

ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report

REASON FOR DECISION: As set out in the officer report

48 Local Development Scheme - Agenda Item 8

The Leader of the Council and Lead Member for Governance and Communications, Cllr Bill Revans, invited the Lead Member for Economic Development, Planning and Assets, Cllr Ros Wyke, to introduce the report.

The Lead Member for Economic Development, Planning and Assets, Cllr Ros Wyke, introduced the report, highlighting; that the Council has a statutory responsibility to produce a Local Development Scheme (LDS) which sets out the work programme and timetable for the production of a development plan documents, including the local plan, minerals plan and waste plan; that given the large geographic area of Somerset, the local plan will be a very complex piece of work and that the timetable is ambitious, but necessary, as the Council is required to produce a local plan within five years of vesting day; that the development plan is a key vehicle for delivering the ambitions, policies and strategies of Somerset Council, including addressing the climate and ecology emergencies and meeting housing and employment needs; and that the proposed Planning and Transport Policy Sub-Committee would oversee and monitor the review of the development plans and local transport plan and take delegated decisions on behalf of the Executive to ensure a more streamlined timetable for producing these documents.

The Principal Planning Officer, Laura Higgins, with the aid of PowerPoint presentation, presented the report, highlighting; that the Council has a legal requirement to produce a Local Plan within 5 years of vesting day (by 1 April 2028); that Officers were supported by a Critical Friend to identify ways in which this could be achieved; the conclusion that five years could be achieved but only with sufficient financial and staff resources; the ambitious timetable and streamlined approach, including consultation and a draft plan; summarised the stages and dependent factors of the proposed elements of timetable of the local plan; the establishment and purpose of the proposed Planning and Transport Subcommittee; that the timetable assumes the Local Plan is produced as a separate work strand from the Minerals and Waste Plan reviews; and that the Local Plan is a key document that will help delivery on our Climate Emergency Strategy and its emerging policies.

The Leader of the Council and Lead Member for Governance and Communications, Cllr Bill Revans, invited comments from other Members present, questions and points raised included: thanks to the officers and team for their work on the LDS; the challenges of achieving the local plan including: developing a new plan across a very

large geographic area, recognising and retaining the variation within Somerset, the number of other current local plans to work with, the constraints of Local Government finance, the requirement of officer and specialist skills resource, unitarisation and bringing together five local plans; the proposals in the Levelling Up and Regeneration Bill to make amendments to the plan making process and potential changes to the current arrangements and legislation and process; liaison with the National Park and inclusion in the LDS; the comments and discussion from the Scrutiny Committee – Climate and Place held 20 September 2023, including: the involvement of Members in bringing forward a new Local Plan, a potential cross party working group for development of the Local Plan to provide scrutiny and work through the early stages of policy, the cost and breakdown of costs for a DPD, Climate Emergency policies, including zero carbon standards and new renewable energy generation, best practice and comparison of other Local Authorities, emerging policies and expediting and giving weight to policies through the Local Plan, including climate change, energy, water efficiency and increasing requirements through the building regulations to move towards net zero; the Executive Subcommittee responsibilities and public meeting open and transparent process; and the unique Somerset Council situation and the need to adhere to process to deliver policies.

The Executive Director of Climate and Place, Mickey Green, added to the above points advising of the changes in the report to reflect Scrutiny Committee – Climate and Place comments, and the recognition of further work required on the consultation engagement plan to find a manageable way to ensure everyone has a voice, with a look to add this work to the Scrutiny Committee – Climate and Place forward plan.

Following consideration of the officer report, appendices and discussion, the Executive:

- i. Approved the Local Development Scheme (Appendix 1 to the report) as the Council's work programme for delivering the Development Plan; and**
- ii. In consultation with the Lead Member for Economic Development, Planning and Assets, delegated authority was given to the Service Director for Economy, Employment and Planning to agree any necessary final amendments prior to its publication; and**
- iii. Agreed to establish a Planning and Transport Policy Sub-Committee of the Executive with Terms of Reference as set out in Appendix 2 of the report.**

ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report

REASON FOR DECISION: As set out in the officer report

49 Octagon Project Update - Agenda Item 10

The Leader of the Council and Lead Member for Governance and Communications, Cllr Bill Revans, invited the Lead Member for Communities, Housing and Culture, Cllr Federica Smith-Roberts, to introduce the report.

The Lead Member for Communities, Housing and Culture, Cllr Federica Smith-Roberts, introduced the report, highlighting; that the report is a position update following the challenges and issues that have emerged since the original business case decision of the former South Somerset District Council (SSDC); the cultural, community and economical value of Octagon Theatre; that the report is not critical of the previous business case or the decision of SSDC; the conditions have changed beyond those that could reasonably have been foreseen at the time of approval; the £10m grant from the Department of Culture, Media and Sport, which was the largest given at that time and a third of its total grant; and the commitment to arts and culture and the exploration of all options available to continue the Octagon being a flagship venue.

The Director of Community Services, Chris Hall, with the aid of PowerPoint presentation, presented the report, highlighting; that the report does not review the full business case; the focus on the significant funding pressures identified; summarised the approved SSDC business case; that the report identifies a range of issues that have emerged since the original business case was approved; that the report sets out the financial pressures in both revenue and capital resources during the pre-construction, and construction phases; the report sets out further financial pressures due to the increased borrowing costs and that it is no longer possible to give assurance to Members that the future taxpayer-funded revenue costs can be met. The Executive Director further summarised the changes affecting the business case, potential mitigations, risks, and next steps; and confirmed that debt servicing costs increased from c£245k pa to c£1,055k pa (the published presentation advised c£285k pa).

The Leader of the Council and Lead Member for Governance and Communications, Cllr Bill Revans, invited comments from other Members present, questions and points raised included: future options appraisal and revised approval to reopen, including funding, capital and revenue scheme unknowns, future options funding, commissioned survey input, venue safety, programme and production time, partnership working and timelines; the significant long term benefit to the local

community, and the local and regional economy; the divesting of former SSDC resources and assets, including capital receipts and the requirement to budget for the whole of Somerset as one Council; the duty to all the people in Somerset when making decisions for the whole of Somerset; the transparent and open communication with Council members; the central Government financial situation affecting Councils and projects both locally and nationally; the Octagon as a building for the whole of Somerset; the local economic impacts of closure of the theatre; the operation, use and ownership Westlands Leisure Venue and opportunity for future use; the meeting frequency, oversight and reporting of the Octagon Board; modelling and forecasting based on inflation and interest rates and external treasury advice; alternative modelling regarding Minehead theatre being run by volunteers and not subsidised by the Council; The 50-year loan and the life expectancy of the refit; partnership arrangements; and the governance process dependent on options brought forward.

As a Local Councillor, Cllr Graham Oakes, invited Members and Officers to the deferred meeting of Yeovil Town Council to consider the in-principle decision to work in partnership with Somerset Council to deliver the project. Councillor Oakes further added comments, highlighting: the ability for local people to express their views and feedback; advantages and opportunities for individuals and the local community and local economy; the communication between Somerset Council, Yeovil Town Council and the local community; the potential contribution to the project from Yeovil Town Council; the disadvantages and advantages of reopening, refurbishment and demolition of the theatre; the need for expertise in this project; the need for partnership working for a new way forward; and consideration of the capital programme.

The Chief Executive, Duncan Sharkey, advised that the full financial position of the Council must be considered before making decisions to invest in any area of Somerset, and that when taking decisions, only the reports and information available in the public domain should be considered.

The Deputy Leader and Lead Member for Resources and Performance, Cllr Liz Leyshon, requested it be noted that the £10m grant referred to throughout the debate, was from the Department of Culture, Media and Sport.

Having been duly proposed and seconded the Executive agreed the proposed amendment to add an additional recommendation to the officer report:

f. Confirmed that we would work with partners to mitigate the current economic impact of the closure of the Octagon.

This was agreed unanimously. The Executive proceeded to vote on the recommendations, as amended, which were also agreed unanimously.

Following consideration of the officer report, appendices and discussion, the Executive:

- a. Confirmed its commitment to the Octagon project as a flagship venue to deliver arts and culture services in Yeovil for Somerset.**
- b. Acknowledged that the current business case could no longer be met, and a revised business case would be necessary.**
- c. Acknowledged the revenue financial pressure created by the works to date and instructed Officers to explore mitigations to these costs.**
- d. Instructed officers to continue to work with the Department for Culture Media and Sports (DCMS) and Arts Council England (ACE) to find a viable Octagon business case to deliver cultural services in Yeovil for Somerset.**
- e. Instructed work to be overseen by the Octagon Theatre Redevelopment Project Board in collaboration with all partners and that we worked with partners to mitigate the economic impacts of the optimum closure in Yeovil.**
- f. Confirmed that we would work with partners to mitigate the current economic impact of the closure of the Octagon.**

ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report

REASON FOR DECISION: As set out in the officer report

Lunch Break: 2 - 2.30pm

The Lead Member for Public Health, Equalities and Diversity, Cllr Adam Dance left the Executive meeting

50 Kitchen replacement programme 2023-27 - Agenda Item 9

The Leader of the Council and Lead Member for Governance and Communications, Cllr Bill Revans, invited the Lead Member for Communities, Housing and Culture, Cllr Federica Smith-Roberts, to introduce the report.

The Lead Member for Communities, Housing and Culture, Cllr Federica Smith-Roberts, introduced the report, highlighting: that Somerset Council owns and manages approximately 6000 social rented homes in the Taunton area (prior to April 2023, Somerset West and Taunton District) and under the capital maintenance programme needs to ensure continued compliance with the Decent Homes Regulatory Standard; that the Council has a specific need to replace approximately 300 additional kitchens in 2023/24; that the annual demand thereafter is forecast to be at a similar level; and that the Council has a need to implement a long-term programme to install replacement kitchens to its domestic properties to provide quality homes for tenants and maintain properties.

The Assistant Director, Housing Property, Ian Candlish, added to the above points, that the funding is available within the HRA ring-fenced budget and highlighted the emphasis on the social value element regarding contractor submissions.

The Leader of the Council and Lead Member for Governance and Communications, Cllr Bill Revans, invited comments from other Members present, questions and points raised included: the social value and local direct employees; the minimum kitchen standard, size and unit number and the average lifecycle of a kitchen replacements; and the component life cycle standard and tenants' entitlements for a replacement.

Following consideration of the officer report, appendices and discussion, the Executive:

- a. Approved the award of three contracts for an initial period of 12 months, with an option to extend by mutual agreement for up to a further 12 months, followed by a further extension option of 24 months by mutual agreement, providing for a potential four-year contract term in total.**
- b. Approved the delegation of authority to the Service Director for Housing to approve the further extensions of the contracts subject to mutual agreement.**

ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report

REASON FOR DECISION: As set out in the officer report

The Chair advised that although the main reports for items 11, 12 and 13 were not confidential, supporting appendices available to Members contained exempt information and were therefore marked confidential – not for publication. At any point if Members wished to discuss information within these confidential

appendices, then the Executive would be asked to agree a resolution to exclude the press and public, and that there would be a requirement to agree the resolution to exclude the press and public for Item 14.

51 Cornwall and the Council of the Isles of Scilly Adoption Service to integrate with Adopt South West Regional Adoption Agency - Agenda Item 11

The Leader of the Council and Lead Member for Governance and Communications, Cllr Bill Revans, welcomed Julie Goodwin, Head of Service, Children in Care and Care Leaver, Cornwall Council and invited the Lead Member for Children, Families and Education, Cllr Tessa Munt, to introduce the report.

The Lead Member for Children, Families and Education, Cllr Tessa Munt, introduced the report, highlighting; the regional benefits of the Local Authorities grouped together will include a larger area of coverage leading to more potential adopters, a streamlined service over a large proportion of the south west area and continuity of service, not only for staff working within adoption but also for children and adopters; the provision of an agreed level of finance to support Adopt South West to continue to deliver high-quality adoption practices across the region.

The Leader of the Council and Lead Member for Governance and Communications, Cllr Bill Revans, invited comments from other Members present, questions and points raised included: staffing resource across the adoption agency, including recruitment, budgets, experience and the associated risks and mitigations; the number of children placed for adoption and who are in placement orders for adoption across each Local Authority area; the positive feedback received from an adoption agency peer review.

The Chair, Scrutiny Committee - Children and Families, Cllr Leigh Redman, commented on the good work of the adoption South West and reported that the Scrutiny Committee - Children and Families, had looked at previous and current report and supported the proposal.

Following consideration of the officer report, appendices and discussion, the Executive agreed the proposal for Cornwall and the Isles of Scilly Adoption Service to join Adopt South West as a full member.

ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report

REASON FOR DECISION: As set out in the officer report

52 Award of contracts for highways services - Agenda Item 12

The Leader of the Council and Lead Member for Governance and Communications, Cllr Bill Revans, invited the Lead Member for Transport and Digital, Cllr Mike Rigby, to introduce the report.

The Lead Member for Transport and Digital, Cllr Mike Rigby, introduced the report, highlighting: that the contract with the existing Highways TMC is due to finish on 31st March 2024, and a new contract or set of contracts will need to be in place on 1st April 2024 to ensure that the Council can continue to deliver essential statutory highway maintenance services; the number of different contractors that have carried out the work and the intention to break up the delivery into four smaller contracts; summarised the advantages including, the encouragement of a wide range of bidders and the opportunity to deliver some services in house.

The Strategic Manager Highways and Transport, Mike O Dowd-Jones, presented the report, highlighting: that the report covered the award of the Term Service Contract for highway maintenance, which included activities such as grass cutting, gully emptying, drainage works, safety defects repair, patching, signs and lines, winter service and emergency (out of hours) services; the robust **procurement process to** bring the best possible value for money from the process.

The Leader of the Council and Lead Member for Governance and Communications, Cllr Bill Revans, invited comments from other Members present, questions and points raised included: the benefit of the Exmoor highway stewards pilot scheme and the level of flexibility in the contract; future input and feedback opportunities in respect of dark skies; the aspirations for EVCP roll out across Somerset; the Live Labs work to decarbonise highways maintenance; and the welcome climate change and sustainability implications and the clear carbon emission measuring baseline and management.

Following consideration of the officer report, appendices and discussion, the Executive:

- a. Approved the award of an 8-year contract with the option of a 4-year extension to Supplier B as identified in confidential Appendix A; for the provision of Highway Maintenance services from 1st April 2024.**
- b. Delegated the future decision regarding the extension of the contract beyond its initial term of 8 years to the Executive Lead Member or equivalent responsible for Highways Services having due regard to the contract terms.**
- c. Agreed that Appendix A be treated confidence, as the case for the public interest in maintaining the exemption outweighs the public interest in disclosing that information.**

ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report

REASON FOR DECISION: As set out in the officer report

53 Contract Award - Appointment of Providers to deliver housing related support and accommodation for 16-25 year olds - Agenda Item 13

The Leader of the Council and Lead Member for Governance and Communications, Cllr Bill Revans, invited the Lead Member for Children, Families and Education, Cllr Tessa Munt, to introduce the report.

The Lead Member for Children, Families and Education, Cllr Tessa Munt, introduced the report highlighting; that the contract award is the Council's response to prevent youth homelessness in Somerset; that the statutory responsibility is shared with Community Services and Children, Families and Education services; the tender process and work across Directorates; the set up of a dynamic purchasing system to provide further beds for young people where they are required; that the award will ensure that young people are supported to manage a tenancy and develop daily living skills, as well as help them into education, employment or training.

The Strategic Commissioner for Children in Care, Julie Breeze, presented the report, highlighting: the 2 block contracts and procurement process; the flexible DPS contracting arrangement which will allow pre-approved providers to join an open account; the response from the market was highly positive and consultation sessions included input from young people and the inclusion of 10% social value commitment; the statutory requirements of the Homelessness Reduction Act, the Children Act and the Care Act; the two sets of vulnerable young people requiring different levels of support; the service concept to allow young people with housing related support needs to progress along a pathway; and the range of flexible, high-quality accommodation located across the whole of Somerset.

The Leader of the Council and Lead Member for Governance and Communications, Cllr Bill Revans, invited comments from other Members present, questions and points raised included: the care review, the number of young people in the system and changes in requirements and complexity of needs increase, and the broad effect across the whole care system; the comparison of need before and after the pandemic and safeguarding accommodation provision process across the age differences, including Ofsted registered provision for 16-17 year olds; and the Somerset area coverage and support networks for young people

Following consideration of the officer report, appendices and discussion, the Executive:

- **Approved the award of a 5-year contract for the appointment of suppliers to deliver housing related support and accommodation for 16 to 25 year olds, based on the most advantageous tender, to the proposed suppliers (as per the confidential evaluation report (Appendix B), commencing on 1 April 2024.**

Lot Number	Support Level	Awarded Suppliers (see Appendix B for details)
Lot 1 – Supported Accommodation for 16-25 year old children in care and care leavers, including Emergency accommodation		
Lot 1A	High	Bidder O / Bidder D
Lot 1B	Medium/Low	Bidder O / Bidder D
Lot 2 – Supported Accommodation for 18-25 year olds who are homeless, eligible and reason to believe in priority need, including Emergency accommodation		
Lot 2A	High	Bidder O / Bidder D
Lot 2B	Medium	Bidder O / Bidder D
Lot 2C	Low	Bidder O / Bidder D
Lot 2D	Emergency	Bidder O / Bidder D

- **Agreed to delegate authority to the Executive Director for Children and Family Services and the Executive Director for Community Services in consultation with the relevant Lead Members to evaluate and take a further decision on the two 2-year extension options at the appropriate time.**
- **Approved the set up and operation of a Dynamic Purchasing System (DPS) to provide further anticipated beds, as and when required. This would entail the set-up of the system itself, the approval of providers to join the DPS through a Selection process and the ongoing award of call-of contracts through the system. The maximum spend over the term of the DPS would be £100,000,000. The term would be 10 years commencing on 01/04/2024.**
- **Agreed the case for applying the exempt information provision as set out in the Local Government Act 1972, Schedule 12A and therefore to treat the confidential Appendix B in confidence, as it contained commercially sensitive information, and as the case for the public interest in maintaining the exemption outweighed the public interest in disclosing that information.**

ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report

REASON FOR DECISION: As set out in the officer report

54 Commercial Investment update - Agenda Item 14

The Leader of the Council and Lead Member for Governance and Communications, Cllr Bill Revans, invited the Lead Member for Economic Development, Planning and Assets, Cllr Ros Wyke, to introduce the report.

Exclusion of the Press and Public:

Having been duly proposed and seconded the Executive agreed to exclude the press and public from the meeting under Schedule 12A of the Local Government Act 1972, on the basis that if they were present during the business to be transacted there would be a likelihood of disclosure of exempt information.

Reason: Local Government Act 1972 – Schedule 12A

The item is likely to contain information relating to the financial or business affairs of any particular person (including the authority holding that information).

The Lead Member for Economic Development, Planning and Assets, Cllr Ros Wyke, introduced the report and invited the Commercial Property Land Development Manager, Rob Orrett, to present the report.

The Commercial Property Land Development Manager, Rob Orrett, presented the report and a debate was had.

Following consideration of the officer report, confidential appendix and discussion, the Executive agreed:

- a. To exclude the press and public from the meeting where there was any discussion at the meeting regarding exempt or confidential information (as set out in Appendix A of the report);**
- b. That Appendix A be regarded as exempt information and be treated in confidence, as the case for the public interest in maintaining the exemption outweighed the public interest in disclosing that information;**
- c. To approve the recommendations set out in Appendix A (as amended).**

ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report

REASON FOR DECISION: As set out in the officer report

55 Executive Forward Plan - Agenda Item 15

The Executive noted the Forward Plan.

(The meeting ended at 3.35 pm)

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CHAIR

Decision Report - Executive Decision

Forward Plan Reference: FP/23/09/09

Decision Date – 8 November 2023

Key Decision – No



2023/24 Budget Monitoring Report – Month 5 – End of August 2023

Executive Member(s): Deputy Leader of the Council and Lead Member on Resources and Performance

Local Member(s) and Division: All

Lead Officer: Nicola Hix, Director of Finance & Procurement

Author: Nicola Hix, Director of Finance & Procurement

Contact Details: nicola.hix@somerset.gov.uk

Summary

1. The Council is projecting an overspend for 2023/24 of £27.3m, the majority of which relates to Adults and Children's Services. All services have continued with developing financial recovery plans to help reduce the overspend.
2. Cost pressures are likely to continue into the 2024/25 financial year with demand and inflation in social care far outstripping forecast increases in council tax, business rate income and government grants. These trends are being experienced across the sector although the increases in costs seem higher in Somerset than in other areas.
3. The Council does have reserves, but these were set aside for unforeseen costs, not ongoing expenditure. If the budget gap is not reduced substantially over the coming months, it would use the bulk of reserves meaning the Council would not be financially sustainable.
4. Officers have already met with the External Auditors and the Department of Levelling up Homes and Communities to warn them of the position, that without significant additional funding or changes in legislation around support for Social Care, Somerset would join others that are already warning of imminent s114 notices.

Financial Recovery

5. In September 2023, Members received the month 4 revenue monitoring report for 2023/24 which set out the very stark and challenging financial situation that the new Somerset Council is facing. The underlying cause of the problem is that the costs are increasing at a far greater rate than its income. Given the size of the potential overspend

for the year that was projected at month 4, it was agreed that monthly budget monitoring would remain in place to allow Scrutiny and Executive to closely monitor the current year position.

6. The finance team have been working closely with directorates and services to review all areas of spend, especially those areas where high pressures are apparent. All services have continued with developing financial recovery plans as required by the Councils financial management framework and agreed by the Executive when approving the month 3 budget monitoring report.
7. With the financial recovery plan, focus has directed for services to:
 - Ensuring savings are delivered – delivery of 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 Directorate Management Team (DMT) due to service delivery considerations, for example, to maintain staffing in services requiring statutory minimum staffing levels.
 - Identifying underspending opportunities - services 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.
 - Imposing limits – look to impose financial transaction limits above which senior management approval will be required, and/or limiting certain types of non-critical expenditure where possible.
 - Alternative funding – exploring alternative funding solutions or curtailing or ‘value engineering’ one off or project spend.

Communication

8. Regular budget briefings are being held with both officers and members. The initial Member Engagement Session was in August and included presentations from Rob Whiteman, CEO CIPFA and Mark Pickering CEO, Arlingclose. Two sessions are held each month from September through to February and available for all members to join to ensure that every elected member had the opportunity to fully understand the latest financial current situation and the financial challenges facing the Council going forward. Senior officers from across the Council have received a similar briefing to ensure awareness.

9. During September, each of our Scrutiny Committees received a budget report from their directorate, which was focused on the budget monitoring position for their area, and a forecast projection for the financial year. This was a good opportunity for elected members to understand the challenges but also actions being taken to address the position.
10. Our organisation is facing a serious financial deficit that requires urgent and decisive action. We are committed to ensuring the financial sustainability of the council, delivery of our key services, as well as the wellbeing and safety of our staff and customers.

Month 5 Position

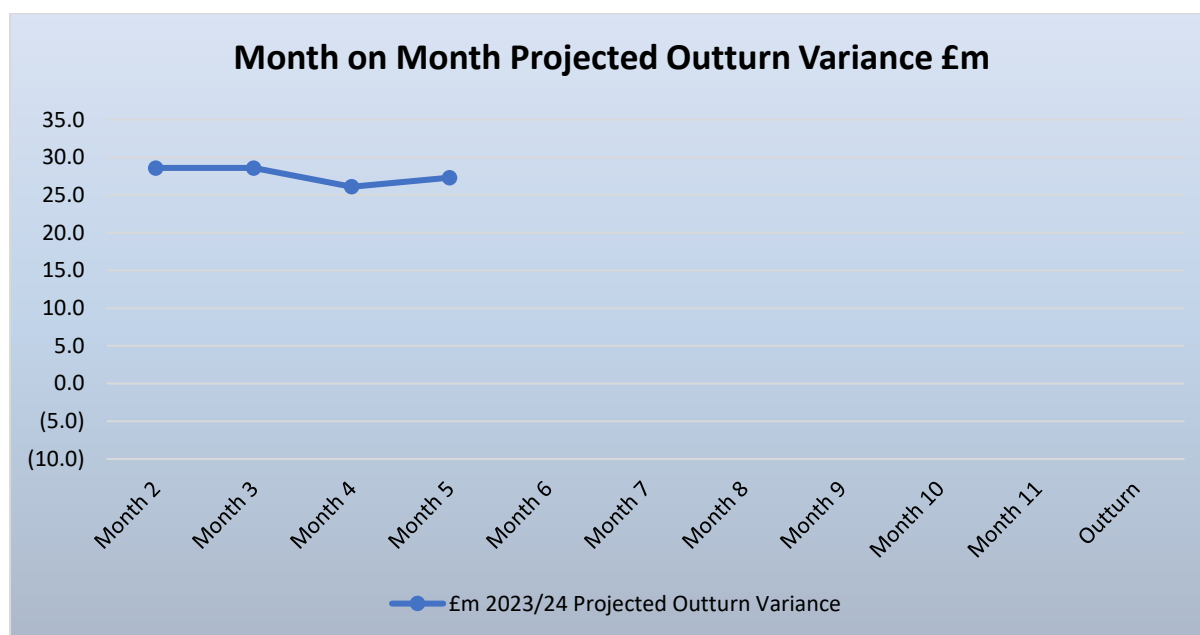
11. **Table 1** provides a summary of budget, projections, and variances on a service-by-service basis as at the end of August with further detail and mitigations being taken by the responsible director outlined in the body of the report. After taking into account all service expenditure and contingencies the projected outturn position is £520.7m against a net budget of £493.4m. This gives a £27.3m adverse variance which represents a variance of 5.5%.
12. This report details the month 5 position as at the end of August and is shown below in **Table 1**. This shows the position has deteriorated by £1.2m compared to Month 4, with the projected outturn being forecast to be £27.3m

Table 1: 2023/24 Budget Monitoring Report as at the end of August 2023 (Month 5)

Service Area	Original Budget	Current Budget	Full Year Projection	Month 5 Variance	A/(F)	Movement From Month 4	Direction From Month 4
	£m	£m	£m	£m		£m	
Adult Services	186.6	185.5	200.4	14.9	A	2.8	↓
Children & Family Services	123.1	123.1	134.9	11.8	A	3.0	↓
Public Health	1.2	1.2	1.2	0.0	-	0.0	⇒
Community Services	35.2	34.9	34.9	0.0	-	0.0	⇒
Climate & Place	87.1	87.6	89.9	2.3	A	(0.4)	↑
Strategy, Workforce & Localities	20.2	20.2	21.5	1.3	A	(0.2)	↑
Resources & Corporate Services	20.5	21.8	22.1	0.3	A	(1.0)	↑
Accountable Bodies	3.7	3.7	3.7	0.0	-	0.0	⇒
Non-Service	9.8	9.8	6.3	(3.5)	(F)	(3.0)	↑
Traded Services	0.0	0.0	0.2	0.2	A	0.0	⇒
Total Service Position	487.4	487.7	515.0	27.3	A	1.2	↓
Corporate Contingency	6.0	5.7	5.7	0.0	-	0.0	⇒
Total after Contingencies	493.4	493.4	520.7	27.3	A	1.2	↓
Reserves	(19.9)	(19.9)	(19.9)	0.0	-	0.0	⇒
Council Tax	(345.4)	(345.4)	(345.4)	0.0	-	0.0	⇒
Business Rates	(116.1)	(116.1)	(116.1)	0.0	-	0.0	⇒
Revenue Support Grant	(7.9)	(7.9)	(7.9)	0.0	-	0.0	⇒
Flexible Use of Capital Receipts	(4.0)	(4.0)	(4.0)	0.0	-	0.0	⇒
Total Month 5 Position	0.0	0.0	27.3	27.3	A	1.2	↓

Arrows show movement from the previous month:

↑ Favourable movement ⇒ No movement ↓ Adverse movement



13. The Finance team are working with directorate management teams to challenge the financial assumptions which are being forecast. Everyone is fully engaged in understanding the reasons behind the assumptions and also working together as a team to mitigate overspends were possible.

Recommendations

14. That the Executive:
 - a. Note the forecast overspend of £27.3m (5.5%) for the year and the recovery actions being taken to address this.
 - b. Approves that it will continue to receive a monthly update on the financial position and actions being taken to address it.
 - c. Note that the format of the Budget Monitoring will be changed from month 6.
 - d. Approves a £0.3m budget virement from the Corporate Contingency budget to Strategic Asset Management to carry out the RAAC (Reinforced autoclaved aerated concrete) surveys.

Reasons for recommendations

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

Other options considered

16. 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

17. 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

18. 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
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It is clear that the scale of financial challenges facing the council are significant. The level of General Reserves is £49.8m and there are £104.9m of Earmarked Reserves subject to the finalisation of the external audits of the 2022/23 accounts from the predecessor councils.

Legal Implications

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

HR Implications

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

Other Implications:

Equalities Implications

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

Community Safety Implications

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

Climate Change and Sustainability Implications

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

Health and Safety Implications

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

Health and Wellbeing Implications

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

Social Value

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

Scrutiny comments / recommendations:

27. This report will be presented to Scrutiny for Corporate & Resources Committee, on 9 November 2023.

Background

28. The Full Council approved the 2023/24 Budget in February 2023, the first budget for Somerset Council. 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 August 2023.

29. **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 at month 5 are:

- Adult Services have a £14.9m adverse variance against their budget (8% of service budget). This variance is mainly in the Adult Social Care and Learning Disabilities budget areas due to fee levels being higher than anticipated.
- Children’s Services have a £11.8m adverse variance against their budget (9.6% of service budget), an unfavourable movement of £3m from month 4. This increase in variance is due to External Placements £1.3m and SEND Transport £1.7m. The overall variance is predominantly in External Placements and is mainly due to increased demand in unregistered and residential placements as a result of complexity of children and lack of sufficiency within fostering.
- Climate and Place have an adverse variance of £2.3m against their budget. This is a reduction of £0.4m since month 4. Adverse variances continue in Waste Services, Infrastructure Programmes and Highways.
- Strategy, Workforce & Localities have a £1.3m adverse variance (6.4% of service budget). The majority of this adverse variance is in respect of Legal Services (£1.5m) with a small favourable variance of £0.2m anticipated in within the Human Resources & Organisational Development budget.
- Resources and Corporate have a £0.3m adverse variance (1.4% of service budget). The majority of the adverse variance is in respect of Property Services (£0.4m) with the remainder in Information Communication Technology (£0.1m).

2023/24 Budget & Forecast Outturn Position

30. The 2023/24 Budget was put together using the information from the five predecessor councils which all 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.

31. After accounting for all service expenditure and contingencies the projected outturn position at month 5 is £520.7m against a net budget of £493.4m. This gives a £27.3m adverse variance which represents a variance of 5.5%. 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.

Format of Future Reports

32. In light of the current financial position the format of the monthly budget monitoring reports will be changed from month six. The new format will highlight key areas of concern and put a great emphasis on the actions being taken by the responsible service director to mitigate against them.

Adult Services Director Mel Lock, Lead Member Cllr Dean Ruddle

- 2023/24 net budget £185.4m, projected adverse variance £14.9m, adverse movement £2.8m
- 2022/23 net budget £160.7m, outturn adverse variance £15.4m

Table 3: Adult Services as at the end of August 2023 (Month 5)

Service Area	Current Budget	Full Year Projection	Month 5 Variance	A/(F)	Movement From Month 4	Direction From Month 4
	£m	£m	£m		£m	
Adult Social Care Operations - Physical Disability/Sensory Loss/65 Plus						
Residential & Nursing	54.0	54.9	0.9	A	0.2	↓
Home Care	28.1	30.9	2.8	A	0.6	↓
Direct Payments	11.9	13.6	1.7	A	0.8	↓
Staffing Costs	11.6	10.6	(1.0)	(F)	(1.0)	↑
Transport & Daycare	7.6	8.5	0.9	A	0.9	↓
sub total	113.2	118.5	5.3	A	1.5	↓
Adult Social Care Operations - Mental Health						
Residential & Nursing	14.7	14.6	(0.1)	(F)	(0.1)	↑
Home Care/Supported Living	5.7	6.9	1.2	A	1.0	↓
Staffing/Deprivation of Liberty Safeguards	2.6	2.6	0.0	-	0.0	⇒
Direct Payments, Day Care & Transport	1.7	1.6	(0.1)	(F)	0.0	⇒
sub total	24.7	25.7	1.0	A	0.9	↓
Adult Social Care Operations - Learning Disabilities						
Residential & Nursing	23.8	25.3	1.5	A	(0.4)	↑
Home Care/Supported Living	33.6	38.4	4.8	A	0.0	⇒
Direct Payments/In Control	10.7	9.7	(1.0)	(F)	(0.6)	↑
Day Care	6.4	6.9	0.5	A	0.0	⇒
Transport & Shared Lives	2.4	2.8	0.4	A	0.1	↓
Central & Salaries	2.4	2.6	0.2	A	0.0	⇒
Discovery	30.5	31.6	1.1	A	1.5	↓
sub total	109.8	117.3	7.5	A	0.6	↓
Commissioning						
Commissioning	2.9	5.7	2.8	A	0.0	⇒
Better Care Fund	(37.3)	(37.3)	0.0	-	0.0	⇒
LD Pooled Budget Income	(27.9)	(29.6)	(1.7)	(F)	(0.2)	↑
sub total	(62.3)	(61.2)	1.1	A	(0.2)	↑
Adult Services Total	185.4	200.3	14.9	A	2.8	↓

Adult Services - key explanations, actions & mitigating controls

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

This area of Adult Services is currently projecting to be £5.3m 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 2023/24 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 £1.8m.

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 £2.8m 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 £1.7m.

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 £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.

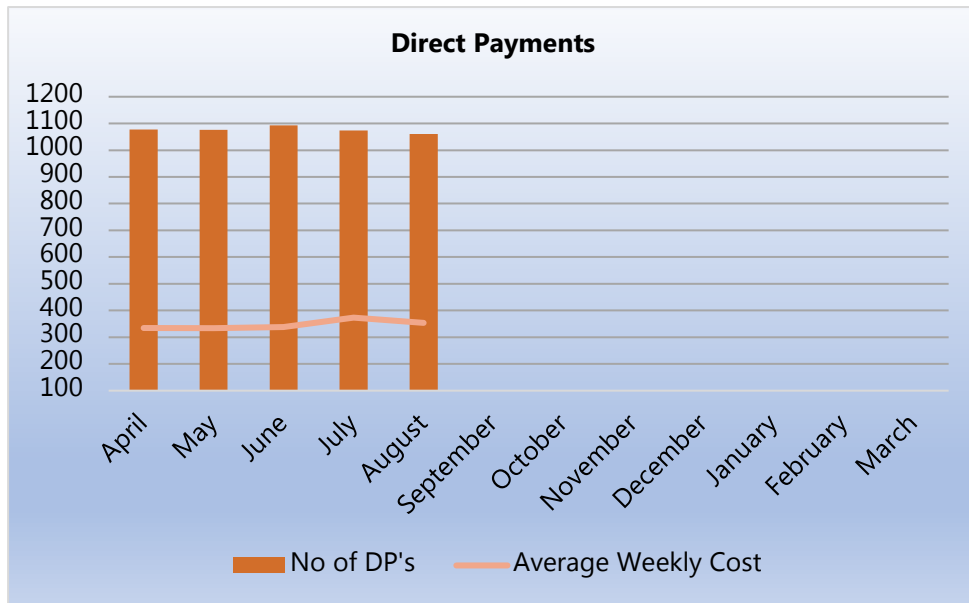
Learning Disabilities

Overall, the cost of Learning Disabilities is projected to overspend by £7.5m. 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 £1.5m, 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.

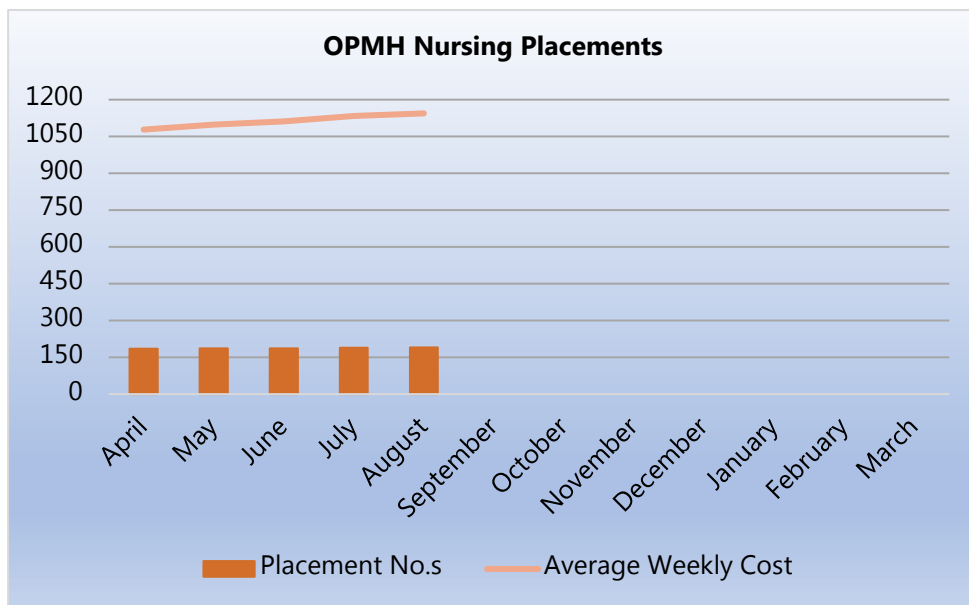
Commissioning

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

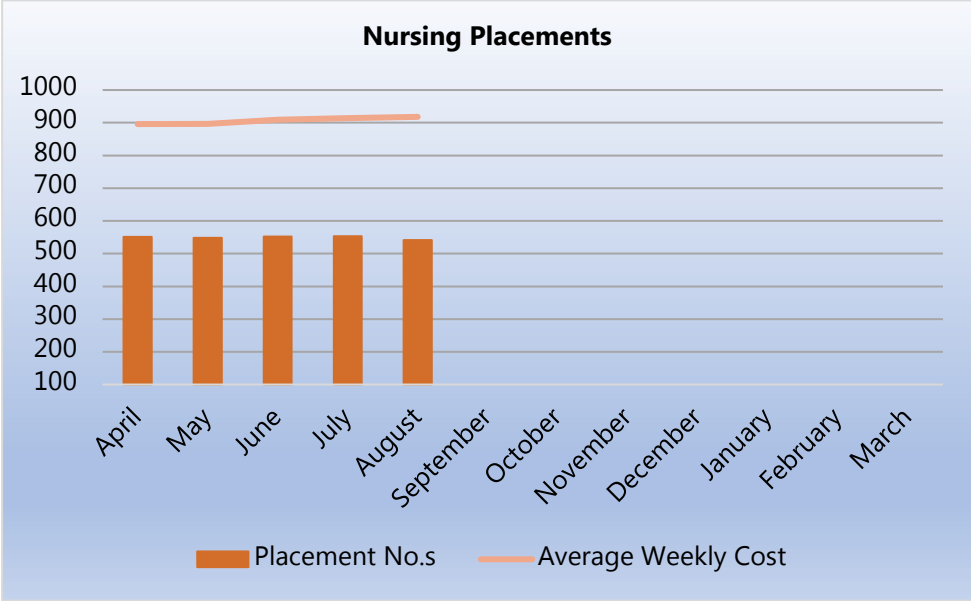
Adult Services - key performance cost drivers



Since the beginning of the financial year, we have seen the number of people receiving a Direct Payment within ASC decreased from 1,077 to 1060 packages. The current weekly average cost of an ASC Direct Payment is £354 per package.



The number of Older People Mental Health (OPMH) Nursing placements has increased by five placements since April, from 185 to 190. The current weekly average cost for OPMH Nursing is £1,144 per placement.



Nursing placements decreased by ten since April from 551 to 541. The current weekly average cost for Nursing is £918 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 increased demand, the cost-of-living rise, particularly the increases 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 £123.0m, projected adverse variance £11.8m, adverse movement £3.0m
- 2022/23 net budget £107.1m, outturn adverse variance £21.2m

Table 4: 2023/24 Children & Family Services as at the end of August 2023 (Month 5)

Service Area	Current Budget	Full Year Projection	Month 5 Variance	A/(F)	Movement From Month 4	Direction From Month 4
Children's Social Care						
Prevention	5.7	5.7	0.0	-	0.0	→
Fostering & Permanence	13.3	13.3	0.0	-	0.0	→
External Placements	38.4	48.5	10.1	A	1.3	↓
Fieldwork	13.9	13.9	0.0	-	0.0	→
Disabilities	2.5	2.5	0.0	-	0.0	→
Partnership, Audit & Quality	4.3	4.3	0.0	-	0.0	→
Children Looked After	2.3	2.3	0.0	-	0.0	→
Leaving Care	(0.8)	(0.8)	0.0	-	0.0	→
Central	2.2	2.2	0.0	-	0.0	→
Residential Homes	0.0	0.0	0.0	-	0.0	→
sub total	81.8	91.9	10.1	A	1.3	↓
Commissioning						
Commissioning Services	11.1	11.1	0.0	-	0.0	→
Supporting Families	(0.6)	(0.6)	0.0	-	0.0	→
Central	0.7	0.7	0.0	-	0.0	→
sub total	11.2	11.2	0.0	-	0.0	→
Education Partnerships and Skills						
Education Partnerships and Skills	1.2	1.2	0.0	-	0.0	→
Home to School Transport	12.9	12.9	0.0	-	0.0	→
sub total	14.1	14.1	0.0	-	0.0	→
Inclusion						
Inclusion Services	5.7	5.7	0.0	-	0.0	→
SEND Transport	10.2	11.9	1.7	A	1.7	↓
sub total	15.9	17.6	1.7	A	1.7	↓
Children & Family Services Total	123.0	134.8	11.8	A	3.0	↓

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

The external placements budget is forecasting a total overspend of £10.1m, an adverse movement of £1.3m from month 4. Of this overall variance, the unregistered placement overspend is £4.2m and the residential overspend is £4.2m.

There are two key pressures that account for this:

1. The demand for unregistered bed placements is higher than the budgeted placement days. Although unregistered numbers are going down, almost three quarters of the

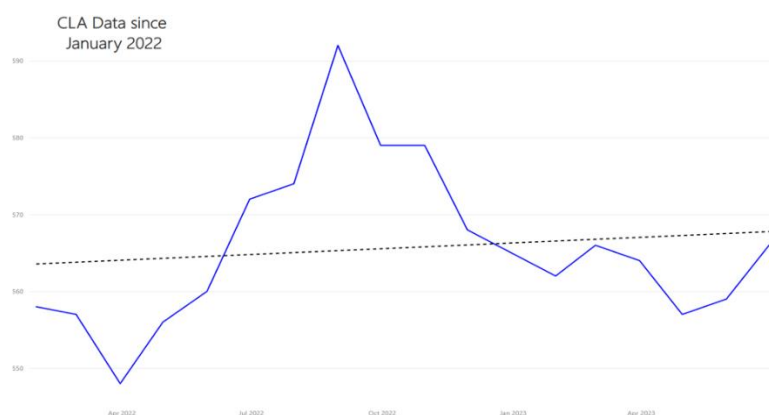
annual 2,190 budgeted placements days have been provided in the first 5 months of the financial year. As at the end of August, the budgeted days were 915 compared to actual days used of 1,521.

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.

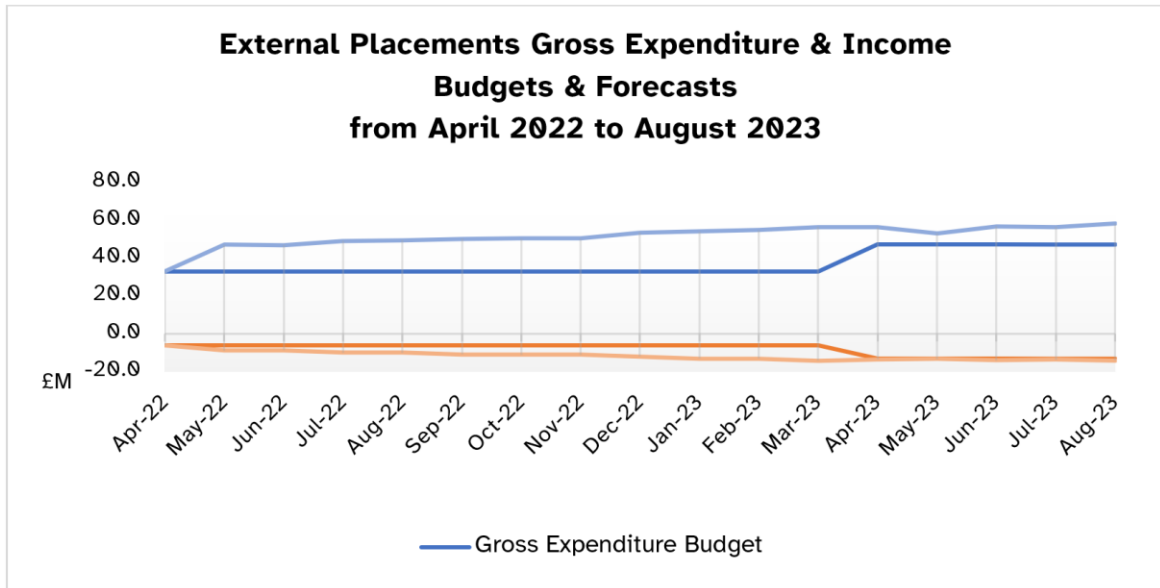
The service is developing new sufficiency strategies for placements and edge of care services to inform the transformation plan for Children Looked After. Transformation will include Homes & Horizons, recommissioning 16+, market development, reducing unregistered placements, and work with Impower consultancy 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 and the lack of sufficiency in foster placements.

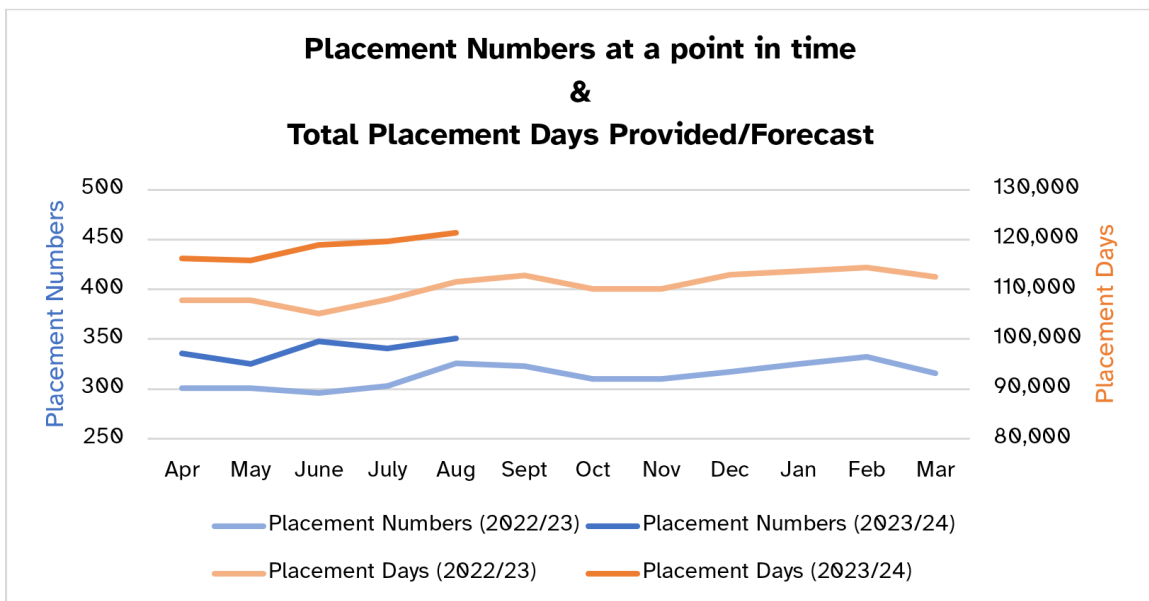


The external placements gross expenditure base budget for 2023/24 has increased by £14.0m to £47.3m in 2023/24. The forecast gross expenditure for 2023/24 is £58.9m, resulting in a forecast overspend of £10.1m, which is partly offset by NHS and DSG contributions.

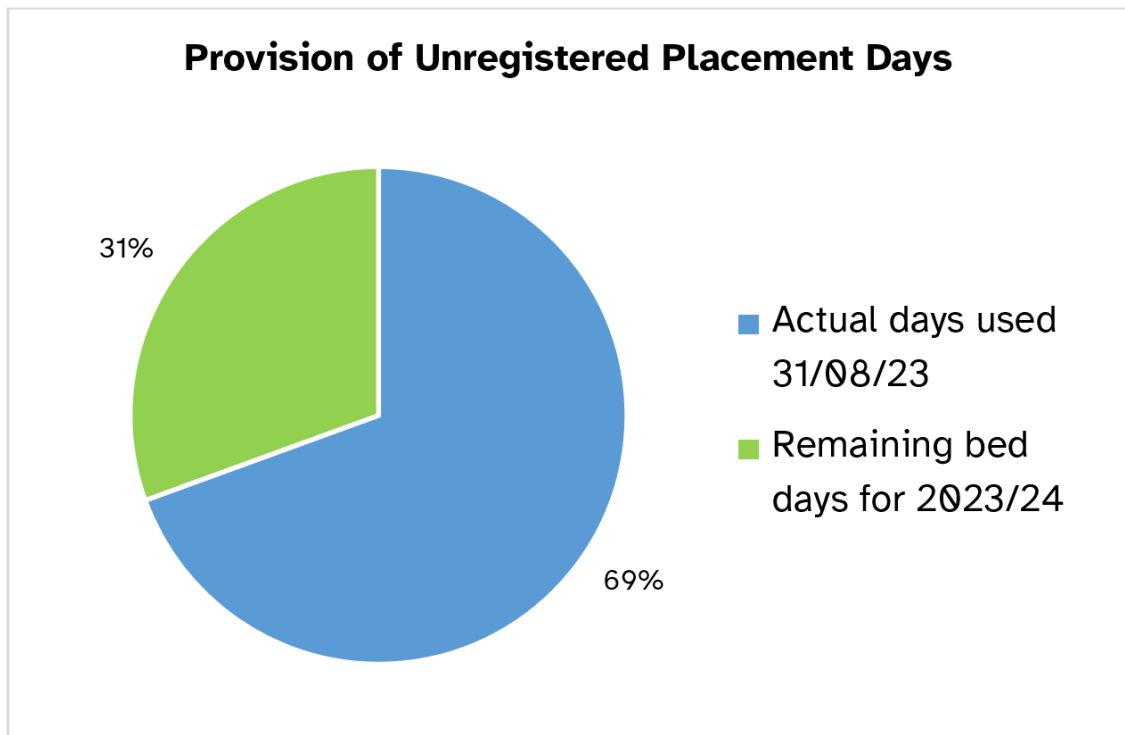


Placement numbers and the forecast number of placement days has increased compared to August last year, mainly due to:

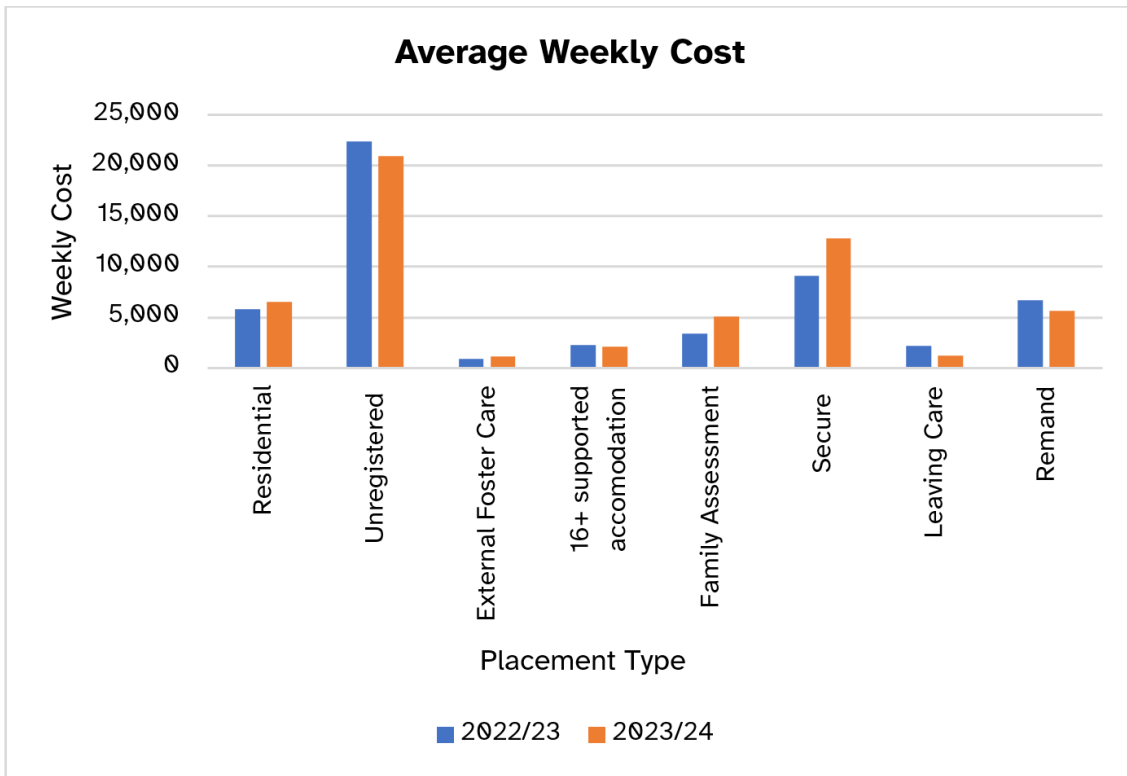
- Increases in placements for Unaccompanied Asylum-Seeking Children (UASC), largely from the National Transfer Scheme, which are only partly funded from the UASC Grant.
- Increases in residential placements due to both complexity of children and lack of sufficiency within the fostering sector.
- Increases 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. Almost three quarters of the annual 2,190 budgeted placements days have been provided in the first 5 months of the financial year.



The average weekly cost of unregistered placements is now £21k, a 6% reduction 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. 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 analysis by Newton Europe 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 (high 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. Due to continued pressure from inflation and the increased number of SEND children being placed in special school settings, it is forecast that there will be an overspend of £1.7m in SEN transport as of month 5.

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 Children Looked After sufficiency strategy** – describing emerging needs and response. The strategy informs 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.

Children, Families and Education Service– 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) £m	Total funding for 2023/24 £m	Allocation to Academies and LA Schools £m	Total funding available for services 2023/24 £m	2023/24 Forecast Month 5 £m	Forecast in-year variance surplus/(deficit) £m	Forecast balance c/fwd at 31 Mar 2024 surplus/(deficit) £m
Schools	2.6	372.0	373.2	(1.2)	0.3	(1.5)	1.1
Central Schools	5.6	5.0	-	5.0	5.0	-	5.6
Early Years	0.9	31.1	-	31.1	31.1	-	0.9
High Needs	(29.8)	83.6	10.2	73.5	88.8	(15.3)	(45.1)
Total	(20.7)	491.8	383.4	108.4	125.2	(16.8)	(37.5)

The DSG is forecast to have an in-year deficit of £16.8m in 2023/24 (an adverse movement of £2.7m from Month 4) giving a carried forward cumulative deficit of £37.5m 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 £15.3m.

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

1. Planned budget pressure (£5.5m adverse variance, no movement from Month 4)

The planned budget allocation for 2023/24 included a forecast in-year pressure on the High Needs Block of £5.5 million. Largely this is due to two related factors: year-on-year growth in the number of children and young people with an EHCP (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) and Independent Post 16 Schools (£5.1m adverse variance, an adverse movement of £0.6m from Month 4)

The effect of the significant increase in the number and cost of new INMS placements agreed through the LA's Placement and Travel (PAT) Panel or ordered by the SEND Tribunal continued in the first four months 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. Mainstream Schools & Academies (£1.5m adverse variance, an adverse movement of £0.4m from Month 4)

Forecast additional increases in the number, complexity, and cost of new and extended EHCPs and related costed packages were not anticipated within the budget. The service is reviewing packages to limit the overspend.

4. Children Looked After (CLA) (£0.9m adverse variance, an adverse movement of £0.2m from Month 4)

The average complexity and therefore, cost of CLA placements resulting in a contribution from education has increased above the budgeted assumptions. The adverse movement in Month 5 has resulted from further children moving into external placements during the month requiring educational contributions.

5. Special Schools (£0.2m adverse variance, an adverse movement of £0.8m from Month 4)

The favourable variance reported at Month 4 has reversed and become a small adverse variance as a result of transfers of funding to LA Maintained Special Schools and Special Academies. This corrects an error in the previous month's forecast.

6. Education Other than at School (EOTAS) (£0.3m adverse variance, an adverse movement of £0.3m from Month 4)

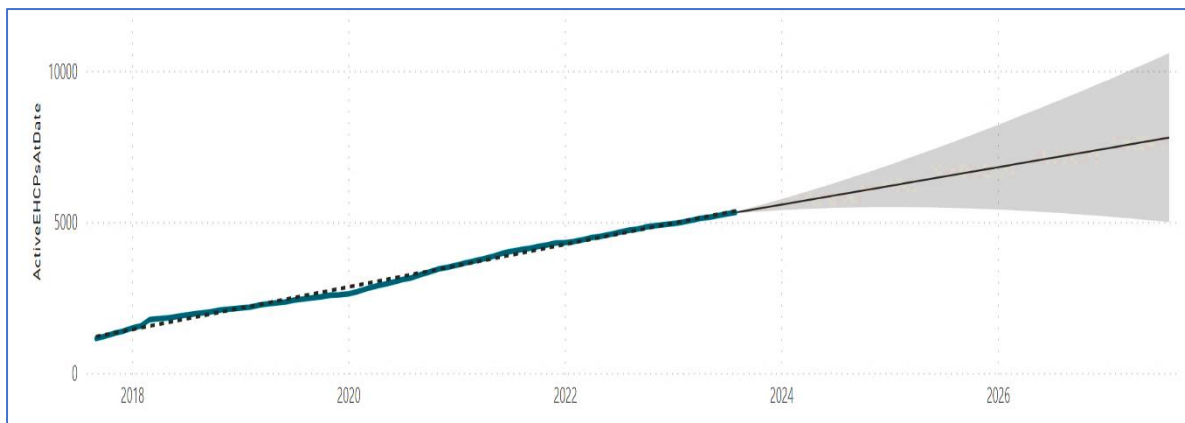
There has been a significant increase in the number of EOTAS packages being agreed through the PAT Panel. Committed packages for the 2023 Summer term have been fully included but a number of these may not have started as planned. This would result in the related costs not being incurred and a future reduction in the forecast. Forecast costs for the Autumn 2023 and Spring 2024 terms are based on prior years and known cost increases.

In addition to the pressures noted above, the budgeted contribution from the Schools Block to the High Needs Block budget of £1.5m has been removed from the forecast in Month 5 which has adversely increased the High Needs Block deficit by £1.5m. This transfer has been removed because the Schools Block is now forecast to not have sufficient surplus to allow it to take place. The situation will be kept under review to identify if a transfer is possible before the end of the financial year. Because it is a movement of funds between two blocks within the DSG, this transfer does not have any net effect on the overall DSG deficit.

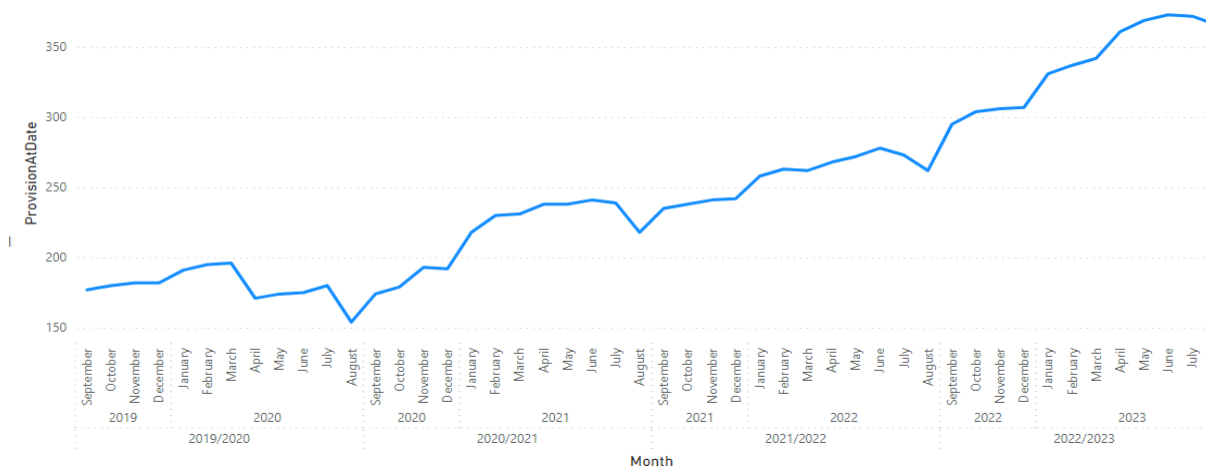
The £1.5m adverse movement on the Schools Block consists of planned expenditure on growing schools and academies of £1.2m which is not included in the budget and unplanned expenditure on asylum seeking children of £0.3m.

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 4.6% of pupils with an EHC plan. Projections show that the numbers are expected to continue to increase in future years.



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 £40k 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 plans (EHCP)

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 4.6%, is now just above the national average of 4.3% (2022/23 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.

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, 7 schools shared a cumulative deficit position of £1.9m and 126 schools shared a cumulative surplus of £21.7m.
- Budget plans submitted by schools for 2023/24 show significant budgetary pressures with 102 of 122 plans submitted indicating projected in year deficits totalling £7.7m. 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-to-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 were agreed 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, no movement
- 2022/23 Net Budget £1.3m, no variance at outturn

Table 6: 2023/24 Public Health as at the end of August 2023 (Month 5)

Service Area	Current Budget	Full Year Projection	Month 5 Variance	A/(F)	Movement From Month 4	Direction From Month 4
Public Health Grant	22.6	22.6	0.0	-	0.0	⇒
Somerset Council Budget	1.2	1.2	0.0	-	0.0	⇒
Grant Income	(22.6)	(22.6)	0.0	-	0.0	⇒
Public Health Total	1.2	1.2	0.0	-	0.0	⇒

Public Health - key explanations, actions & mitigating controls

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

Public Health - key risks, future issues & opportunities

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, no movement.

Table 7: 2023/24 Community Services as at the end of August 2023 (Month 5)

Service Area	Freedomn			A/(F)	Movement From Month 4	Direction From Month 4
	Current Budget	Full Year Projection	Month 5 Variance			
Housing						
Housing Enabling	0.4	0.4	0.0	-	0.0	→
Housing Strategic	1.3	1.3	0.0	-	0.0	→
Homelessness	4.2	4.2	0.0	-	0.0	→
Customer Services						
Customers & Communities	7.6	7.6	0.0	-	0.0	→
Lifeline	(0.5)	(0.5)	0.0	-	0.0	→
Cultural Services						
Library Service	3.8	3.8	0.0	-	0.0	→
Heritage Service	1.7	1.7	0.0	-	0.0	→
Leisure - Sports Centre	2.0	2.0	0.0	-	0.0	→
Museum/ Theatres	0.6	0.6	0.0	-	0.0	→
Visitor Centre	0.1	0.1	0.0	-	0.0	→
Tourism	0.1	0.1	0.0	-	0.0	→
(wellbeing) Community Safety	0.5	0.5	0.0	-	0.0	→
Regulatory & Operational Services						
Scientific Services	0.0	0.0	0.0	-	0.0	→
Registration	(0.2)	(0.2)	0.0	-	0.0	→
Environmental Health	4.2	4.2	0.0	-	0.0	→
Bereavement Services	(1.2)	(1.2)	0.0	-	0.0	→
Harbours	0.3	0.3	0.0	-	0.0	→
Ports	0.0	0.0	0.0	-	0.0	→
Street Cleansing	5.0	5.0	0.0	-	0.0	→
Open Spaces	3.1	3.1	0.0	-	0.0	→
CCTV	0.7	0.7	0.0	-	0.0	→
(wellbeing) Community Grants	1.0	1.0	0.0	-	0.0	→
Community Services Total	34.7	34.7	0.0	-	0.0	→

Community Services - key explanations, actions & mitigating controls

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 redevelopment 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.

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

- 2023/24 net budget £87.7m, projected adverse variance £2.3m, favourable movement £0.4m

Table 8: 2023/24 Climate & Place as at the end of August 2023 (Month 5)

Service Area	Current Budget	Full Year Projection	Month 5 Variance	A/(F)	Movement From Month 4	Direction From Month 4
Climate, Environment & Sustainability						
Civil Contingencies	0.4	0.4	0.0	-	0.0	→
ECI Management	0.4	0.4	0.0	-	0.0	→
Business Support	1.3	1.3	0.0	-	0.0	→
Waste Services	49.4	50.2	0.8	A	0.0	→
Drainage Board Levy	2.3	2.3	0.0	-	0.0	→
Climate Change Costs	0.8	0.8	0.0	-	0.0	→
Infrastructure & Transport						
Highways and Transport Commissioning	1.8	1.8	0.0	-	0.0	→
Community Infrastructure	0.6	0.6	0.0	-	0.0	→
Infrastructure Programmes Group	0.4	0.6	0.2	A	0.0	→
Highways	16.4	17.7	1.3	A	0.0	→
Traffic Management	1.0	1.0	0.0	-	0.0	→
Transporting Somerset	9.3	9.3	0.0	-	0.0	→
Car Parks	(7.3)	(7.3)	0.0	-	0.0	→
Fleet Management	0.3	0.3	0.0	-	0.0	→
Economy, Employment & Planning						
Economy and Planning	2.2	2.2	0.0	-	(0.4)	↑
Commissioning Development	0.1	0.1	0.0	-	0.0	→
Building Control	0.5	0.5	0.0	-	0.0	→
Development Control	1.5	1.5	0.0	-	0.0	→
Planning Policy	3.5	3.5	0.0	-	0.0	→
Economic Development	2.8	2.8	0.0	-	0.0	→
Climate & Place Total	87.7	90.0	2.3		(0.4)	↑

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

Climate and Place is currently forecasting an outturn variance of £2.3m. The forecasted overspends are due to the following:

Climate, Environment and Sustainability

- Waste Services is forecasting an overspend of £0.8m 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 King’s 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.

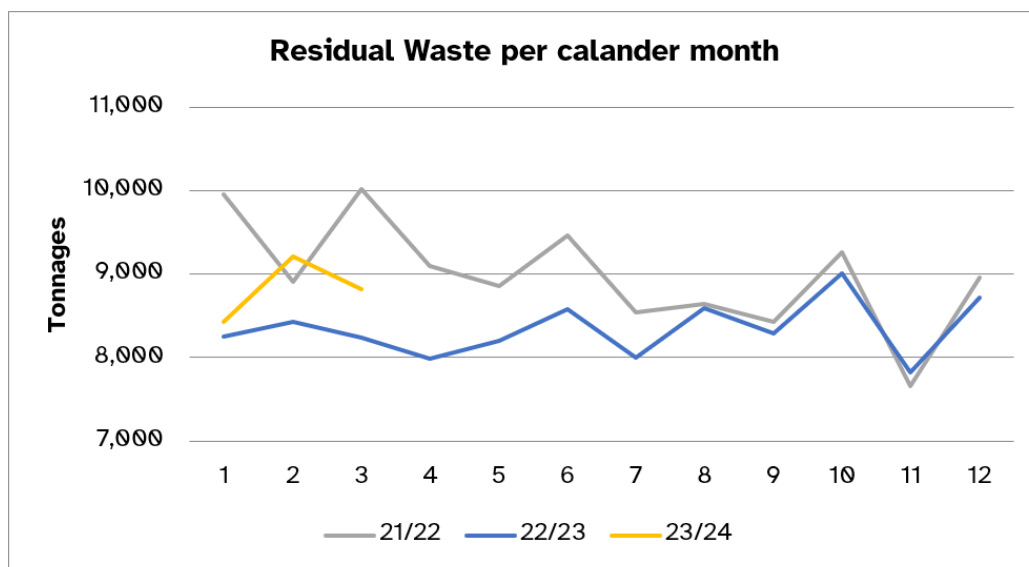
Infrastructure and Transport

- Highways is forecasting an overspend of £1.3m 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

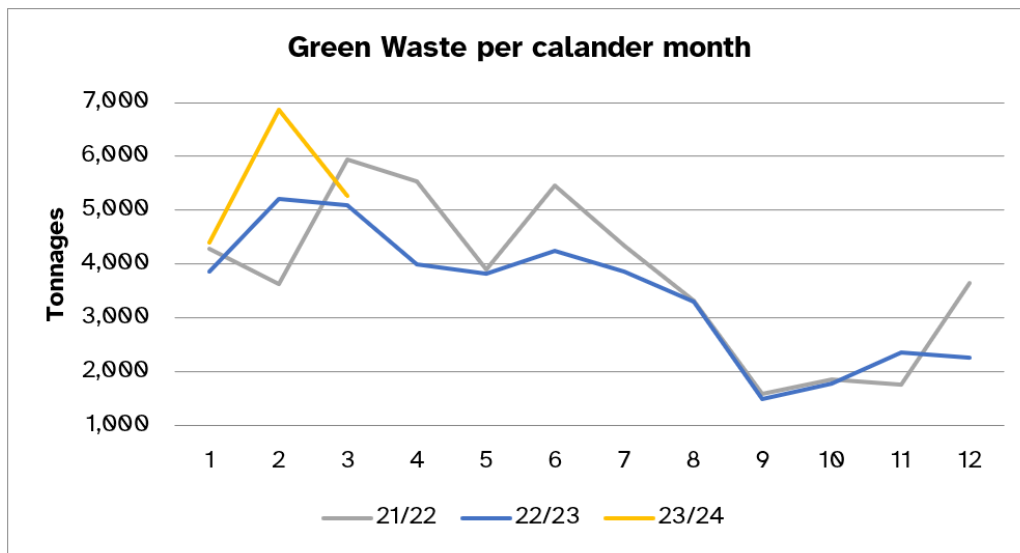
- A one-off pressure of £0.4m had been identified in this area due to a change in how funding from DWP can be applied. The Service have been able to identify savings within the service to mitigate this pressure and are now forecasting to be on budget.

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. An additional bank holiday collection due to the Kings Coronation in May and a subsequent alteration to waste collection days (that lead to a temporary relaxation inside waste policy), increased tonnage, and pressure on the Recycling Centres. Further pressures on the residual waste service during May and June arose from the disposal of flood damaged materials. Residual Waste during July & August have reduced and are tracking marginally above 2022 levels.



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, to date Garden Waste arisings have been significantly higher than in both 21/22 and 22/23, this has been driven by the unusually mild, damp, weather this year propagating plant growth and increasing the moisture content of the material.

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 fill 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:

- Icy 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 £1.3m, favourable movement £0.2m.

Table 9: 2023/24 Strategy, Workforce & Localities as at the end of August 2023 (Month 5)

Service Area	Current Budget	Full Year Projection	Month 5 Variance	A/(F)	Movement From Month 4	Direction From Month 4
Partnership & Localities						
Community Development	0.8	0.8	0.0	-	0.0	→
Strategy & Performance						
Communications	1.2	1.2	0.0	-	0.0	→
Transformation & Change	2.2	2.2	0.0	-	0.0	→
Land Charges	(0.6)	(0.6)	0.0	-	0.0	→
Performance	0.4	0.4	0.0	-	0.0	→
Workforce						
Human Resources & Organisational Development	5.1	4.9	(0.2)	(F)	(0.2)	↑
Learning & Development	0.9	0.9	0.0	-	0.0	→
Governance, Democratic & Legal Services						
Democratic Services	4.6	4.6	0.0	-	0.0	→
Legal Services	5.6	7.1	1.5	A	0.0	→
Strategy, Workforce & Localities Total	20.2	21.5	1.3	A	(0.2)	↑

Strategy, Workforce & Localities - key explanations, actions, & mitigating controls

Workforce

An underspend of £0.2m is forecast within the Human Resources & Organisational Development budget in respect of employment costs. This is due to vacancies within the service.

Governance, Democratic & Legal Services

The forecast £1.5m adverse variance within Legal Services is an estimate of anticipated increases 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.

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

- 2023/24 net budget £21.8m, projected adverse variance of £0.3m, favourable movement £1.0m

Table 10: 2023/24 Resources & Corporate Services as at the end of August 2023 (Month 5)

Service Area	Current Budget	Full Year Projection	Month 5 Variance	A/(F)	Movement From Month 4	Direction From Month 4
Finance & Procurement						
Finance	8.4	8.4	0.0	-	0.0	→
Commercial & Procurement	1.7	1.6	(0.1)	(F)	(0.1)	↑
Revenues	1.7	1.7	0.0	-	(0.7)	↑
Housing Benefits	1.1	1.0	(0.1)	(F)	(0.2)	↑
Strategic Asset Management						
Property Services	12.2	12.6	0.4	A	0.0	→
Commercial Investment Properties	(21.1)	(21.1)	0.0	-	0.0	→
Information Communication Technology						
ICT	17.8	17.9	0.1	A	0.0	→
Resources & Corporate Services Total	21.8	22.1	0.3	A	(1.0)	↑

Resources & Corporate Services - key explanations, actions & mitigating controls

Commercial & Procurement

There are a number of vacant posts in the service which has resulted in an underspend on employee budgets.

Revenues

It was previously anticipated that there would be additional spend in respect of temporary staff due to service pressures. Work has been undertaken on identifying unallocated funding in the earmarked reserves for this area to fund the anticipated additional costs. Additional spend is expected 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).

There are a number of vacant posts in the service which has resulted in an anticipated underspend on employee budgets.

A detailed review of the Revenues & Housing Benefits budgets has been undertaken, the review has identified a significant number of positive variances and additional income, from government grants and court costs. The positive variances and the additional income offset the additional spend forecast on temporary staffing and Foster Carers and Carers Leave discount and eliminates the previously forecast £0.8m adverse budget variance.

Strategic Asset Management

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.

Additional costs of surveying for Reinforced Autoclave Aerated Concrete (RAAC) are estimated to be around £0.3m and these unexcepted costs will be funded from the corporate contingency.

There is a risk that the income target in respect of the dividend payable from one of the Council’s partly owned trading companies may not be achieved resulting in a variance against the income budget. Work is being undertaken to understand the factors and risks that are contributing to the potential non-payment of the dividend.

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 two. 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.

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

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

Table 11: 2023/24 Accountable Bodies as at the end of August 2023 (Month 5)

Service Area	Current Budget	Full Year Projection	Month 5 Variance	A/(F)	Movement From Month 4	Direction From Month 4
Somerset Rivers Authority	3.0	3.0	0.0	-	0.0	→
Local Enterprise Partnership	0.0	0.0	0.0	-	0.0	→
Connecting Devon & Somerset	0.7	0.7	0.0	-	0.0	→
Accountable Bodies Total	3.7	3.7	0.0	-	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 have been received regarding 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 £3.5m, £3m favourable movement from month 4.

Table 12: 2023/24 Non-Service as at the end of August 2023 (Month 5)

Service Area	Current Budget	Full Year Projection	Month 5 Variance	A/(F)	Movement From Month 4	Direction From Month 4
Local Government Reform	0.1	0.1	0.0	-	0.0	→
Contributions	0.9	0.9	0.0	-	0.0	→
Corporate Costs	9.3	9.3	0.0	-	0.0	→
Financing Transactions	40.6	37.6	(3.0)	(F)	(3.0)	↑
Special Grants	(56.4)	(56.9)	(0.5)	(F)	0.0	→
Pay Award	15.3	15.3	0.0	-	0.0	→
Non-Service Total	9.8	6.3	(3.5)	(F)	(3.0)	↑

Non-Service - key explanations, actions, & mitigating controls

Financing Transactions

The £3m favourable variance relates to the Council utilising internal borrowing in light of a higher than forecast cashflow level. This has decreased the cost of borrowing.

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.

Traded Services – Executive Director Claire Winter, Lead Member Cllr Tessa Munt

- 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 August 2023 (Month 5)

Service Area	Current Budget	Full Year Projection	Month 5 Variance	A/(F)	Movement From Month 4	Direction From Month 4
Dillington	0.0	0.2	0.2	A	0.0	→
Traded Services Total	0.0	0.2	0.2	A	0.0	→

Traded Services - key explanations, actions, & mitigating controls

Dillington's deficit for the year is still forecasted 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. A full review will take place for month 6 once Dillington has closed at the end of September.

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 August 2023 (Month 5)

Service Area	Original Budget	Contingency Allocations £m	Current Budget	Full Year Projection	Month 5 Variance	A/(F)	Movement From Month 4	Direction From Month 4
Corporate Contingency	6.0	(0.3)	5.7	5.7	0.0	-	0.0	➔
Contingencies Total	6.0	(0.3)	5.7	5.7	0.0	-	0.0	➔

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

Corporate Contingency

As at end of August, £0.3m was taken from the Contingency budget and allocated to the Strategic Asset Management budget to cover the costs associated with work on RAAC surveys.

The balance of the Contingency budget (£5.7m) is forecast to be 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, 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 August 2023 (Month 5)

Service Area	Current Budget	Full Year Projection	Month 5 Variance	A/(F)	Movement From Month 4	Direction From Month 4
Council Tax	(345.4)	(345.4)	0.0	-	0.0	➔
Business Rates	(116.1)	(116.1)	0.0	-	0.0	➔
Revenue Support Grant	(7.9)	(7.9)	0.0	-	0.0	➔
Flexible Use of Capital Receipts	(4.0)	(4.0)	0.0	-	0.0	➔
Core Revenue Funding Total	(473.4)	(473.4)	0.0	-	0.0	➔

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

There is currently no variance projected for outturn.

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

	Officer Name	Date Completed
Legal & Governance Implications	David Clark	24/10/2023
Communications	Peter Elliot	24/10/2023
Finance & Procurement	Nicola Hix	24/10/2023
Workforce	Dawn Bettridge	24/10/2023
Asset Management	Oliver Woodhams	24/10/2023
Executive Director / Senior Manager	Jason Vaughan	24/10/2023
Strategy & Performance	Alyn Jones	24/10/2023
Executive Lead Member	Cllr Liz Leyshon	23/10/2023
Consulted:		
Local Division Members	All	
Opposition Spokesperson	Cllr Mandy Chilcott Deputy Leader of the Opposition and Opposition Spokesperson for Resources and Performance	Sent Report 20/10/2023
Scrutiny Chair	Cllr Bob Filmer, Chair - Scrutiny Corporate & Resources Committee	Sent Report 20/10/2023

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Decision Report - Executive Decision

Decision Date – 08 November 2023

Key Decision – No



Financial Strategy Update

Executive Member(s): Deputy Leader of the Council and Lead Member on Resources and Performance

Local Member(s) and Division: All

Lead Officer: Jason Vaughan, Executive Director – Resources & Corporate Services (Section 151 Officer)

Author: Jason Vaughan, Executive Director – Resources & Corporate Services

Contact Details: jason.vaughan@somerset.gov.uk

Summary

1. The new Council faces a very stark and challenging financial position with its cost of delivering services increasing significantly faster than the income it receives. The income the council receives comes from Council Tax, government grants, and fees and charges such as parking charges and planning fees. The council is not able to increase Council Tax in line with inflation as its increases are controlled by government through referendum limits which restrict any increase to a maximum of 2.99% and for the adult social care precept to 2%. With inflation hitting double digits and being at a 40 year high over the last year, the increases in costs at the same time as income has been restricted results in a fundamental imbalance and a very considerable budget gap between the costs of providing services and the income the council receives.
2. The most significant area of impact is on the adult social care budget where costs are increasing at a much faster rate than Council Tax and the adult social care precept. The cost pressures in the adult social care budget are driven by the soaring costs of providing care, particularly the costs of residential care placements. Traditionally the costs in Somerset have been amongst the lowest in the country providing extremely good value for the council taxpayer of Somerset. The impacts of interest rates, cost of living, Brexit, Covid, Covid jobs, and the commencement and then postponement of the national Fair Cost of Care exercise by the government, have all been detrimental to the cost of placements, particularly in Somerset.
3. When the current year's budget was set in February 2023 the Medium-Term Financial Plan (MTFP) forecast the budget gap for 2024/25 based upon the available information and it estimated that the budget gap between costs and resources available was £42m which equates to around 8.5% of the net budget.
4. The Financial Strategy approved by the Executive in July 2023 recognised that given the level of required savings, the known pressures within the current year's budget and the

relatively low level of reserves, the need to take decisive action combined with the limited staff resources so soon after Local Government Reorganisation was to take an approach that had three key elements in order to balance the budget and put the council on sound financial footing. The key elements are: -

- Targeted Areas – An early focus on ‘big ticket’ items that are some of the key building blocks of the budget. Not all of these areas will deliver a direct financial savings and some are part of having sound financial management arrangements in place that are necessary to ensure the organisations financial sustainability.
 - 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 councils’ funding streams in the light of deferral by government of the funding reforms and checking that the underlying assumptions still seem reasonable.
 - Service Budget Options – All service directors to review their services and identifying Budget Options for members to consider. The Financial Strategy set out a framework for doing this and the output will help form the basis of a transformation pipeline of savings for the MTFP over the next three years.
5. **The work undertaken over the last few months has seen a substantial increase in the budget gap as cost pressures have increased and a relatively low level of new saving options being put forward by services.** At this stage, the latest forecast is that the budget gap has increased to £100m for 2024/25 with gaps of £42m for 2025/26 and £41m for 2026/27. The focus over the next few months is a combined approach of mitigating and reducing down the cost pressures and developing a range of budget saving options from across all parts of the council.
 6. The month five budget monitoring report is projecting an overspend for 2023/24 of £27.3m (5.5%), the majority of which relates to Adults and Children’s Services. The cost pressures identified in the current year, continue into the 2024/25 financial year with demand and inflation in social care far outstripping forecast increases in council tax, business rate income and government grants. **These trends are being experienced across the sector although the increases in costs seem significantly higher in Somerset than in other areas.**
 7. The Council does have reserves, but these were set aside for unforeseen costs, not ongoing expenditure. If the budget gap is not reduced substantially over the coming months, it would use the bulk of General Fund reserves meaning the Council would not be financially sustainable. A review of the £104.9m held in Earmarked Reserves is currently being undertaken to identify the precise value of reserves that can be repurposed to support the budget. The Council has £49.8m in General Reserves and has set the minimum level at £30m for the current year.
 8. The Section 151 Officer wrote to the Department of Levelling Up, Housing and Communities (DLUHC) in September setting out the financial challenges facing the

council (**Appendix 1**) and shared this with the Chartered Institute of Public Finance and Accountancy (CIFPA), SWAP (internal auditors) and Grant Thornton (external auditors). As a result of this Officers have met with DLUHC to warn them of the position, that without significant additional funding or changes in legislation around support for Social Care, Somerset would join other councils that are already warning of imminent s114 notices. There has also been a meeting with the External Auditors and they have now formally written to Duncan Sharkey, Chief Executive concerning the council's Financial Sustainability (**Appendix 2**). The Audit Committee at their meeting on 26 October have considered these letters.

9. The updated Medium Term Financial Strategy and draft Budget for 2024/25 will be submitted to Executive in December 2023 and Council will approve the budget in February 2024

Establishment of Financial Focus Group

10. **With slow progress on addressing both the in year projected overspend and lack of budget savings options being produced by services, an emergency response is required immediately.** A financial focus group has been established to provide further drive across the organisation with a clear programme of activity to address the budget overspend in the current year and the forecast budget gap for next year, ensuring sufficient dedicated resources are in place, auditable progress tracking is in place and a clear communication is put in place.
11. The Financial Focus Group will initially focus on the delivery of actions agreed by Executive as part of the Month 3 Budget Monitoring Report and the 2024/25 budget gap. This includes identifying a series of budget proposals to address the in-year overspend and the actions set out in financial strategy to develop deliverable budget proposals for next financial year for member approval. The team will ensure that:
 - the current assumptions upon which the budget gap is based are challenged.
 - ensure that directorate level in year expenditure is challenged.
 - a review of vacancies across the organisation is undertaken.
 - review of the capital programme is carried out on schemes that require borrowing or capital receipts.
 - progress is monitored and reported to members, corporate leadership team, stakeholders and staff about the situation and the actions taken. The team will seek input and feedback throughout the process and will ensure transparency and accountability.
12. Each Service Director is being subject to a Service Challenge session with a focus on what actions they are taking in current year to help with the forecast overspend, what new savings options can they put forward and what can they do to reduce or remove their service pressures. These will be completed by end of October and should see the

£100m gap reduced. In addition to these service challenge sessions and given the size of cost increases, both Adults and Childrens & Families are also subject to 'deep dive' reviews using external experts. The existing capital programme and bids for new capital schemes are being reviewed to the aim of removing schemes in order to reduce down borrowing costs and make revenue savings. Staffing establishment control and spending controls have also been put in place. A review of the councils inherited commercial investment portfolio been complete and the recommendation is to dispose of them and reduce down the Council's risks. The rationalisation of the council offices and other asset disposals is part of the overall strategy to generate capital receipts and reduce down running costs. A transformation programme to reshape the councils' services in line with limited resources available is underway and will be brought forward in December.

Audit Committee

13. The Audit Committee considered the section 151 officer's letter to DLUHC on Somerset Councils Financial Challenges and the letter from Grant Thornton on the Financial Sustainability of the Council. At their meeting 26 October the Audit Committee was not assured that arrangements were in place to address the current years forecast overspend or to close the 2024/25 budget gap. As a result, they have called a special Audit Committee to consider the council's financial sustainability in December when the quarter 2 budget monitoring report and the 2024/25 budget update reports are available.

Recommendations

14. That the Executive:
 - a) Agrees that Somerset Council faces a financial emergency and acknowledges that urgent actions need to be taken to address the position including the setting up of the Financial Focus Group and the introduction of further financial controls to limit spending.
 - b) Approves that the Council should continue its discussions with the Department for Levelling Up, Housing and Communities (DLUHC) following the letter from the Section 151 officer to them concerning the councils' financial challenges and the initial meeting.
 - c) Agrees that there should be a special meeting of the Audit Committee in December to consider the council's financial sustainability and the issues raised in the letter from Grant Thornton.
 - d) Approves the disposal of the commercial investment portfolio, delegates the appointment of external agents to the Director of Strategic Asset Management and uses the Property & Investment Executive sub-committee to oversee the disposal programme.

- e) Agrees to receive an update report on the actions being taken and progress in closing the budget gap for the 2024/25 Budget at the 6 December Executive 2023 meeting.
- f) Receives a report on the review of Earmarked Reserves at the 6 December Executive meeting.
- g) Task the Asset Management Group with bringing forward asset disposals including council office rationalisation proposals, with an update to the Executive on 6 December 2023.
- h) Agrees to receive a report on the vision for a sustainable Somerset Council at the 6 December 2023 Executive meeting.

Reasons for recommendations

- 15. To ensure that the Council has tight control over its finances and is able to set a balanced budget for 2024/25.

Other options considered

- 16. No other options were considered given the current number of inflight actions to develop the 2024/25 budget proposals that will be considered by Council in February 2024.

Links to Council Plan and Medium-Term Financial Plan

- 17. 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 and to avoid a section 114 notice.

Financial and Risk Implications

- 18. It is clear that the scale of financial challenges facing the council are significant. There is also more risk and uncertainty for the new council until all of the external audits of 2022/23 accounts from the predecessor councils are finalised. Given the size of the updated budget gap, Strategic Risk ORG0057 Sustainable MTFP has the highest score possible:

Likelihood	5	Impact	5	Risk Score	25
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Legal Implications

- 19. There are no specific legal implications arising from this report.

HR Implications

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

Other Implications:

Equalities Implications

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

Community Safety Implications

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

Climate Change and Sustainability Implications

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

Health and Safety Implications

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

Health and Wellbeing Implications

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

Social Value

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

Scrutiny comments / recommendations:

27. This report will be presented to Scrutiny for Corporate & Resources Committee, on 9 November 2023, alongside the month five budget monitoring report.

Background

28. The Full Council approved the 2023/24 Budget in February 2023, the first budget for Somerset Council. The budget was put together using the information from the five predecessor councils which all recorded budgets in different ways and it has become apparent that there are some areas where one-off sources of funding has been used to finance on-going expenditure, some items were not properly budgeted for and there was additional staffing employed over and above the staffing establishment budget.
29. The current year's budget was developed 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 structures which will require further adjustments to the budget in order to reflect the new staffing establishment.

Medium-Term Financial Strategy (MTFS)

30. The Medium-Term Financial Strategy (MTFS) provides a strategic financial framework and a forward-looking approach to achieving financial sustainability for the Council. The 2024/25 to 2026/27 Financial Strategy was approved in July 2023. This report provides an update to that and is central to the delivery of the Council's priorities in an affordable and sustainable way over the medium term. It aids robust and methodical planning as it forecasts the Council's financial position, taking into account known pressures, major issues affecting the Council's finances, including external economic influences as well as local priorities and factors. It helps the Council to respond, in a considered manner, to pressures and changes as a result of many internal and external influences. This is particularly important during a period when the Council faces considerable pressures and challenges, such as those relating to the cost-of-living crisis and increased demand for social care. The MTFS recognises the key role that financial resources play in the future delivery of priorities and in enabling the effective planning, management, and delivery of services. The approach concentrates on the principles that will provide a strong direction for the medium term.
31. The key overriding aim of the MTFS is therefore:
- “To provide a financial framework within which financial stability can be achieved and sustained in the medium term to deliver the Council's key strategic priorities and sustainable services.”
32. The six key objectives of the MTFS are to:
- Provide financial parameters within which budget and service planning should take place;
 - Ensure that the Council sets a balanced and sustainable budget;
 - Focus and re-focus the allocation of resources so that, over time, priority areas receive additional resources. Ensuring services are defined on the basis of clear alignment between priority and affordability;
 - Ensure that the Council manages and monitors its financial resources effectively so that spending commitments do not exceed resources available in each service area and where ring-fenced government funding is reduced the service area takes action to reduce expenditure accordingly;
 - Plan the level of fees, charges and taxation in line with levels that the Council regard as being necessary, acceptable and affordable to meet the Council's aims, objectives, policies and priorities; and

- Ensure that the Council’s long term financial health and viability remain sound.
33. Overall, the gap outlined in February 2023 for the next three years was a predicted shortfall between the resources available and cost of current service of £100m by 2026/27 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). 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 set out a targeted approach with three key elements, which are: -
- Targeted Areas – An early focus on ‘big ticket’ items that are some of the key building blocks of the budget.
 - Review of MTFP assumption – Challenging and reviewing of the identified cost pressures to try and reduce them down which would reduce the MTFP gap. Each Service is being subject to a challenge session 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.

Targeted Areas

34. An early focus on 17 key areas that are ‘big ticket’ items which included a combination of some saving areas and some of the key building blocks of the budget. Progress against these items has been slower than anticipated and the latest position is set out in **Appendix 3**.

Review of MTFP Assumptions

35. The funding assumptions for 2024/25 have been reviewed and are in line with February 2023 forecast. Confirmation on the actual funding levels will come from government with Autumn Statement on 22 November providing some high-level details of government department funding levels but the actual detail of the councils funding will not be confirmed until the local government finance settlement takes place. This should be by 7 December each year, but that target has not been met by government and it is expected to be shortly before Christmas.

36. The current year’s budget was developed upon the delivery of the LGR business case and minor savings from services. The Financial Strategy set out a framework for services to develop budget options for each service under the following headings:-



37. Savings already identified and approved by the council for 2024/25 total £10.2m. New savings of £9.3m for 2024/25 have been identified by services but significantly more are required in the light of increased cost pressures.
38. At this stage there is significant gap between increased costs of services and the funding available. Overall, the budget gap at this point in time is now £100m for 2024/25, an increase of £58m from the February forecast. **Table 1** below summarises the position and also shows the current year's budget, MTFP forecast in February 2023 and areas of change.

Table 1 - MTFP Updated – as at 13 October 2023

Latest Position @ 13/10/23	2023.24 Budget £m	Feb 23 Forecast 2024.25 Budget £m	Oct 23 Forecast 2024.25 Budget £m	Change in Forecast £m
Adults Services	187	222	256	34
Children & Family Services	123	129	140	11
Community Services	35	35	40	5

Climate & Place	87	92	91	-1
Strategy, Workforce & Localities	20	20	20	
Resources & Corporate Services	20	22	20	-2
Public Health	1	1	1	
Local Government Reform	0	-8	-7	1
Corporate Contingency	6	6	6	
Accountable Bodies	4	4	4	
Corporate Areas	66	82	94	12
Special Grants	-56	-65	-66	-1
Net Budget Requirement	493	540	598	58
Financed by:				
Revenue Support Grant	-8	-9	-8	1
Flexible Use of Capital Receipts	-4			
Business Rates (Combined)	-122	-130	-131	-1
Business Rates Collection Deficit	6			
Council Tax Collection Surplus	-7			
Council Tax	-295	-307	-307	
Council Tax Adult Social Care	-40	-47	-47	
Council Tax Somerset Rivers Authority	-3	-3	-3	
Earmarked Reserves	-20	-2	-2	
Total Financing	-493	-498	-498	0
Budget (Surplus) / Deficit	0	42	100	58

39. The key areas of change are: -

- Adults £34m – significant increased placement costs
- Childrens & Families £11m – external placement costs and SEND transport
- Community Services £5m – homelessness and contractual inflation
- Corporate £12m – national pay award (estimated to be 5%) and debt financing costs of new bids

Actions being taken to close the budget gap

40. There are a range of actions being taken to close the £100m forecast budget gap which include:-

- challenge session for each service Director by their peers with a view of reducing the current service pressures and identifying new savings options using the framework set out in the financial strategy.
- deep dive sessions for both Adults using John Jackson, LGR national expert and Newton Europe.
- deep dive review of Childrens & Families using external experts Peopletoo.
- reviewing all of the existing capital programme and bids for new capital schemes to remove schemes that are no longer affordable.

- implementing further Staffing establishment controls around vacant posts, temporary posts and agency staffing in order to reduce costs.
- reviewing the inherited commercial investment portfolio and developing a disposal programme.
- rationalisation of the council offices and other asset disposals to generate capital receipts and reduce running costs.
- developing a transformation programme to reshape the councils' services within the available medium-term resourcing envelope against the vision for a sustainable Somerset Council

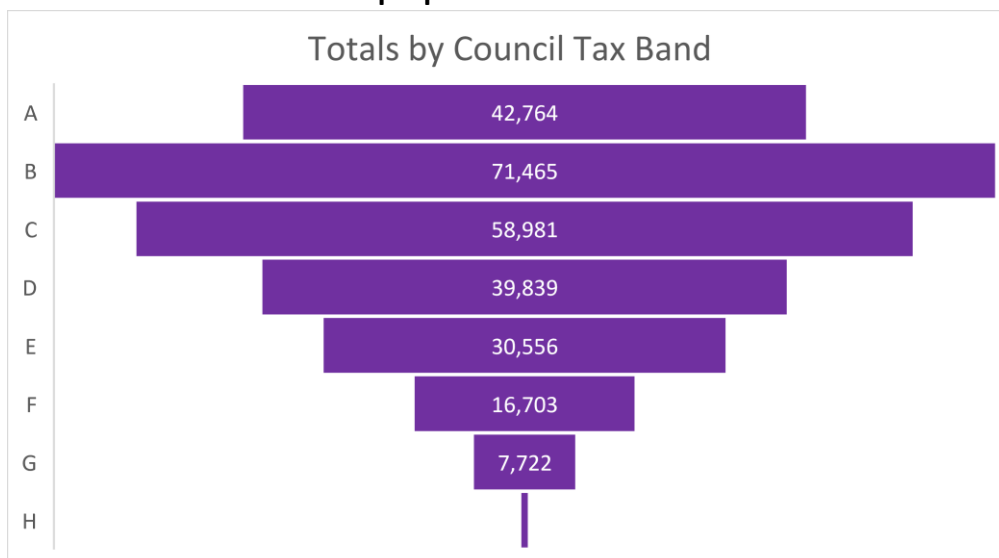
41. The updated position and progress on these actions will be reported to the executive at its 6 December meeting.

Structural Budget Problem

42. The council has a structural budget problem with its cost base increasing at a significantly higher rate than its income. The main source of income is council tax which is limited by government through the referendum limits. For 2024/25 the indication is that council tax can increase by 2.99% and that there can be a rise of 2% in the adult social care precept. With general inflation entering double digits and a 40 year high during the year, these below increases automatically mean a significant cut to service before taking account of any new demand.

43. Council tax is the biggest source of funding for the council brings in over £338m with properties in Band B being the most common council tax band as shown in **Table 2** which details the total number of properties in each council tax band as at October 2023.

Table 2 – Total number of properties in each council tax band.



44. **Table 3** shows the breakdown of the council tax bands based upon the CTB1 return to government by previous District area as at October 2023.

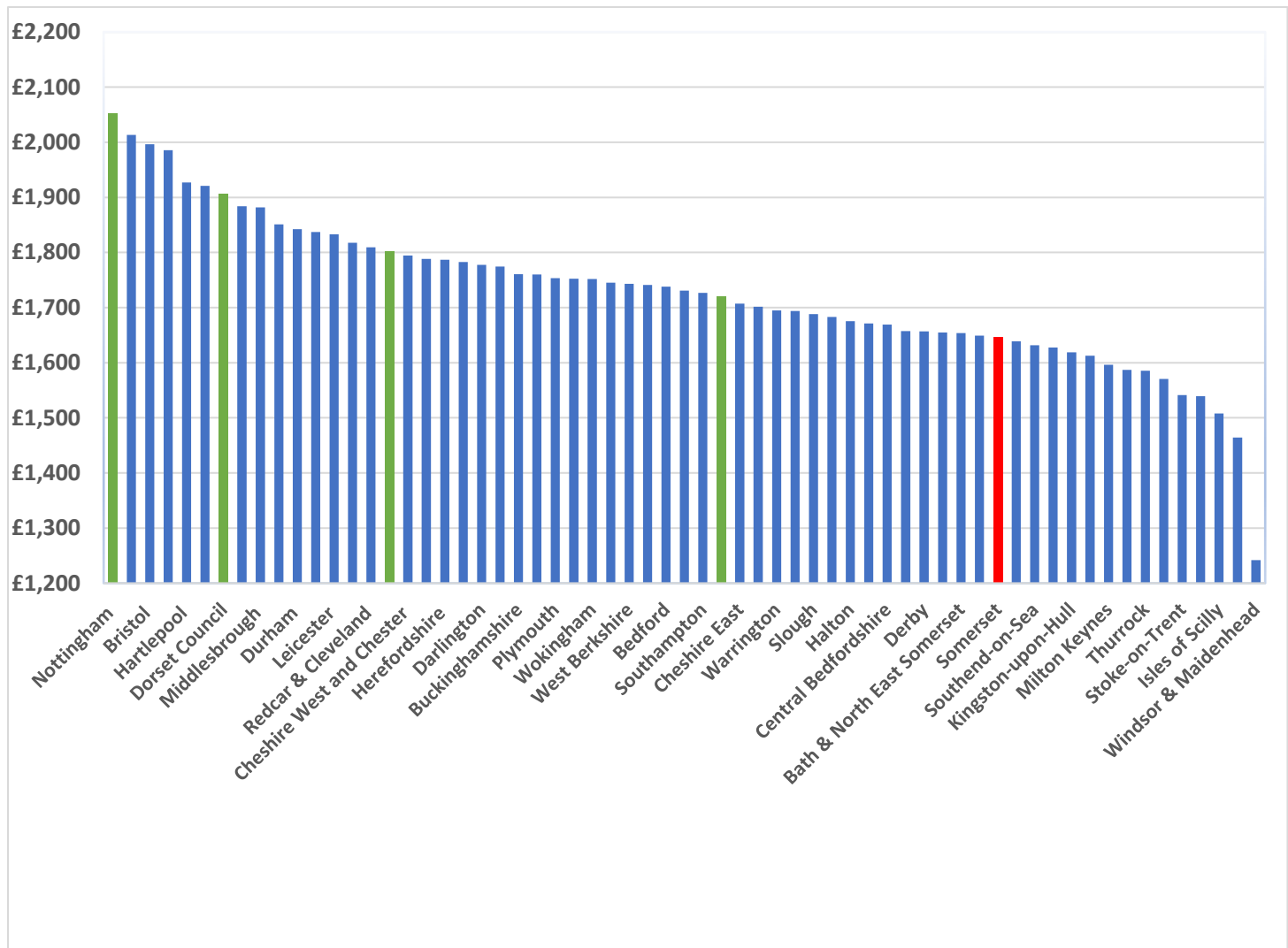
Table 3 – Council Tax Bands by areas October 2023

Council Tax Bands									
	A	B	C	D	E	F	G	H	Total
Mendip	7,330	13,713	13,021	8,081	6,164	3,503	1,988	131	53,931
Sedgemoor	13,654	13,091	12,814	8,530	5,530	2,865	1,416	60	57,960
Somerset West & Taunton	10,851	21,222	15,673	11,540	8,677	5,092	2,330	148	75,533
South Somerset	10,929	23,439	17,473	11,688	10,185	5,243	1,988	168	81,113
Total chargeable properties	42,764	71,465	58,981	39,839	30,556	16,703	7,722	507	268,537

Percentage in each band	15.92%	26.61%	21.96%	14.84%	11.38%	6.22%	2.88%	0.19%	100.00%
Cumulative %	15.92%	42.54%	64.50%	79.34%	90.72%	96.94%	99.81%	100.00%	

45. The council tax charge for Somerset Council is a harmonisation of the charges of the five processor councils. **Table 4** compared the Band D charge in Somerset, which is used for national comparison purposes, against the other 62 unitary councils.

Table 4 - 2023/24 Band Council Tax Charge for Unitary Councils



46. The Somerset Council charge is lower than the majority of other unitary councils with it being:

- Ranked 49 out of 63 for unitary councils
- Somerset Council Tax Charge £1,646.04
- Average unitary charge £1,727.08
- Charging unitary average would generate an additional £16.7m per annum
- Charging the same as the highest, Nottingham (£2,053) would generate an additional £83.7m per annum.

47. Charging the same as other local unitary council would generate additional annual income of: -

- Dorset (£1,906) - £53.4m per annum additional income
- Cornwall (£1,803) £32.3m per annum additional income
- Wiltshire (£1,702) £11.5m per annum additional income

48. Having a lower council tax charge also impacts upon the income from the Adult Social precept as illustrated by the **table 5** below.

Table 5 – Comparison of Adult Social Care precept by SW unitary

Local Authority	Total Properties	Tax Base	Population 2021 Census	Total ASC Precept Charge	ASC Precept income £m	£ per head of pop
Cornwall	279,638	206,063.26	570,300	£228.07	£47.00	£82.41
Dorset	183,265	152,424	379,584	£239.67	£36.53	£96.24
Wiltshire	228,910	191,142.94	510,400	£225.88	£43.18	£84.59
Somerset	266,235	205,674.09	573,119	£196.46	£40.41	£70.50

The Capital Programme

49. A revised General Fund Capital Programme and HRA Capital Programme was approved at Council in September 2023. This combined the outturn position and slippage of the five legacy Councils and the Capital Programme approved in February 2023. Slippage of £59.4m was brought forward and a revised budget of £391.6m set for the General Fund and slippage of £90.4m brought forward and a revised budget of £122.6m set for the HRA. Both programmes are currently being reviewed in terms of priorities and affordability.
50. In addition to this the Strategy approved in July outlined the criteria for new bids for capital funding reflecting the financial outlook as follows:
- Schemes that are fully externally funded: &
 - Where there is a legal requirement such as Health & Safety Needs

51. To date new capital bids totalling £227.0m have been received and are summarised in **Table 6**. These new schemes would require new borrowing of £116.6m.

Table 6 – New Capital Bids

Type of Bid	2024/25 £'m	2025/26 £'m	2026/27 £'m	2027/28 £'m	2028/29 £'m	TOTAL £'m
Fully Funded	33.6	37.8	6.2	6.2	6.1	89.9
Health & Safety	21.2	18.6	17.4	17.2	17.2	91.6
Save to Earn	6.8	7.0	4.6	4.0	4.0	26.4
Other bids	4.8	9.2	2.8	1.0	1.1	19.0
Total	66.5	72.6	31.1	28.4	28.4	227.0

Funding Type	2024/25 £'m	2025/26 £'m	2026/27 £'m	2027/28 £'m	2028/29 £'m	TOTAL £'m
Grant	37.8	41.8	10.2	10.1	10.1	110.0
3 rd Party Contributions	0.2	0.1	0.1			0.4
Borrowing	28.4	30.7	20.8	18.3	18.4	116.6
Total	66.5	72.6	31.1	28.4	28.4	227.0

52. At present the MTFP includes the £116.6m of new borrowing costs with £9.8m (across the five years) of interest, MRP costs and revenue consequences. Therefore the work to review the capital programme and reduce down the number of new schemes to an affordable level and ensure that only those that meet the strict criteria set out will help reduce down the budget gap.

Commercial Investment Portfolio

53. The general market values of UK commercial investment properties has fallen by over 20% since April 2022. The Council inherited a commercial investment portfolio with a total purchase price of £289m and current valuation as at 31 March 2023 of £220m. The financing of some of the investment was from short-term borrowing when interest rates were at the historic low 0.1%. Since then, rates have significantly increased meaning that the portfolio is no longer profitable. Given this and the overall financial position that the council it is recommended that the decision is made to dispose of the commercial investment portfolio, to delegate the appointment of external agents to Director of Strategic Asset Management and uses the Property & Investment Executive sub-committee oversee the disposal programme.
54. A key objective from the disposal project will be to achieve the best sale prices reasonably obtainable. This will involve securing highly capable specialist services for the council from investment agents and lawyers, ensuring the whole package prepared

for the marketing is in the optimum position and being properly resourced and organised within the council.

Risk Update

55. **Table 7** below sets out an update the main risks associated with the 2023/24 budget that was outlined in the strategy considered by the Executive in July:

Table 7 – Risks

Risk	Rag Rating (R/A/G)	Risk Owner	Comments, Management and Mitigations
National pay award will be higher than estimated	R	Executive Director of Resources & Corporate Services	A 5% increase was built into the budget for 2023/24. This has not been accepted within negotiations to date. A further 3% has been added to the budget for 2024/25 to increase the provision to 5%. Inflation has decreased slightly compared to July but was still running at 6.7% in September.
Continuation of high levels of inflation impacting on the cost of services and pay budgets	R	Executive Director of Resources & Corporate Services	The CPI inflation rate was 10.4% in February and now has decreased to 6.7%. This is expected to decrease to around 5.2% later this year and possibly 2.9% later in 2024. Inflationary increases are built into some of our major contracts and are having a huge impact on service costs as well as goods and materials. The timing of inflationary reductions will need to be monitored as part of the MTFP in predicting future pressures.
Changes to Government Policy that affects future funding (Social Care)	R	Executive Leadership Team	Further funding for social care was made in the Provisional Settlement but funding still remains lower than demand and inflationary pressures within the service. Fair Cost of funding has now been delayed until 2025 and with the funding being given to local authorities for current pressures it remains to be seen how this will be funded in the longer term

Continuation of high interest rates impact on borrowing costs	R	Service Director – Finance and Procurement	The base rate of interest has now increased to 5.25%. It remains to be seen as to whether this will be the peak or whether further rate rises will occur. This is impacting on the replacement of debt although cash flow in 2023/24 is supporting internal borrowing creating an underspend. This will become more difficult as reserves are used to support the budget and any overspends. Reducing the capital programme and selling assets will help to mitigate this.
Increasing demand due to external factors	R	Relevant Service Director	The cost-of-living crisis and reducing budgets in partner organisations have a significant impact on demand including the number of children requiring support, or the complexity of need, and therefore the cost of services. This risk has now increased as demonstrated in the projections for 2023/24 within budget monitoring.
The Government announces further cuts in local government funding	R	Executive Leadership Team	The Provisional Settlement outlined most of the funding for 2024/25. The risk has now increased as it looks more likely that funding will not keep in line with inflation as well as a push from Government to reduce the cost of public services through further efficiency targets.
Delivery of a balanced budget for 2024/25	R	Executive Leadership Team	The issues and actions are laid out in the body of this report
Reserves are not sufficient to meet the risks facing the Council including the possibility that the deficit on the High Needs Block could have to be financed from other reserves once the statutory override ends	R	Executive Director of Resources & Corporate Services	A full review of reserves has almost been completed. The risk has increased from amber to red given current in year projections and the budget gap for 2024/25. Need to continue to press Government to address the issues around high needs and how deficits will be financed.

Economic downturn impacts on income	A	Relevant Service Director	This will continue to be reviewed as part of budget monitoring
Unforeseen events outside Somerset Councils control	A	Relevant Director	Events such as extreme weather, increases in fuel and utility costs (currently a major issue) and changes in recycling material values are outside our direct control. These will need to be monitored and the MTFP updated as necessary.

56. This will be updated for the 6 December report to the Executive.

Background Papers

57. 2023/24 Budget, Medium-Term Financial Plan & Council Tax Setting report to Council February 2023
58. Medium Term Financial Strategy (MTFS) 2024/25 to 2026/27 report to Corporate & Resources Scrutiny & Executive July 2023
59. Monthly Budget Monitoring reports to Executive & Corporate & Resources Scrutiny Committee

Appendices

Appendix 1 - Letter from S151 Officer to DLUHC concerning Somerset Council - Financial Challenges

Appendix 2 - Letter from Grant Thornton concerning the Financial Sustainability of Somerset Council

Appendix 3 – Update on progress against 17 Key Areas

Report Sign-Off

	Officer Name	Date Completed
Legal & Governance Implications	David Clark	30/10/2023
Communications	Peter Elliott	27/10/2023
Finance & Procurement	Nicola Hix	26/10/2023
Workforce	Dawn Bettridge	30/10/2023
Asset Management	Oliver Woodhams	26/10/2023
Executive Director / Senior Manager	Jason Vaughan	26/10/2023

Strategy & Performance	Alyn Jones	30/10/2023
Executive Lead Member	Cllr Liz Leyshon	30/10/2023
Consulted:		
Local Division Members	All	
Opposition Spokesperson	Cllr Mandy Chilcott Deputy Leader of the Opposition and Opposition Spokesperson for Resources and Performance	30/10/2023
Scrutiny Chair	Cllr Bob Filmer, Chair - Scrutiny Corporate & Resources Committee	30/10/2023

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Nico Heslop

Please ask for: Jason Vaughan

Director Local Government Finance

Email: Jason.vaughan@somerset.gov.uk

Department for Levelling Up, Housing
and Communities

Direct Dial:

Date: 26th September 2023

Dear Nico,

Somerset Council – Financial Challenges

I am aware of the recent articles regarding Somerset Council and its financial position and the headlines speculating about the authority issuing a section 114 notice within the next two years. I thought that it might be helpful if I set out some background and context to this.

New Council

Somerset Council is 6 months old and was created in April 2023 from combining Mendip, Sedgemoor, Somerset West & Taunton, South Somerset District Councils and Somerset County Council. The senior management staffing structure is in place and we are starting the process to make appointments below the service director level. As is common with newly created unitaries there is significant amalgamation of systems and processes from the 5 predecessor councils which mean staff resources and capacity is very stretched.

Finance System

With the licence agreement for the county council's SAP finance system ending and the need for a modern system to enable future transformation, a new Microsoft Dynamics finance system has been implemented from April 2023. As with any move to a new finance system it has a significant staffing and resource requirement, but this is even more complex in our situation with moving from the previous 5 finance systems from the predecessor organisations.

Audit of Statement of Accounts

We inherited several outstanding audits from prior years and have been working with Grant Thornton and EY to complete these. Without having audits completed it is hard to accurately understand the new Council's starting point.

The two outstanding audits from 2020/21, relating to Mendip and Sedgemoor, have now been completed and signed off by the external auditors. There were three outstanding audits from 2021/22 and two of these (Mendip & Sedgemoor) are now completed with the findings being reported to our Audit Committee on 28 September 2023. The one remaining statement of accounts audit for 2021/22 relates to South Somerset and we anticipate this being reported to the October Audit Committee.

All of the 2022/23 Statement of Accounts were published but missed the new end of May deadline which is not a surprise given the number of outstanding audits from prior years, the new Council being created in April and staffing capacity. The 2022/23 Somerset Pension Fund audit has been completed and will be reported to this week's Audit Committee. The audit of Somerset West & Taunton is nearly completed, and we expect this to be reported to the October Audit Committee

The 2022/23 audits for Somerset CC, Sedgemoor and Mendip have just started but the one for South Somerset is obviously delayed until the prior year audit is finalised.

External Audits	2020/21	2021/22	2022/23
Somerset County Council			Audit started
Somerset Pension Fund			Now signed off
Mendip District Council	Now signed off	Now signed off	Audit started
Sedgemoor District Council	Now signed off	Now signed off	Audit started
Somerset West & Taunton Council			Except to be reported to October Committee
South Somerset District Council		Except to be reported to October Committee	Audit to start once 2021/22 completed

2022/23 Outturn & Reserves Position

The overall outturn for the 5 councils in 2022/23 was a combined overspend of £18.7m made up as follows:

	2022/23 Budget £'m	Outturn £'m	Under/ (Overspend) £'m
Somerset County Council	383.7	407.1	(23.4)
Mendip District Council	19.1	18.3	0.8
Sedgemoor District Council	9.0	6.6	2.4
Somerset West & Taunton Council	17.0	16.2	0.8
South Somerset District Council	19.8	19.1	0.7
Somerset Outturn Position	448.6	467.3	(18.7)

The key factors in the position for Somerset CC is overspends in both Adults & Health and Childrens & Families of £15.4m and £21.2m respectively, this position is partly offset by £13.2m underspending across the rest of the council.

The total reserves at the start of 2023/24 for Somerset Council were £314.8m. However, £131.2m of this relates to reserves held on behalf of others such as Somerset Rivers Authority, Heart of the South West LEP, Health and Schools. The 2023/24 budget included £19.9m use of reserves being made up of £9.9m for once off funding to support projects and £10m to balance the budget. After taking account of these and other commitments the current position is General Reserves of £49.8m. this is at the high end of our risk-based assessment of General Reserves of between £30m and £50m but is reflective of the significant risks the council currently faces. Total Earmarked Reserves are £104.9m and we are currently undertaking a review of all of them to identify if any can be released and repurposed.

2023/24 Budget Monitoring

We formally report the budget monitoring position to both Scrutiny and the Executive on a monthly basis. Our latest revenue budget monitoring report (Month 5 – End of August) is forecasting an overspend of £30.3m for the year which is a deterioration of £4.2m on the previous month. There are significant forecast overspends in Adults & Health of £14.9m and Childrens & Families services of 11.8m. These overspends reflect the continuing spiralling costs in these sectors which show no sign of abating.

We have put in a range of measures across the council to try and address the potential overspends but given that Adults & Childrens make up nearly two-thirds of the total budget, I am not confident we will see a significant reduction.

Housing Revenue Account (HRA)

The new unitary has inherited two landlord operating models which now sit under one Housing Revenue Account. The two landlord operating models are an in-house service from Somerset West and Taunton (SWT), and an Arm's Length Management Organisation (ALMO) from Sedgemoor District Council (SDC). The combined total dwelling stock as at 1 April 2023 is 9,665 (5,653 from SWT and 4,012 from SDC). In addition to this we have 599 leasehold properties (489 from SWT and 110 from SDC).

The 2023/24 budget monitoring position for the HRA is currently on track with no major variances. However, the 30-year Business Plan currently projects a deficit by 2029/30.

Capital Programme

Somerset Council inherited a significant capital programme of over £330m plus carry forward of schemes from 2022/23 of £100m bringing the total programme to £430m. A review is underway to try and reduce down the borrowing costs to the council and identify which schemes could be stopped or de-scoped, including two Town Deals (Bridgwater & Glastonbury) and one Levelling Up project (Bridgwater).

Commercial Investments

The new Council inherited a significant commercial portfolio with an initial purchase price of £289m with 85% of this financed by short term borrowing. The valuation of the portfolio at the start of 2023/24 has dropped to just under £220m. A review of the portfolio has been undertaken and a rationalisation process to reduce down the Council's risks has started.

Financial Resilience & Sustainability

I have looked at the OfLOG Local Authority Data Explorer tool to assess the resilience and financial sustainability of the council. Unfortunately, it does not contain any data on Somerset Council, or its predecessors, and this is something that should be considered for newly formed councils. A separate piece of work is therefore being undertaken to help provide some comparative data on the financial resilience and sustainability of the council.

Transformation

With the significant cost pressures in Adult & Health Services a diagnostic review by Newton Europe has been undertaken and in June the Council approved a transformation programme "My Life My Future" to deliver £10m of on-going cost savings.

The focus has been on successfully delivering Local Government Reorganisation and as a result there currently is no council wide transformation programme. This is currently being addressed but does mean that there is not a pipeline of future savings that can be built into the Medium-Term Financial Plan (MTFP).

High Needs Block

At the start of the year the deficit on the High Needs Block was £29.8m and the work that has been undertaken as part of the Delivering Better Value in SEND programme forecast this to significantly increase to around £104.1m by the end of 2025/26. With our relatively low level of reserves this is a significant risk given that the statutory override is due to end at this time.

2024/25 Budget Gap & the MTFP

We have started to review and update our Medium-Term Financial Plan. Our initial forecast for 2024/25 is a budget gap of over £80m and a further £50m for the following year. These figures will be reviewed, challenged, and refined over the next two months but they indicate the significant financial pressures that the council is under.

To help co-ordinate the budget process an MTFP Board has been set up and comprises of all 10 members on the Executive and the officers that form the Executive Leadership Team. The MTFP Board has been meeting on a monthly basis since June.

Member Briefings

A key part of the approach to financial management within the council is to be open and transparent. To help fulfil this and ensure that all 110 Members are fully aware of the financial challenges facing us, a series of Member briefings have been put in place. The first of these was in August where Rob Whiteman from CIPFA kindly came and spoke to

the Members about s114, addressing financial failure and some of the key actions that councils need to consider. A series of Monthly Member Briefings on the Council's finances have been arranged from September through to February, with 2 options each month to allow for both in person and virtual attendance. The September ones took place last week and very clearly set out that without significant and decisive actions the council would be faced with issuing a section 114 notice within the next 18 months.

Summary

I am very keen to work with the Department and keep you informed of the financial difficulties that we are experiencing in Somerset, and I have also copied in Rob Whiteman so that CIPFA are also aware.

We are not in immediate danger of having to issue a section 114 notice but based upon our latest forecast of a significant overspend in the current year and a very sizeable budget gap for next year, I will we need to consider this as part of the 2024/25 budget setting process, unless significant progress is made.

I hope this is helpful in outlining some of the current issues we are dealing with and is the start of an active dialogue with the department about our financial challenges. I believe it would make sense to maintain a dialogue between the Authority and the Department on this issue over the coming months. We would also welcome any input and support the Department can provide. I would very much appreciate discussion about this in the near future if that is possible.

Yours sincerely



Jason Vaughan

Executive Director – Resources & Corporate Services (Section 151 Officer)

Somerset Council



A Fairer, Ambitious Somerset

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17 October 2023

Dear Duncan

Somerset Council – Financial Sustainability

Following recent conversations between Grant Thornton and the Council, I am writing to express our concern over the significant financial challenges that the Council is facing and the risks that they represent to financial sustainability in the short and medium term. I would emphasise that we recognise the open and transparent engagement that both yourself and Jason Vaughan (S151 Officer) have had with us on this matter to date and also that this reflects the emerging position for the new Council five months after its formation on 1 April 2023.

Background

The Council recognises the significant financial challenges that it faces due to the impact of inflation and increases in demand and cost, particularly in relation to Adults and Childrens Services. The revenue budget forecast for 2023/24 reported to Members in September 2023 was an overspend of £26m. In addition, the medium-term financial strategy report approved in July 2023 forecast funding gaps of £42m in 2024/25 rising to £99m by 2026/27.

Recent medium term financial strategy and budget monitoring reports to Executive raise the risk that a Section 114 Notice will be required in the future. The Section 151 Officer wrote to the Department for Levelling Up, Housing and Communities on 26 September 2023 to highlight the financial challenges that the Council faces and the prospect of issuing a Section 114 Notice unless decisive actions are taken. At this time, the forecast overspend for 2023/24 had increased to £30m and the budget gap for 2024/25 increased to £80m.

Discussions with the Section 151 Officer confirm the risk that a Section 114 Notice could be required as soon as February 2024 if the current forecasts come to fruition and no corrective action is taken. We note that a range of mitigations that are currently being put in place may delay the need for such a notice until after this date.

The Council currently has a General Fund Balance of £50m and £105m of earmarked reserves. Unless the forecast overspend for 2023/24 is mitigated and actions are taken to significantly reduce the budget gap for 2024/25, there is a risk that unsustainable calls will have to be made on reserves, reducing them to levels that are insufficient to manage financial risk and fund service improvements in the future.

Initial findings

Our recent work and discussions have identified concerns over the Council's financial sustainability. The Council is in the early stages of developing plans to mitigate the financial risks it faces.

- The budget forecast reported to Members for Month 4 2023/24 was a £26m overspend caused by inflation, interest rates and the rising demand and cost of care. Adults Services are forecast to overspend by £12m and Childrens Services by £9m. The forecast overspend had increased to £30m at the time of writing to DLUHC.
- We understand that the pressures in Adults and Childrens are likely to carry forward into 2024/25. The estimated budget gap for 2024/25 is currently £80m, with a further £50m forecast for 2025/26.

- The Council currently has a General Fund Balance of £50m and Earmarked Reserves of £105m. Unless the 2023/24 overspend and 2024/25 budget gap are significantly mitigated these reserves are at risk of reducing to levels that are insufficient to manage financial risk. The prudent range for the General Fund Balance has been determined at between £30m and £50m.
- The Council has implemented recruitment and spending controls to mitigate the 2023/24 overspend.
- The Council has a strategy to reduce the budget gap in future years including a focus on 17 key budget areas, reviewing financial assumptions, and identifying service budget options.
- The Council has set up an MTFP Board, consisting of Executive Members and officers from the Executive Leadership Team to co-ordinate the budget process for 2024/25.
- Currently there is no Council-wide transformation programme or pipeline of savings to address future year budget gaps. The Council intends to bring forward the planned transformation programme to start delivering savings during 2024/25, although due to timing these savings will not be included in the 2024/25 budget.
- The Council is currently revisiting the assumptions driving the budget gap, reviewing whether earmarked reserves can be released to support financial resilience, and developing savings plans. It is anticipated that this work will be completed over the next two months in order for budget options to be presented to the December 2023 meeting of the Executive.

Our responsibilities

Under the Local Audit and accountability Act 2014 we are required to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. When considering the Council's arrangements one of the three criteria we must report on is financial sustainability.

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money, that recommendations are made setting out the actions that should be taken by the Council. The Code expects where auditors identify significant weaknesses in arrangements as part of their work, they raise them promptly with those charged with governance.

Whilst there is a risk of significant weakness in arrangements to secure financial sustainability, we recognise that the Council is fully aware of this situation and is in the early stages of implementing solutions to address the financial risks that it faces. We are also mindful that Somerset Council was formed on 1 April 2023 through local government reorganisation, and as a relatively new Council should be allowed sufficient time to develop financial plans and strategies.

Therefore, we are not raising a significant weakness or making key or statutory recommendations at this stage. We will continue to review the developing situation and the progress that the Council makes in mitigating the forecast overspend for 2023/24 and the budget gap for 2024/25. We will give continued consideration of the requirement to issue formal recommendations.

Next steps

The Council should continue its work to mitigate to 2023/24 budget overspend and bridge the budget gap for 2024/25, ensuring that reserves are maintained at prudent levels proportionate to the significant financial risks that the Council faces. Priority should be given to implementing recurring savings at pace that will benefit current and future years, and in bringing forward the transformation programme to deliver further ongoing efficiencies.

We will continue to closely monitor the Council's financial position as part of our Value for Money work for 2022/23 and consider what actions if any, we take as auditors under the Local Audit and Accountability Act 2014.

Yours sincerely

Barrie Morris

Barrie Morris, Engagement Lead
For Grant Thornton UK LLP

Ref	Key Area	Detail	Lead Member	Lead Officer	Finance Business Partner Lead/ Corporate Finance Lead	Revenue Savings			Capital	Update end September 2023
						Progress against existing savings	New Savings	In-year Pressure Reduction	Capital Savings/ Capital Receipts	
						£	£	£	£	
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	Penny Gower					<p>The business case for this work has been approved by the Executive at its June meeting.</p> <p>This was taken to Transition, Transformation and Change Board (TTCB) on the 29 August for agreement on approach for benefits tracking (via Project Initiation Document).</p> <p>Currently projecting to achieve savings £200k this financial year with an expectation they will overachieve the £5m saving for 2024/25.</p>
2	Childrens Services	<p>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.</p> <p>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.</p>	Cllr Tessa Munt, Lead Member for Children, Families, and Education	Claire Winter, Executive Director – Childrens, Families & Education	Siobhan Cleverly					<p>Impower work is underway to develop the recruitment and retention activity within our inhouse fostering team. Teams have been engaged from July 2023, so work is in its early stages. Sufficiency strategies for edge of care and placements are due to be in final draft at beginning of September. Homes and Horizons business case has been updated with recognition of different cohort of children who are high need/high cost. Projected savings for children in homes 1 to 6 by end of this year have increased from £1.2million to £2.78million due to the high level of their needs and the escalating costs of complex care in the wider market, compared to the static costs within this project. The post 16 recommissioning exercise is in its final stage with a number of positive bids coming forward. The number of children in unregistered provision has reduced from 11 to 5 and has been steady for just over a month. There are a number of children within the care system currently who could move to unregistered provision if existing providers are unable to support heightening needs and/or there are insufficient Homes and Horizons home places to provide contingency.</p>
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 £22.7m over three years.	Cllr Tessa Munt, Lead Member for Children, Families, and Education	Rob Hart, Service Director Inclusion	Jo Currie					<p>DBV review reported to DfE July 23. Any impact is not due to be seen until September 2024. All three workstreams underway.</p> <p>WS1 impact - improved knowledge of quality and confidence of SEND provision prior to requesting stat assessment which leads to sig pressure on High Needs deficit - First opportunity identified by Newton was to focus on SEN support to reduce growth in number of EHC plans.</p> <p>WS2 impact - forecasting and trajectory group presented to ILT August 23. Have produced tool to enable accurate forecasting of future sufficiency need but also increasing request for statutory assessment based on trends over time. Tool has potential to enable us to model scenarios that enable us to change trajectories but also pre-empt pressure. Tool is linking finance to sufficiency which is not a function any other regional LA has yet established. Tool will also enable us to set a trajectory and adjust based on real-time impact.</p> <p>WS3 impact - this workstream commences in September 23. External support has been identified to provide capacity for the project. Focus is on improving outcomes and provision for children with SEMH in mainstream schools - this area was identified as the most significant area of need causing additional pressure to high needs budget (by Newton). The majority of children in high-cost independent settings have identified primary need of SEMH. 11 schools identified for the project.</p>

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						Progress against existing savings £	New Savings £	In-year Pressure Reduction £	Capital Savings/ Capital Receipts £	
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	Jo Currie Kerry Hepple					Further work is required to understand what level of the savings outlined in the review can realistically be achieved, and when, through a transformation programme. This will be completed through an officer Challenge Session in late August. The session will be shaped around a revised Specification Document (being drafted by EDGE Public Solutions) which will link indicative savings to specific activities in a transformation timetable. In the challenge session, officers will explore each saving-related activity in turn scrutinise the level of saving detailed, which school transport budget it affects and whether those savings will result in budget reductions or future cost-avoidance. The cost of the consultancy input over the 3-year period, which is to be taken from the combined school transport budgets, also needs to be factored in to the savings calculations.
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	Jo Currie/Ian Trunks	N/A	N/A	N/A		The Learning Infrastructure Board has reviewed the entirety of the capital programme across Education and Asset Management. This has produced a drastically scaled back list of priorities for 24-25 based on projects with identified need being reduced, removed, or delayed. Work is underway to look at the interconnected issues arising in Western Bridgwater in relation to place pressures in that area. More information is needed about where the threshold lies in monetary terms where capital spending would begin to require external rather than internal borrowing, to provide greater clarity about where the imperative lies to avoid external borrowing costs across the capital programme overall. This has been requested from Corporate Finance colleagues. Officers from the Education and Assets teams are developing a shared risk report so that as our data develops all teams will share the same view on priorities for DfE capital allocations and so that we are fully prepared for any bidding windows. This risk report will be updated early in the autumn when survey programmes conclude.

Ref	Key Area	Detail	Lead Member	Lead Officer	Finance Business Partner Lead/ Corporate Finance Lead	Revenue Savings			Capital	Update end September 2023
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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 Nicola Hix, Service Director Finance & Procurement	Jo Currie	N/A	N/A	N/A		<p>PLEASE NOTE: This Key Area will not produce savings for the council as it relates solely to LA Maintained Schools which are not Council budgets.</p> <p>The new benchmarking tool that was developed by Business Intelligence over the summer it has been completed and sessions are now diarised for budget scrutiny. The focus is on maintaining a rapid pace to review budgets and agree actions while there is still time for movement in-year.</p> <p>A significant key issue to this project has been the lack of ability to reconcile financial transactions between schools' finance systems and MS Dynamics. Schools have now received all their reconciliation files for Month 1- 6, Month 7 will be issued in the usual timescale and be sent to schools on the 2nd November. Schools are now working through the backlog but this is far more labour intensive than how they used to do reconciliations due to the additional files they now receive with payroll being on SAP and non salary on MS Dynamics. There are constant requests for additional support from EFS to help with this but limited capacity due to their own backlog of work due to MS Dynamics. Schools are aggrieved they need to pay for support to help with this work and very vocal about this. Schools have been notified what timescale they fall into to provide a financial report to the LA, and we have listened to concerns where schools feel they are categorised incorrectly and accommodated requests to move groups where possible.</p>
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	Dawn Bettridge, Interim Service Director - Customers, Digital & Workforce Nicola Hix – Service Director of Finance & Procurement	Emily Collacott	N/A	N/A	N/A		<p>Payroll and Finance have been working together to ensure SAP (payroll data) and the establishment budget in Finance reconcile. This has involved:</p> <ul style="list-style-type: none"> - Reviewing positions against people and establishing why there are variances. - Reviewing temp positions that have a permanent employee, this could be correct if a secondment to a fixed term funded position, but this will be properly documented and monitored. - Working to establish Agency staff placements with the intention these will be set up in the SAP structure. - Reviewing vacancies - an updated list of these will be provided to TTCB in September. - Budget virements for employees identified as being in the wrong cost centre. <p>We are also:</p> <ul style="list-style-type: none"> -Monitoring all in place recruitment and retention allowances, ensuring that they are reviewed and extended or terminated prior to the end date. -Monitoring all in place acting up payments, ensuring they are reviewed and extended or terminated prior to the end date. <p>Once budgets are set and structures in place, it is the intention to monitor changes to the establishment regularly, ensuring managers are meeting all establishment control requirements, including going through a process to seek funding if they want to increase their establishment, which the Workforce Team and Finance will work together on.</p>
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	Paul McClean	N/A	N/A	N/A	t.b.c.	<p>A detailed review of the commercial investment portfolio was undertaken in June and July by senior estates surveyors in the Strategic Asset Management department, with detailed financial modelling of various options now also complete. A report on the findings will be presented to the December Executive committee, following consideration by a task and finish group established by the Scrutiny Committee for Resources and Corporate Services.</p> <p>Other options for the potential disposal of the council's non-property commercial interests are being considered.</p> <p>This area of work will focus on improving the council's balance sheet position and exposure to risk, rather than developing revenue savings directly.</p>

Ref	Key Area	Detail	Lead Member	Lead Officer	Finance Business Partner Lead/ Corporate Finance Lead	Revenue Savings			Capital	Update end September 2023
						Progress against existing savings	New Savings	In-year Pressure Reduction	Capital Savings/ Capital Receipts	
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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	Paul Matravers	The anticipated rental of Broughton House fell through, and this site has now been re-purposed to accommodate the SCIL trading service, which in turn enables the disposal of Dillington House. Achievement of the associated MTFP saving will be dependent on resolution on recharges / overhead accounting for this service. Detailed feasibility studies are underway to evaluate the cost of relocating staff out of Petters House, Yeovil, and to rationalise accommodation in West Somerset.	We are exploring a number of opportunities for leasing surplus office space in Bridgwater and Taunton, as well as options for the disposal of council offices.	Opportunities to mothball buildings during the winter heating season are limited due to existing tenancy arrangements and the inflexibility of some of our heating controls, some minor savings can be achieved through limited relocation of staff and this is being discussed with the relevant services.		<p>The first phase of the property rationalisation programme is well underway, focussing on four specific opportunities for delivery across the first three years of the programme. The position on Broughton House is outlined in column G; detailed feasibility work to develop options for rationalising property in Yeovil and Williton is underway, and we have agreed heads of terms for the disposal of the Seahorse Centre in Minehead to Avon and Somerset Police (retaining space for a satellite site for the Somerset Academy for Health and Social Care Training). Agents and architects have been appointed to develop an option to dispose of C Block, County Hall for use as Key Worker Accommodation, and we are in discussions with a potential buyer for this site. However, MTFP Board need to be aware that all of these options are time-consuming and challenging and will not deliver revenue savings quickly.</p> <p>Building on the first phase of the programme, the wider One Public Estate review of core office accommodation (alongside key public partners in Somerset) is progressing and we hope to develop an initial view of options by December. We are also evaluating the impact of options for Somerset Council, should we decide to discontinue the One Public Estate work and focus on asset disposals rather than co-location. ,</p> <p>Outside of the property rationalisation programme which focusses on operational property, we are also reviewing disposal opportunities in the non-operational estate (excluding investment for yield assets). Our current pipeline of disposals indicates that £15m-£20m of sales could be achieved during 2023/24 and 2024/25; work to identify and quantify further opportunities is ongoing.</p>
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	Rebecca Hall	N/A	There is the potential for additional once off income in 2024/25	N/A		Following the completion of the 2022/23 statement of accounts for the 5 processor councils work can now start on the analysis of the position of the business rates and council tax collection fund position for Somerset Council. This work will take until October to complete. More information on Council Tax for future years will be known once the estimated Council Tax base is run in October 2023. All updates will be fed into the 2024/25 MTFP once known. This will include the impact of the policy changes agreed by Council on 23 Nov 2022 for the 2023/24 financial year and the potential for increased Council Tax income when the Government enact the proposed second homes premium in the Levelling Up Bill.
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	Duncan Moss	N/A	Removal of any schemes from the programme will reduce bowing costs and produce revenue savings			We now have the final outturn position of the five legacy council's and have a combined capital programme showing the starting position for Somerset Council. We will now use this combined programme to start working with Officers and Members through the MTFP Board to identify schemes that are not yet contractually committed. For all schemes in process, there is an expectation that these will be kept within budget and scaled back if necessary to ensure this.
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	Rebecca Hall	N/A	N/A	Any overspend in 2023/24 will be funded from reserves		The 2022/23 outturn report has been produced and was considered by the Executive on 6 Sept and Corporate & Resources Scrutiny on 7 Sept. The report proposed a transfer of £23m from Earmarked to General Reserves which will mean the level of General Reserves will be £49.8m. The level of Earmarked Reserves will be £111.9m and work is underway to amalgamate and rationalise them with a report going to the November Executive.
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	Duncan Moss	N/A	Potential to produce saving on borrowing costs if capital receipts used to fund transformations or reduce borrowing costs	N/A	Work will identify available capital receipts	Now that the 2022/23 statement of accounts have been produced for the five processor authorities, we have the starting position of the available capital receipts. A reconciliation is being carried out between Finance and Property on the pipeline disposals programme to identify likely future receipts and any variance in the budgeted capital receipt assumptions. There will be further work required to assess the best use of available capital receipts given the requirements of capital programme and the potential use to fund transformational activities through the flexible use of capital receipts policy

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						Progress against existing savings £	New Savings £	In-year Pressure Reduction £	Capital Savings/ Capital Receipts £	
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	Anton Sweet	N/A	Review of the portfolio has identified savings of £3m that will be reported as part of the budget monitoring report	N/A		Developing an accurate cashflow forecast for the first six months of the new council was never going to be easy. The payments processes have now started to stabilise and over the next couple of weeks, we should have a better idea of the cashflow pattern of the new council. Work to take place to review options for replacing maturing short-term debt with a mixed portfolio of debt (short and long term) based on cash flow need, which linked to above, should soon give a clearer picture of need. Work with Arlingclose will continue on reviewing our portfolio for opportunities to maximise return within our agreed risk appetite.
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	Paul Matravers	N/A	N/A	N/A		Systems are not in place to easily identify voluntary, community, faith, and social enterprise (VCFSE) related agreements and so it is difficult to baseline VCFSE expenditure. Work is underway to consolidate agreements to previously identified strategic partners and a cross-council working group is being established to understand and review individual service arrangements and proposals. Initial impact assessment re: VCFSE funding produced and details re: previous District / County Council grants is being updated. The proposal is for an update and proposed approach to go to MTFB Board on 2 October 2023.
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	Donna Parham	We have identified £17.38m of the £18.5m savings as per the LGR Business Case. We have achieved £3.8m (out of the £5.5m due in 23/24) of these savings in Q1. NB This includes staff savings related to Ref 7.	We are working to understand the potential for new savings via the TTC projects that are currently being assessed.	£811k related to temporary labour contracts has been identified as an additional in-year pressure reduction.		Transition, Transformation & Change is being mobilised and completion of Project Initiation Documents (PIDs) requested. This has enabled early assessment of potential for additional financial benefits, which we are exploring. We are continuing to monitor the PIDs and are currently in the process of feeding back to teams and managers for further information, and to establish timescales when additional details will be known, including full details of expected financial benefit. The benefits realisation approach has recently been endorsed via the South West Audit Partnership (SWAP) and we are collating an action plan, including clear comms, to help embed the approach and thus help provide the intelligence and insight required. The Transition Programme for the next two years is being mobilised with effort focused on providing assurance that fundamentals that are required for successful project delivery are in place, as well, as visibility to Transition, Transformation and Change Board of the cumulative impacts/requirements to provide a baseline of prioritised activity. Work is also under way across programme workstreams, Adults and Children's Transformation Teams to produce a baseline of all transformation activity (as well as the transition programme) planned and in-delivery across the council. By baselining what's happening now, next or in the future and developing an understanding of the benefits (those already committed to the MTFP and new opportunities) we will have a clearer understanding of where resource, effort and investment should be targeted from which to develop an understanding of the impact this is having, including risk management for both transition and transformation activities.
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 5 predecessor councils.	Cllr Liz Leyshon, Deputy Leader of the Council and Lead Member for Resources and Performance	Jason Vaughan, Executive Director – Resources & Corporate Services	Donna Parham	N/A	N/A	N/A	N/A	The 2022/23 outturn report has been produced and was considered by the Executive on 6 Sept and Corporate & Resources Scrutiny on 7 Sept. The five statement of accounts for 2022/23 have now all been produced and published. These provide the starting point for Somerset Council's finance and will enable work on reviewing the amalgamated finances to commence. It is expected that the review will be completed by November and will be able to assist with the 2024/25 budget setting process.

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Decision Report - Executive Decision

Forward Plan Reference: n/a

Decision Date – 8 November 2023

Key Decision – no

Confidential Information – no



Property and Investments Executive Sub-Committee

Executive Member(s): Leader of the Council and Lead Member for Governance and Communications

Local Member(s) and Division: All

Lead Officer: David Clark – Service Director, Governance, Democratic and Legal

Author: Jill Byron – Interim Head of Legal Services

Summary / Background

1. Local government legislation and the Council's Constitution allow the Leader of Council to appoint sub-committees of the Executive. A sub-committee can undertake specific functions on behalf of the Executive and either operate with delegated decision making or make recommendations back to the Executive.
2. The Financial Strategy Update report (Agenda item 7) describes in detail the very stark and challenging financial position faced by Somerset Council, outlining the steps that are being taken to address and mitigate the issues. A key step is the managed disposal of the Council's commercial investment portfolio and one of the recommendations, at paragraph 14(d) of that report, is for the disposal programme to be overseen by a Property and Investment Executive sub-committee. This report deals with the establishment of that Committee and its terms of reference.
3. Somerset Council has inherited a portfolio of commercial investments from the predecessor district councils. In the current economic climate and in the light of the financial pressures, the proper management of these investments pending any disposal is crucial to the financial wellbeing of the Council. The anticipated volume of work and level of business scrutiny required would be a significant addition to an already busy Executive agenda, so the establishment of an Executive Sub-Committee with delegated powers to oversee this work is a sensible and prudent approach.
4. The proposed terms of reference of the Property and Investments Executive Sub-Committee are set out in Appendix 1. Scrutiny engagement would be via the Scrutiny Committee - Corporate and Resources.

Recommendations

5. The Executive notes and approves the decision of the Leader of Council to establish a Property and Investments Executive Sub-Committee with the Terms of Reference set out in Appendix 1 with effect from 9 November 2023.

Reasons for recommendations

6. To ensure that the Council is able to take the steps recommended in the Updated Financial Strategy Report to enable it to take tight control over its finances and set a balanced budget for 2024/25 and ensure the commercial investment portfolio is prudently managed pending and during any agreed disposal programme.

Other options considered

7. This proposal aligns with the recommendations set out in the Updated Financial Strategy report and represents a proportionate and transparent way to deal with this matter.

Links to Council Plan and Medium-Term Financial Plan

8. These arrangements form part of the steps being taken to deliver the Council Plan and to avoid a section 114 notice.

Financial and Risk Implications

9. The scale of financial challenges facing the council are significant. There is also more risk and uncertainty for the new council until all of the external audits of 2022/23 accounts from the predecessor councils are finalised. Given the size of the updated budget gap, Strategic Risk ORG0057 Sustainable MTFP has the highest score possible:

Likelihood	5	Impact	5	Risk Score	25
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This proposal forms part of the actions proposed to mitigate that risk.

Legal Implications

10. Since vesting day, Somerset Council has operated under a Leader and Executive model, which means that the majority of the Council's functions are the responsibility of a small number of councillors operating as an Executive. The Leader of the Council has responsibility for agreeing the detail of the executive arrangements. Local government legislation and the Council's Constitution allow the Leader of Council to appoint sub-committees of the Executive. A sub-committee can undertake specific functions on behalf of the Executive and either operate with delegated decision making or make recommendations back to the Executive.

HR Implications

11. There are no immediate HR implications.

Other Implications:

Equalities Implications

12. There are no direct equalities implications.

Community Safety Implications

13. There are no direct Community Safety implications.

Climate Change and Sustainability Implications

14. There are no direct Climate Change and Sustainability implications.

Health and Safety Implications

15. There are no direct Health and Safety implications.

Health and Wellbeing Implications

16. There are no direct Health and Wellbeing implications.

Social Value

17. There are no direct Social Value implications.

Scrutiny comments / recommendations:

18. The proposed decision has not been considered by a Scrutiny Committee

Background

19. As the previous report at agenda item 7 explains, the Council's Medium-Term Financial Strategy (MTFS) provides a strategic financial framework and a forward-looking approach to achieving financial sustainability and was approved in July 2023. Various measures are in hand to address the predicted shortfall between the resources available and the cost of current service. Amongst the range of actions being taken to close the £100m forecast budget gap is a review of the inherited commercial investment portfolio and the associated development of a disposal programme as explaining in particular at paragraphs 53-54 of the Financial Strategy Update report, which recommend that the decision is made to dispose of the commercial investment portfolio, to delegate the appointment of external agents to Director of Strategic Asset

Management and to ensure the disposal programme is overseen by a Property & Investment Executive sub-committee.

20. In addition, the proper management of these investments pending any disposals is crucial to the financial wellbeing of the Council. The anticipated volume of work and level of business scrutiny required would be a significant addition to an already busy Executive agenda, so the establishment of an Executive Sub-Committee with delegated powers to oversee this work is a sensible and prudent approach.
21. The Leader of Council, in consultation with the Executive, has decided to establish a Property and Investments Sub-Committee of the Executive with effect from 9 November 2023. The terms of reference for this executive sub-committee are set out in Appendix 1 and will be incorporated into the Council's Constitution and reported for information to the next meeting of Council on 20 December 2023.
22. As an executive sub-committee, the Property and Investments Sub-Committee will meet in accordance with the executive procedure rules and meeting arrangements set out in the Constitution. Public question time arrangements for executive sub-committees are the same as for Executive meetings i.e. members of the public may address the sub-committee at their meetings, ask questions, or present a petition provided notice of the intention has been given to the relevant Committee Administrator in the Democratic Services Team in writing by 12 noon three clear working days before a meeting. The Chair of the relevant sub-committee has the discretion to vary these arrangements.

Background Papers

- Local Government Acts 1972 and 2000 and associated regulations
- Somerset Council Constitution
- Financial Strategy Update Report to Executive – 8 November 2023

Assurance checklist

	Officer Name	Date Completed
Legal & Governance Implications	David Clark	30.10.23
Communications	Peter Elliott	30.10.23
Finance & Procurement	Nicola Hix	n/a
Workforce	Alyn Jones	30.10.23
Asset Management	Jason Vaughan	30.10.23
Executive Director / Senior Manager	Alyn Jones	30.10.23
Strategy & Performance	Alyn Jones	30.10.23
Executive Lead Member		
Consulted:	Councillor Name	

Local Division Members		n/a
Opposition Spokesperson		
Scrutiny Chair		

Appendix 1

Property and Investments Sub-Committee – terms of reference

Membership and meeting arrangements

1. The Sub-Committee takes decisions on behalf of the Executive in terms of commercial property and investments in accordance with the Council’s plans, policies, strategies and procedures, including in particular the Non-Treasury Management Investment Strategy (the Strategy) and Financial Regulations.
2. The sub-committee will be made up of 4 members drawn from the Executive as follows:

Leader of the Council

Lead Member for Resources and Performance (Deputy Leader)

Lead Member for Economic Development, Planning and Assets

Lead Member for Transport and Digital

Along with the Associate Lead Member for Commercial Investment and Risk (as a non-voting co-opted member)

Any substitute members must be from the Executive.

3. The quorum shall be 3 members.
4. The Chair will be the Leader (or the Council or Deputy Leader in the Leaders absence).
5. In the absence of the Chair, the Lead Member for Resources and Performance will chair the meeting and another member of the Committee will be appointed if they are absent.
6. The sub-committee will meet as and when required and be governed by the Executive Procedure Rules.
7. The sub-committee will report annually to the Executive.

Functions

1. The Sub-Committee will be responsible for advising the Executive and Council in respect of any strategy, policy or other arrangements required to ensure the Council has appropriate governance arrangements in place to protect and maintain the value of the Council's non-treasury and commercial investments (the Portfolio) and providing assurance that those arrangements, including in particular the management of risk, are operating properly and to the benefit of the Council.
2. The Sub-Committee will be responsible for all decisions relating to the Portfolio.
3. The Sub-Committee will meet as and when required to deal with real and personal property disposals or acquisitions and other matters within the scope of the Strategy.

Commercial Investment Property

4. The Sub-Committee will be responsible for establishing, maintaining and monitoring arrangements to ensure that the routine management of tenancies and licences within the Portfolio, is handled in a robust and agile manner and delegated appropriately and that adequate financial provision is made to meet the Council's responsibilities under such tenancies and licences. This includes, but is not limited to:
 - The grant, variation, extension, renewal or termination of leases;
 - The grant, variation, extension, renewal or termination of new licences;
 - The conduct and agreement of all rent reviews, including the award of rent free periods;
 - The grant, variation, extension, renewal or termination of easements and wayleaves;
 - Agreement to changes of use;
 - The agreement of compensation claims where budgetary provision has already been made.

Companies

5. The Sub-Committee will be responsible for establishing, maintaining and monitoring arrangements to ensure that the arrangements in place for any joint ventures within the Portfolio are properly established, maintained and monitored. This includes, but is not limited to, arrangements for:
 - The appointment and removal of Council appointed directors;
 - The appointment and removal of observers;

Granting or refusing consent for matters requiring the Council's consent as shareholder.

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Decision Report - Executive Decision

Forward Plan Reference: FP/23/09/29

Decision Date – 8 November 2023

Key Decision – Yes



Policy for the Disposal of Assets

Executive Member: Lead Member for Economic Development, Planning and Assets

Local Member(s) and Division: All

Lead Officer: Oliver Woodhams, Service Director Strategic Asset Management

Contact Details: oliver.woodhams@somerset.gov.uk

Author: Sally Stark, Assets Manager, Strategic Asset Management

Contact Details: sally.stark@somerset.gov.uk

Summary / Background

1. This policy establishes the basis upon which the Council disposes of its property assets. For the purpose of this policy, a disposal of land means any freehold disposal, by sale or exchange or the grant of an option, of Council-owned land or buildings.

This policy does not cover: -

- Commercial Investment Properties
 - Housing Revenue Account Assets
 - Academy Conversions (leases to Academy Trusts and statutory transfers)
 - Wayleaves, easements, licences and the release of covenants
2. Community Asset Transfers and the Council's agricultural estate fall under the terms of this policy, but will also be subject to separate supplemental policies.

Recommendations

3. **The Executive agrees the approval of the Policy for the Disposal of Assets**

Reasons for recommendations

4. The Council approved the Asset Management Strategy and Plan on the 22nd of February which guide the policy making and decisions on how the Council's property and land portfolio will be used. There are six objectives listed in the plan as follows: -
 1. The Council's estate is financially sustainable, efficient, and effective
 2. Assets that are fit for purpose, safe & compliant
 3. Assets that address the Climate Emergency.
 4. The Council's estate is used meet housing and care needs, with an emphasis on social housing.
 5. The Council's estate supports prosperity and economic growth

6. Address the growing challenges in the Council’s school buildings estate
5. The strategic property aim is to ensure land and building assets are efficiently managed, maintained, redeveloped, acquired, and disposed of in a consistent, strategic manner that supports corporate objectives and service delivery.
6. The Council undertakes land and property disposals in line with several key principles, namely:
 - It does not hold surplus property for which there is no current or ‘likely potential’ projected future need. Such properties should be disposed to generate capital receipts, to support other policy priorities (for example, the provision of housing) and to reduce liabilities and risks.
 - Land and property is usually disposed of on the open market unless there are exceptional reasons not to do so.

Other Options Considered

7. This policy has been developed by senior officers from the property departments of the five former Somerset Councils and overseen by the Asset Management Group. It replaces the previous policies held by the former five Somerset Councils.

Links to Council Plan and Medium-Term Financial Plan

8. The policy will contribute towards the Council’s 2023/4 MTFP target for capital receipts in order to support the delivery of the Somerset Council Plan 2023-2027 priorities.

Financial and Risk Implications

9. There are risks in all property transactions is that a proposed disposal may not progress as quickly as the Council expects after the decision is signed, due to (for example) negotiations with the purchasers, formality of completing paperwork and change of buyer circumstances.
10. Whilst the land and property that has been declared surplus by the Asset Management Group, whilst it remains in the ownership of Somerset Council, the Local Authority is responsible to keep the property secure and safe.

Likelihood	2	Impact	3	Risk Score	6
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Legal Implications

11. All land and property transactions undertaken by the Council must be conducted in compliance with relevant legislation, which includes but is not limited to.
 - **Section 123 of the Local Government Act 1972**, which allows the Council to dispose of land, and requires that the best consideration that can reasonably be obtained from this must be achieved.

- **Local Government Act 1972 General Disposal Consent (England) 2003 Circular 06/03**, which allows the Council to dispose of land and property at an undervalue where doing so helps to secure economic, social, or environmental wellbeing of its area, provided that the undervalue does not exceed £2m (above that figure the consent of the Secretary of State must be obtained).
- **Section 77 of the School Standards and Framework Act 1998** and **Schedule 1 of the Academies Act 2010** govern the disposal of current and former school land and playing fields.

12. The legal work to progress the land and property disposals will be conducted through the Council's in-house Legal Services team who will draft the necessary legal documentation for the proposed disposal and will provide legal advice and support to ensure that the Council's interests in respect of the same are protected.

HR Implications

13. There are no HR implications with this decision.

Other Implications

Equalities Implications

14. As individual proposals are identified a consideration of due regard will be given (including accessibility and staff implication). Where appropriate these will be progressed to an Equality Impact Assessment and included with the individual decisions per asset.

Community Safety Implications

15. There are no Community Safety implications with this decision.

Climate Change and Sustainability Implications

16. There are no Climate Change and Sustainability implications with this decision.

Health and Safety Implications

17. There are no Health and Safety implications arising with this decision.

Health and Wellbeing Implications

18. There are no Health and Wellbeing implications arising from this decision.

Social Value

19. There are no social value implications from this decision.

Scrutiny comments / recommendations:

20. The Scrutiny Committee – Corporate and Resources considered the policy on the 7 September 2023 and noted the information provided.

Background

21. Somerset Council's Asset Management Strategy and Plan was developed as part of the Local Government Reorganisation programme in Somerset. This was led by senior officers from the property departments in all five former Somerset Councils who developed the strategy in conjunction with Lead Members from the Somerset Council Executive.
22. The strategy and plan were approved by the Council on the 22nd of February 2023. The document sets out the Council's strategic objectives for property asset management, the approach the Council will take to managing its property assets, and a series of high-level commitments to guide property asset management decisions and policy making.

Background Papers

23. Asset Management Strategy and Plan

[SCC - Public - Corporate Property Asset Management Strategy.pdf - All Documents \(sharepoint.com\)](#)

Scrutiny Committee – Corporate and Resource 7 September of 2023

<https://democracy.somerset.gov.uk/ieListDocuments.aspx?CId=199&MId=2503&Ver=4>

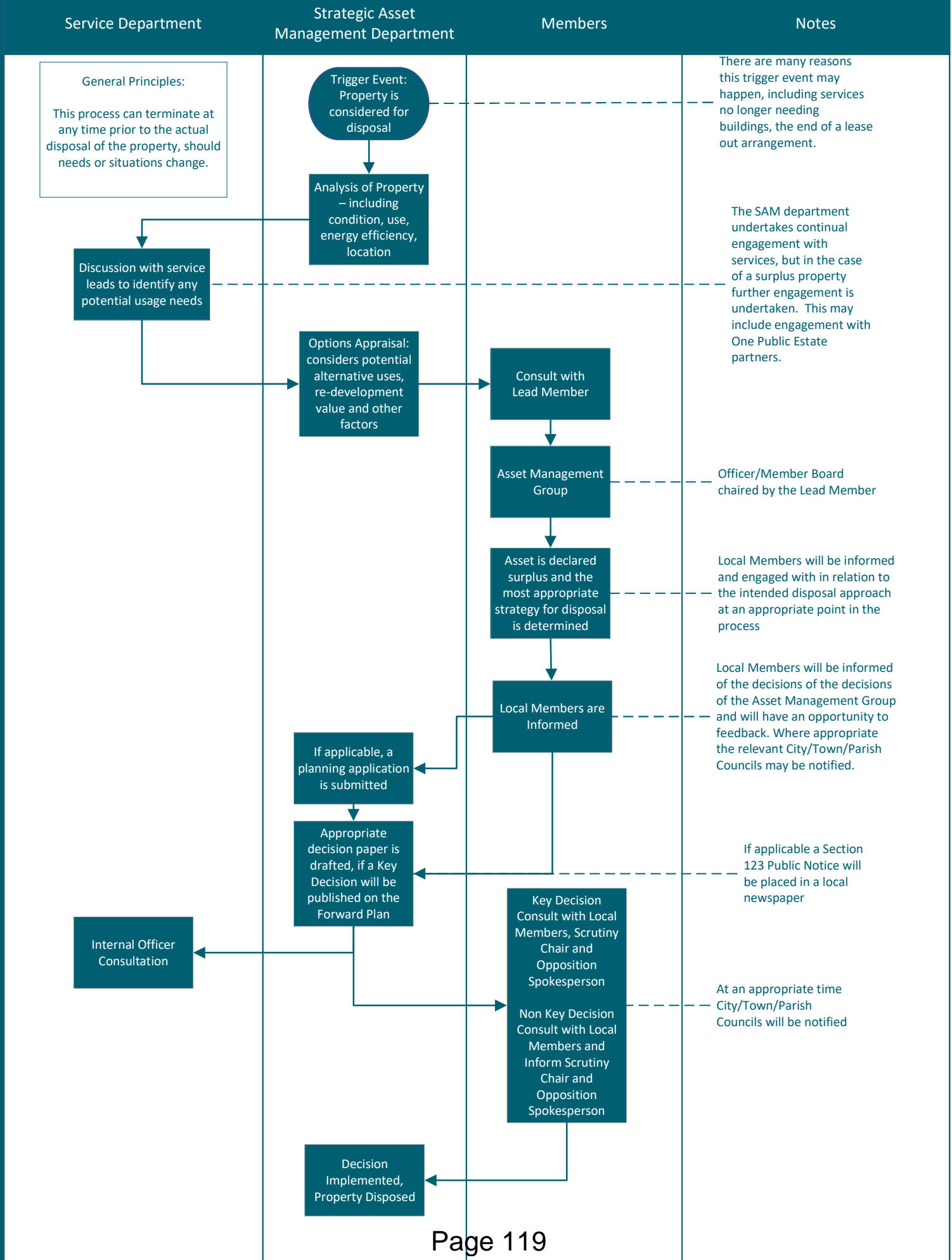
Appendices

23. Policy for the Disposal of Assets
Appendix A: Policy for the Disposal of Assets Process Map
Appendix B: Disposal of Small Sites Process Map

Report Sign-Off

	Officer Name	Date Completed
Legal & Governance Implications	David Clark	31/10/2023
Communications	Peter Elliott	26/10/2023
Finance & Procurement	Nicola Hix	22/09/2023
Workforce	Alyn Jones	31/10/2023
Asset Management	Oliver Woodhams	23/10/2023
Executive Director / Senior Manager	Jason Vaughan	24/10/2023
Strategy & Performance	Alyn Jones	31/10/2023
Executive Lead Member	Cllr Ros Wyke – Lead Member for Economic Development, Planning and Assets	30/10/2023
Consulted:	Councillor Name	
Local Division Members	N/A	
Opposition Spokesperson	Cllr Mark Healey for Prosperity, Assets and Development	Notified 26/10/2023
Scrutiny Chair	Cllr Bob Filmer – Scrutiny Committee – Corporate & Resources	30/10/2023

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Service Department

Strategic Asset Management Department

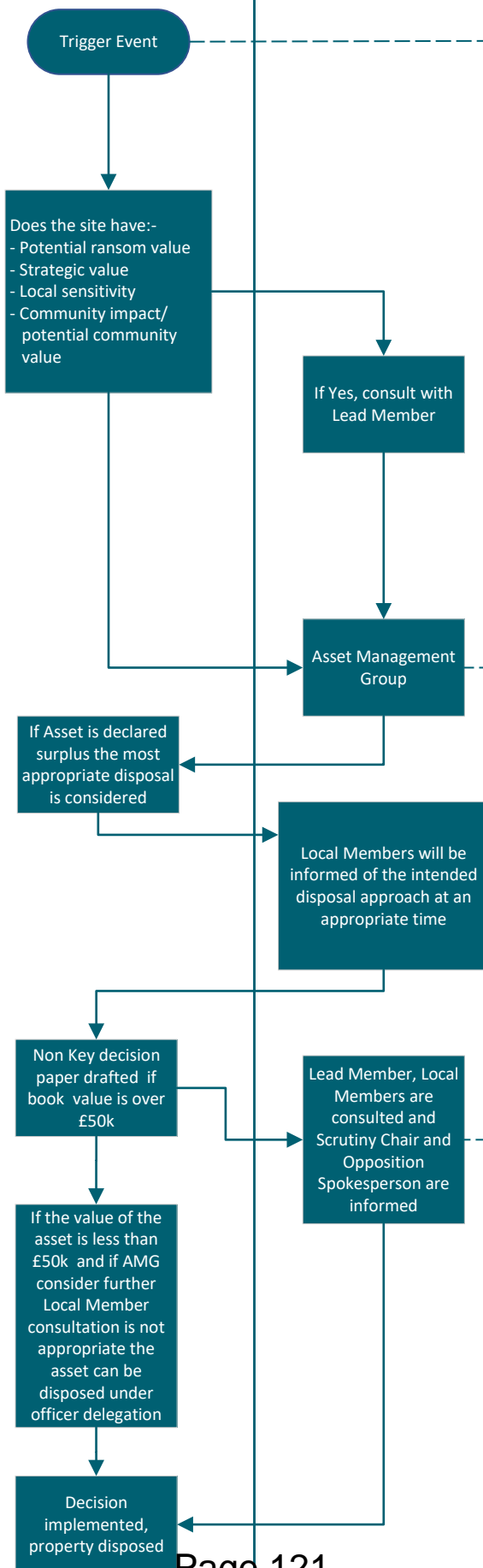
Members

Notes

General Principles:

This process can terminate at any time prior to the actual disposal of the property, should needs or situations change.

There are many reasons this trigger event may happen, including the end of a lease out arrangement, an area review of small site holdings, or an enquiry regarding the potential purchase of a small site.



Officer/Member Board, chaired by the Lead Member (very small disposals may be circulated for review between meetings)

If applicable a Section 123 Public Notice will be placed in a local newspaper

If applicable / appropriate - City/Town/Parish Councils will be notified

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**Somerset
Council**

Policy for the Disposal of Assets

Organisation	Somerset Council
Title	Policy for the Disposal of Assets
Senior Responsible Officer	Service Director - Strategic Asset Management
Owner	Strategic Asset Management
Protective Marking	Unclassified
Primary Legislation	Local Government Act 1972 Local Government Act 1972 General Disposal Consent (England) 2003 Circular 06/03

Policy for the Disposal of Assets

Policy Statement

This policy establishes the basis upon which the Council disposes of its land and property assets. It replaces the previous policies on asset disposal held by the former five Somerset Councils.

For the purpose of this policy, a disposal of land means any freehold disposal, by sale or exchange or the grant of an option, of Council-owned land or buildings. Leasehold disposals also fall under the terms of this policy where the lease term is 50 years or more.

This policy does not cover: -

- Commercial Investment Properties
- Housing Revenue Account Assets
- Academy Conversions (leases to Academy Trusts and statutory transfers)
- Wayleaves, easements, licences and the release of covenants

Community Asset Transfers and the Council's agricultural estate fall under the terms of this policy, but will also be subject to separate supplemental policies.

Regulation of Disposal Transactions

All land and property transactions undertaken by the Council must be conducted in compliance with relevant legislation, which includes but is not limited to.

- **Section 123 of the Local Government Act 1972**, which allows the Council to dispose of land, and requires that the best consideration that can reasonably be obtained from this must be achieved.
- **Local Government Act 1972 General Disposal Consent (England) 2003 Circular 06/03**, which allows the Council to dispose of land and property at an undervalue where doing so helps to secure economic, social, or environmental wellbeing of its area, provided that the undervalue does not exceed £2m (above that figure the consent of the Secretary of State must be obtained).
- **Section 77 of the School Standards and Framework Act 1998** and **Schedule 1 of the Academies Act 2010** govern the disposal of current and former school land and playing fields.

Asset Management Strategy and Plan

Somerset Council's Asset Management Strategy and Plan was developed as part of the Local Government Reorganisation programme in Somerset. This was led by senior officers from the property departments in all five former Somerset Councils who developed the strategy in conjunction with Lead Members from the Somerset Council Executive.

The strategy and plan were approved by the Council on the 22nd of February 2023. The document sets out the Council's strategic objectives for property asset management, the approach the Council will take to managing its property assets, and a series of high-level commitments to guide property asset management decisions and policy making.

The implementation of the Asset Management Strategy will be driven and overseen by the Asset Management Group (AMG). The AMG will comprise of senior officers, including representatives of the finance and property asset management functions and representation from Executive Lead Members, 3 of which have standing invites to attend, other Executive Members invited as required according to their portfolios.

The strategy has six objectives, which will guide policy making and decisions on how the Council's property and land portfolio will be used. These objectives will shape the core principles of the Asset Management Group.

1. The Council's estate is financially sustainable, efficient, and effective
2. Assets that are fit for purpose, safe & compliant
3. Assets that address the Climate Emergency
4. The Council's estate is used meet housing and care needs, with an emphasis on social housing
5. The Council's estate supports prosperity and economic growth
6. Address the growing challenges in the Council's school buildings estate

The strategic property aim is to ensure land and building assets are efficiently managed, maintained, redeveloped, acquired, and disposed of in a consistent, strategic manner that supports corporate objectives and service delivery.

Reasons for the Council to hold property

Delivery of public services and the ownership of property assets are intrinsically linked: the Council holds land and property assets for a number of reasons: -

- a) For direct service delivery (such as schools, leisure centres and household waste recycling centres).
- b) To support service delivery (for example administrative offices and highway depots).
- c) To support the Council's wider policy objectives. The council holds a varied portfolio of assets for this purpose; some examples include assets made available for social or sporting purposes, sites held for environmental or ecological purposes and assets retained for a range of strategic reasons such as a potential to contribute to future regeneration schemes, workspaces for local employment provision or other potential strategic purposes e.g., future school sites. In addition, many assets provide ancillary revenue income which in turn helps to support the Council in delivering important services to its residents.

Key Principles for Property Disposals

The Council undertakes land and property disposals in line with several key principles, namely:

- It does not hold surplus property for which there is no current or 'likely potential' projected future need. Such properties should be disposed to generate capital receipts, to support other policy priorities (for example, the provision of housing) and to reduce liabilities and risks.
- Land and property is usually disposed of on the open market unless there are exceptional reasons not to do so. These reasons may include the existence of a special purchaser such as a neighbour or current tenant or a strategic partnership opportunity.

Land and property is disposed for the best consideration that can be reasonably obtained, unless disposing of the property at an undervalue helps to secure economic, social, or environmental well-being. Meeting the duty to achieve best consideration is usually demonstrated through competitive bidding arising from exposure to the market, and sale or letting agents will normally be appointed for this purpose. Best consideration may also be demonstrated through the valuation of an asset by professional valuers if the property is not sold on the open market.

Disposals are also conducted in compliance with the Somerset Council Constitution, Financial Regulations, and Scheme of Delegation.

Surplus Property

There are many reasons why land and property may be considered surplus, such as through regular asset review, through changing service needs or changes in lease arrangements leading to vacant buildings. Consideration of an asset as surplus may also be triggered by an approach from a third party which may stimulate a review.

When a property is identified as potentially suitable for disposal, the Strategic Asset Management department undertakes consultation with appropriate internal services to evaluate whether there is a current or projected future need for the property. The

Assets of Community Value register is also checked, as there are restrictions added to the disposal in those cases, as detailed in the Assets of Community Value Regulations (2012).

If no internal need is identified, the property will be listed for discussion at Asset Management Group which will consider:

- Whether the property should be declared surplus to the Council's use
- If the property is considered surplus, the AMG will consider an appropriate approach and options for disposal and set objectives for officers to implement.

Following consideration by the AMG, Local Members will be notified of the proposed disposal and strategy/objectives, on a confidential basis, and will be invited to feed back any concerns.

The professional Strategic Asset Management team will progress the disposal, in consultation with relevant officers and members, through the most appropriate means.

The appropriate approach and objectives for the disposal of a particular asset will be determined by Asset Management Group on a case-by-case basis. The disposal of assets can take many months (even years) and if there is a change in circumstances or requirements and it is judged that the disposal of the property is no longer appropriate, Asset Management Group will discuss issues arising and the property may returned to operational use.

Where, in the opinion of the Strategic Asset Management department (endorsed by the Asset Management Group), land has the potential for redevelopment which may enhance its disposal value, an appropriate planning consent or pre-application advice may be sought before disposal. Prior to any application being submitted, input may be sought from Strategic Asset Management's planning experts, from external advisors, or from the Council's planning functions.

Disposal Terms and Conditions

The terms of any asset disposal will be negotiated on a case-by-case basis. The presumption is that the terms will be fundamentally commercial in nature with the aim

of maximising the financial return to the Council: either directly via capital receipt, through rental income or through a reduction in financial liabilities. Restrictive covenants, uplifts, and clawback clauses will be applied as appropriate to any sales, with the exact form of these agreements to be decided on a case-by-case basis. Terms for the disposal of assets falling within the scope of this policy will always be determined and agreed by officers within the Strategic Asset Management function.

Member engagement

The Lead Member for Economic Development, Planning and Assets will be kept apprised of progress on the disposals programme by way of regular briefings.

Local Members will be advised of land and properties in their division that have been declared surplus following the relevant meeting of Asset Management Group.

If the capital receipt of a disposal is anticipated to be over £500,000, a Key Decision will be added to the Forward Plan and the decision report will be published on the Somerset Council website. Members representing the division in which the asset is situated will be consulted.

Valuations

The Council has a duty to dispose of land and property for best consideration. In most cases, this is demonstrated through exposure to the open market. In exceptional circumstances, where this is not the case, valuations are undertaken in order to show that best consideration has been obtained.

The Strategic Asset Management department has a number of officers who are registered valuers and members of the Royal Institution of Chartered Surveyors. In most cases, valuation of property will be undertaken in-house by appropriately qualified / registered professional officers. Staff who are members of the Royal Institution of Chartered Surveyors (RICS) are bound by a Code of Conduct and must adhere to professional and ethical standards.

In exceptional cases the land or property asset may be valued by an external valuer to provide additional reassurance where an asset is specialist or has a range of alternative values, or where an appropriate in-house resource is not available.

Minor disposals of small parcels of land, such as to the adjacent neighbour, will not generally require a formal valuation but will always be subject to the judgement of professionally qualified member of staff.

If the proposed disposal of an asset is at an undervalue (i.e. less than 'best consideration'), then the social, economic, environmental or other applicable benefits will be clearly set out in the relevant decision report, with reference to the Council Plan or the Asset Management Strategy.

Openness and Transparency

The Local Authority publishes information on land and building assets in accordance with the mandatory requirements of the Local Government Transparency Code 2015.

Discussions will be held with Somerset Council colleagues and strategic partners (including where appropriate the Council's One Public Estate partners) before an asset is declared surplus by the Asset Management Group. Any decision to dispose of an asset will be made strategically and collaboratively and where there are no suitable or identified future uses.

If the value of the asset is anticipated to be over £500,000, the proposed disposal will be published on the Council's Forward Plan. The Chair of the Corporate and Resources Scrutiny Committee will be informed of all such decisions, and may consider whether a proposed disposal should be discussed at a Scrutiny Committee. Disposals of sites with a value between £50,000 and £500,000 will be subject to a Non-Key Decision; as noted above Local Members, the opposition spokesperson and the Chair of the Corporate and Resources Scrutiny Committee will be informed where appropriate.

As noted above, local members will be informed of the intended disposal approach when an asset is declared surplus by the Asset Management Group, and also as part of the decision-making process. Local Members are bound by their Code of Conduct,

which obliges them to keep commercially sensitive or personal information confidential.

If applicable/appropriate, City, Town or Parish Councils will be notified.

In order to protect the commercial interests of the Council and any other parties in disposal transactions, financial and commercial details of potential and in-progress transactions may remain confidential until it is judged that the release of details would not be detrimental to the current and future interests of the involved parties.

Small Sites

Land and building assets of low significance or value (under £50,000) that are deemed to be surplus will generally be disposed under officer delegation. The following issues will be considered by officers in all such disposals:

- Potential ransom value
- Strategic value
- Local sensitivity
- Community impact/ potential community value

Small sites that are considered to be surplus will all be listed for consideration at the bi-monthly Asset Management Group meetings (by exception, small site disposals may be circulated for AMG Members for review between meetings). Subject to AMG review, small sites with an anticipated value of under £50,000 will be disposed under officer delegation, unless Asset Management Group consider that Local Member consultation is appropriate.

Asset Devolution

The Asset Devolution Framework will be aligned with this Disposals Policy and asset disposals under any devolution programme will need to adhere to these overarching policies and procedures.

Background document

Asset Management Strategy and Plan

<https://www.somerset.gov.uk/finance-performance-and-legal/land-and-property/>

Appendices

Appendix A: Disposal of Assets Process Map

Appendix B: Disposal of Small Sites Process Map

Responsible	Service Director Strategic Asset Management
Accountable	Lead Member for Economic Development, Planning and Assets
Consulted	Asset Management Group (28 th July 2023) Leader of the Council and Lead Member for Governance & Communications Deputy Leader of the Council and Lead Member for Resources and Performance Lead Member for Economic Development, Planning and Assets Asset Management Group (22 nd September 2023)
Informed	Scrutiny Committee - Corporate and Resources (7 th September 2023)

Version History

Revision Date	Author	Version	Description of Revision
13/04/2023	Strategic Asset Management	1	Draft version
28/07/2023	Strategic Asset Management	2	Asset Management Group
14/08/2023	Strategic Asset Management	3	Post Informal Exec
15/09/2023	Strategic Asset Management	4	Post Scrutiny
22/09/2023	Strategic Asset Management	5	Asset Management Group
06/09/2023	Strategic Asset Management	6	Pre - Executive

Document Notification

Approval	Name	Date

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Somerset Council



Notice of private meeting

The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 – Regulation 5

Following prior publication in the Forward Plan October 2023, in accordance with the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 – Regulation 5, notice is hereby given that the Executive is requested to consider agreeing a resolution at its Meeting on 8 November 2023 to exclude the press and public from any part of the meeting where exempt information relating to the items below is to be disclosed:

Celebration Mile, Bridgwater – Appointment of Contractor

Author: Stuart Martin

Contact Details: 01278-435495 / stu.martin@somerset.gov.uk

Decision to award Contracts for Care and Support at Home in Somerset

Author: James Sangster and Vicky Chipchase

Contact Details: james.sangster@somerset.gov.uk

vicky.chipchase@somerset.gov.uk

Award of contract for highways services

Author: Sarah Stanistreet, Principal Highways Transformation Officer.

Contact Details: sarah.stanistreet@somerset.gov.uk

Reasons for the item to be considered in private session at the meeting

Local Government Act 1972 – Schedule 12A

The item is likely to contain information relating to the financial or business affairs of any particular person (including the authority holding that information).

Representations received to hold the item in open session

None.

Council's response to representations received

Not applicable.

Circulation:

All Somerset Council Members
Council's website

31 October 2023
David Clark – Monitoring Officer

For questions about this notice please contact Mike Bryant, Democratic Services, County Hall, Taunton, TA1 4DY.
Tel: 01823 357628 Email:mike.bryant@somerset.gov.uk

Decision Report - Executive

FP/23/09/18

Decision Date – 8 November 2023

Key Decision – Yes



CELEBRATION MILE, BRIDGWATER – APPOINTMENT OF CONTRACTOR

Executive Member(s):	Cllr Ros Wyke
Local Member(s) and Division:	Cllr Leigh Redman, Cllr Hilary Bruce, Cllr Brian Smedley and Cllr Kathy Pearce
Lead Officer:	Stuart Martin
Author:	Stuart Martin
Contact Details:	01278-435495 / stu.martin@somerset.gov.uk

Summary / Background

1. The Celebration Mile project in Bridgwater has been a long-held ambition for the town to deliver streetscape improvements from the railway station through to the docks. As part of the Bridgwater Town Fund grant award a substantial section of the route was selected for delivery; Eastover (street), Clare Street and Angel Crescent. Following a competitive tender exercise officers are now able to recommend to Council Executive the appointment of a contractor to deliver the works and seek approval to proceed.

These works will substantially improve the pedestrian and cycle accessibility into and through the three areas and improve the conditions for businesses and traders to be successful. Works will include widened pavements, re-ordered traffic movement and landscaping.

Recommendations

2. The Executive agrees;
 - a. That Taylor Woodrow SWH Contracting be identified as the preferred main contractor to deliver the works with formal appointment being subject to the successful outcome of further officer and contractor discussions to value engineer and de-scope elements of work to bring an agreed contract price to within project budget levels.
 - b. That a delegation be provided to the Lead Member for Economic Development, Planning and Assets in consultation with the Service Director Economy, Employment and Planning to confirm contractor appointment following the discussions and which must result in assurance that the project will not require additional top up funds from Somerset Council. The result of this process to be brought back to Executive for ratification.

- c. The work to de-scope and value engineer the project will include the following; a reduction in the area identified for enhancement, alternative materials to replace natural stone such as granite and removal of the proposal to create new facades in the colonnade area of Angel Crescent.
- d. The case for exempt information in Appendix B and Appendix D to be treated in confidence, as the case for the public interest in maintaining the exemption outweighs the public interest in disclosing that information.
- e. To exclude the press and public from the meeting where there is any discussion regarding Appendix B and Appendix D (to be treated as exempt information).

Reasons for recommendations

3. Following a competitive tendering exercise two bids were received and assessed against agreed criteria which scored the bids 60% price and 40% quality. The attached Appendices A and B provide detail on the procurement exercise, Appendix C details Project Risk Register and Appendix D Pricing Comparison detailing bids received against budget.
4. The Appendices B and D should be exempt for the reason of commercial and financial confidentiality.

Other options considered

5. a. In considering that the bid not selected for recommendation was significantly below budget but did not reach the quality standards expected during the procurement assessment, Executive may consider that a new procurement exercise should be undertaken. However, this is not recommended for the following reasons:
 - There is a risk that a new procurement exercise will not produce any acceptable bids due to continuing inflationary price pressures.
 - The delay to start of work and consequent delay to the spend of Towns Fund grant would be a material change to the approved business case requiring a formal change request submitted to DLUHC. This would further delay the project and there is no certainty that the change would be agreed.
- b. The Executive might consider that the works cannot be delivered due to the possibility that following further discussions the proposed contract sum cannot be brought into line with the project budget. In this case Executive could decide not to proceed with this element of Towns Fund grant, again this is not recommended for the following reasons:
 - Officers believe that project budget can be attained as part of a value engineering and de-scoping exercise.

- Officers and consultant teams have undertaken a large amount of work to de-risk the project and bidders have indicated only a small number of red risks which are all capable of mitigation.

The Risks are assessed within section 7 and 8.

Links to Council Plan and Medium-Term Financial Plan

6. Towns Fund grant is not linked to the Council Plan or Medium-Term Financial Plan, but the proposals are a long-held ambition of the former District Council and, which is now translated into the objectives of the new Somerset Council. The projects meet the following Council priorities:

- A Greener, More Sustainable Somerset. Improving the drainage infrastructure through the carriageways will allow better dispersion of surface water. Raising the quality of the streetscape unites the two Conservation Areas and provides better context and condition for historic buildings. Introducing improved conditions for both pedestrians and cyclists will reduce air pollution and carbon impacts within the town centre.
- A Healthy and Caring Somerset. The project enables walking and cycling through improvements to the road network in Eastover in particular. Accessibility to Eastover for people with disability and equalities issues will be much improved. The degraded appearance of Angel Crescent will be significantly enhanced and provide an important boost for all generations to better enjoy the town centre experience.
- A Fairer, Ambitious Somerset. Raising the quality and creating a better environment within the town centre will allow those businesses and traders that work hard to stay afloat and flourish.
- A Flourishing and Resilient Somerset. Creating better physical links between the places that matter in the town will allow equity of access to opportunities.

The project will have the following impacts:

- Raised quality of materials through the spine of the town centre and linking together the important areas of the shopping / leisure experience by breaking down barriers created by traffic and pollution that lead to an unpleasant experience in the town centre.
- Material quality will provide longevity of appearance and use for the next 100 years at least.
- Improved accessibility and footfall across Town Bridge into Eastover will provide traders with better opportunities to be successful.
- Creating a high-quality environment that visitors to the town will appreciate linking together important aspects of tourism at the Mercure Hotel and health and social care training facilities at the former Bridgwater Infirmary.

Financial and Risk Implications

7. The financial implications to the Council from the contents of this report are limited in that the project budget is delivered via Government Towns Fund grant. There are no revenue implications to the delivery of the project as street cleaning activities will continue as normal and other maintenance around highways activity will be reduced as newly installed surfacing and paving will not require to be addressed for some years.

Decision Risk	Risk Description	Likelihood	Impact	Total Score	Mitigation
New Procurement Exercise	There is a risk that a new procurement exercise will not produce any acceptable bids due to continuing inflationary price pressures.	9	3	12	Procurement process sound and evidenced, de-scope and VE exercise underway.
	The delay to start of work and consequent delay to the spend of Towns Fund grant may not be acceptable to DLUC.	9	3	12	Procurement process sound and evidenced.
Discussions with contractor do not result in achieving budget or Council decide not to proceed because of overspend risk.	Key element of the Town Fund unlikely to be delivered reducing positive benefits and regeneration of town centre.	9	3	12	De-scope and VE exercise underway, early signs demonstrate savings can be made to achieve budget with healthy contingency.

8. Officers and consultant team have worked hard to understand the risks to the project and have mitigated wherever possible through prior investigative works such as trial holes and GPR activity. Please see Appendix C Risk Register for construction risk detail.

Legal Implications

9. Due to the fact that this project was running prior to and across Unitary Council Vesting Day, Legal Officers of the former District Council advised to outsource the NEC4 contract work. Freeths LLP were selected as preferred representatives and have provided expert advice in constructing a contract with boilerplate/Z Clauses being included again on advice from Somerset Council (North) legal officers.
10. All relevant procurement procedures have been followed and Somerset Council (North) Procurement Manager conducted an open tender process via the e-tender portal. The tender was open for a six week period and resulted in two strong bids being received.

Tenderers were able to ask clarifying questions and it is interesting to note that companies subsequently identified as prime sub-contractors to the preferred main contractor were among those requesting clarifications.

Please see the attached Appendix A Tender Evaluation Report and Appendix B Tender Evaluation Report – CONFIDENTIAL for fuller detail.

HR Implications

11. There are no direct or indirect impacts on Somerset Council Human Resources.

Other Implications:

Equalities Implications

12. Equalities Impact Assessment detailed below.

Community Safety Implications

13. There are no direct implications on community safety from this decision, however the project itself will have a positive impact as follows:
 - Improvements to the streetscape will reduce interaction with vehicles including HGVs within the town centre area as well as a reduction in vehicle pollution to the area while improved surfaces reduce the likelihood of trips and falls.
 - Degraded areas within the street scene generally tend to induce the fear of crime and raising the quality of the street scene will offer a better sense of security and reduce fear of crime. Additional CCTV provision will allow for safer areas at all times of the day.
 - Creating the environment for vitality enhances inter-generational social interaction.
 - The project will have a positive impact on the perception of crime and disorder in Bridgwater although anti-social behaviour rates are on the rise countrywide and Bridgwater is no exception. Increasing footfall and dwell time does help to reduce the instances of ASB as areas do become self-policing, however it must be recognised that the brazen and aggressive nature of some activities are becoming unmanageable. As part of Town Deal funds, Town Wardens have been appointed to engage with the community within the town centre to address these issues.

Climate Change and Sustainability Implications

16. The tender response from the contractor contained a significant section in respect of Environment and Sustainability. While not attached to this report as an appendix the information can be shared to any Member(s) who would like to inspect and understand the detail. It is anticipated that Officers will have a pre-engagement meeting with the contractor where the approach and methods to climate change, the environment and sustainability will be agreed.
17. The Sedgemoor Local Plan currently remains as the adopted policy of Council for the area detailing the detailed high level strategic direction. The project is supported by the preparation of appropriate planning documents over a long period of time all of which underwent extensive consultation and further supported by various events to maintain interest in delivering the schemes. The following Council adopted documents are relevant;
 - Bridgwater Vision 2009
 - Hinkley Point C Supplementary Planning Document 2011
 - Eastover Supplementary Planning Document 2014
 - Bridgwater Vision Refresh 2015
 - Bridgwater Re-Energised – Town Investment Plan 2021

Health and Safety Implications

18. Health and Safety is identified within the risk register as a significant issue related to public safety while street and highways works are undertaken. The contractor has provided a detailed HSE report detailing how they will manage the works and ensure public, worker and highway safety is maintained and mitigation provided.

Health and Wellbeing Implications

19. In section 6 benefits to health and well-being are identified. Discussions with the Public Health team have uncovered a need for closer relationship to create a deeper understanding of regeneration projects which will be pursued.

Social Value

20. The tender response from the contractor contained a significant section in respect of Social Value. While not attached to this report as an appendix the information can be shared to any Member(s) who would like to inspect and understand the detail. In summary the contractor will be providing; local employees, training opportunities, school site visits, apprenticeships, support for young people into work, work placements, pre-employment courses, significant value to local supply chain, well-being programmes, savings on driven car miles. In respect of the Local Labour Agreement Caroline Derrick, Employments, Skills and Development Manager will be engaged with the contractor to ensure a smooth process and monitoring of impacts.

Scrutiny comments / recommendations:

21. A detailed discussion was held with Councillor Dimery and Councillor Boyden who were satisfied that the project will have significant benefit to Bridgwater, the local economy and the community. They were also satisfied that appropriate process is in place to manage the project.

Background

22. Celebration Mile was conceived during the development of the Bridgwater Vision in 2009 and subsequently supported by additional Supplementary Planning Documents and special events designed to maintain momentum in the project. As part of the Bridgwater Towns Fund application, elements of the Celebration Mile which were prefunded to RIBA Stage 2 were put forward for consideration and subsequently successfully awarded grant funds.

Background Papers

23. None

Appendices

Appendix A Tender Evaluation Report

Appendix B Tender Evaluation Report - CONFIDENTIAL

Appendix C Risk Register for Exec Report




Appendix D Contractor Pricing Comparison - CONFIDENTIAL

Report Sign-Off

	Officer Name	Date Completed
Legal & Governance Implications	David Clark	19.10.23
Communications	Peter Elliott	30.10.23
Finance & Procurement	Jason Vaughan / Nicola Hix	30.10.23
Workforce		NA
Asset Management	Oliver Woodhams	NA
Executive Director / Service Director	Mickey Green / Paul Hickson	30.10.23
Strategy & Performance	Alyn Jones	NA
Executive Lead Member	Councillor Ros Wyke	25.10.23
Consulted:	Councillor Name	
Local Division Members	Councillors Leigh Redman and Hilary Bruce – Bridgwater North.	23.10.23
	Councillors Brian Smedley and Kathy Pearce – Bridgwater South.	26.10.23
Opposition Spokesperson	Councillor Mark Healey	30.10.23
Scrutiny Chair & Vice Chair	Councillors Martin Dimery and Adam Boyden	17.10.23

Somerset Equality Impact Assessment

Before completing this EIA please ensure you have read the EIA guidance notes – available from your Equality Officer or www.somerset.gov.uk/impactassessment

Organisation prepared for (mark as appropriate)	 Somerset Council		 NHS Somerset		 NHS Somerset NHS Foundation Trust	
Version			Date Completed			
Description of what is being impact assessed						
<p>Celebration Mile is a public realm improvement scheme that seeks to enhance connectivity between the Railway Station, the core retail offering and the new leisure destination of Northgate Yard and reinvigorated docks. Celebration Mile will form the ‘back-bone’ of Bridgwater. The route will include coordinated high quality public realm materials, street furniture, shared surfaces, paving, lighting, street trees, interpretative material, public art and improved wayfinding.</p> <p>The project seeks to improve pedestrian and cycling routes through the town, it is also designed to provide essential added value by creating new informal enterprise spaces addressing the need for inclusive growth, diversifying the range of uses and activities, improving footfall, attraction and consumer dwell time in the town to the quality experience.</p>						
Evidence						
<p>What data/information have you used to assess how this policy/service might impact on protected groups? Sources such as the Office of National Statistics, Somerset Intelligence Partnership, Somerset’s Joint Strategic Needs Analysis (JSNA), Staff and/ or area profiles,, should be detailed here</p>						
<p>Data for Bridgwater specifically has been used as part of the development of the project including Deprivation data</p>						

Health inequality data
 Data relating to the town centre including business closures

Who have you consulted with to assess possible impact on protected groups and what have they told you? If you have not consulted other people, please explain why?

Who have you consulted with to assess possible impact on protected groups? If you have not consulted other people, please explain why?

Programme Level Stakeholder engagement including
 #MyTown Feedback
 Bridgwater Vision Online Survey
 Virtual presentations – Bridgwater Chamber of Commerce and Local Parish Council
 Project partner engagement
 Project Level Stakeholder engagement including
 Consultation event at Bridgwater Town Hall
 Town centre pedestrianisation Traders Survey

Celebration mile project is one of the projects in Bridgwater’s £23.5 million Towns Funds programme.

Analysis of impact on protected groups

The Public Sector Equality Duty requires us to eliminate discrimination, advance equality of opportunity and foster good relations with protected groups. Consider how this policy/service will achieve these aims. In the table below, using the evidence outlined above and your own understanding, detail what considerations and potential impacts against each of the three aims of the Public Sector Equality Duty. Based on this information, make an assessment of the likely outcome, before you have implemented any mitigation.

Protected group	Summary of impact	Negative outcome	Neutral outcome	Positive outcome
-----------------	-------------------	------------------	-----------------	------------------

Gender reassignment	<ul style="list-style-type: none"> Enhanced street lighting will help people feel safer in town. Connection with the Town Warden project will bring together an overall safer place to visit for people. 	□	□	☒
Marriage and civil partnership	<ul style="list-style-type: none"> There are no identifiable impacts 	□	□	□
Pregnancy and maternity	<ul style="list-style-type: none"> Enhanced street lighting will help people feel safer in town. Connection with the Town Warden project will bring together an overall safer place to visit for people, especially families with children 	□	□	☒
Race and ethnicity	<ul style="list-style-type: none"> Connection with the Town Warden project will bring together an overall safer place to visit The ability to celebrate culture and recognise the heritage of Bridgwater 	□	□	☒
Religion or belief	<ul style="list-style-type: none"> There are no impacts identified 	□	□	□
Sex	<ul style="list-style-type: none"> There will be a variety of education and training projects The scheme will provide space for aspiring small businesses, working in partnership with Step Up as well as Angela Crescent Enhanced street lighting will help people feel safer in town Connection with the Town Warden project will bring together an overall safer place, especially young women The project will create a number of temporary local construction jobs. 	□	□	☒

	<ul style="list-style-type: none"> The project may also support apprenticeships There will also be indirect jobs in the construction supply chain 			
Sexual orientation	<ul style="list-style-type: none"> Improvements in place which makes a safer place for people to visit will encourage greater community involvement 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Armed Forces (including serving personnel, families and veterans)	<ul style="list-style-type: none"> Improvements in place which makes a safer place for people to visit will encourage greater community involvement 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other, e.g. carers, low income, rurality/isolation, etc.	<ul style="list-style-type: none"> Improvements in place which makes a safer place for people to visit will encourage greater community involvement. Job opportunities across this project and the wider project with support local jobs 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Negative outcomes action plan				
Where you have ascertained that there will potentially be negative outcomes, you are required to mitigate the impact of these. Please detail below the actions that you intend to take.				
Action taken/to be taken	Date	Person responsible	How will it be monitored?	Action complete
Ongoing review to ensure that equality requirements are considered as part of this and the overall Town Deal project which include a review of Impact Assessment to ensure that the positive impacts identified have been delivered	31/12/2024	Town Deal Board	Board meetings	<input type="checkbox"/>
If negative impacts remain, please provide an explanation below.				

There are no negative impacts identified currently. This is based on the project documentation and supporting evidence and data. The Town Deal Board will have to monitored equality considerations as part of the ongoing delivery of the project as a whole and ensure that requirements are met

Completed by:	Stuart Martin
Date	1/10/23
Signed off by:	
Date	
Equality Lead sign off name:	Angela Farmer
Equality Lead sign off date:	19/10/23
To be reviewed by: (officer name)	
Review date:	

APPENDIX A

Tender Evaluation Report

**Celebration Mile Public Realm Works
DN 657478 (previously DN 643148)**

Author: **Name:** Jo Hutchins
 Title: Procurement Manager
 Commercial & Procurement
 Date: 2nd October 2023

Page 1 of 4
Appendix A - Evaluation Report



1. Management Summary

Somerset Council have prepared a concept called “Celebration Mile” a route which runs from the railway station through the centre of town, over the river Parrett and ending at the docks area. The Council will be funding these schemes via the Government sponsored Town Fund grant which the Council were successful in securing in 2021.

The three sites covered by this tender exercise are Clare Street, Eastover and Angel Crescent. Previous appraisals and public consultation work has identified that there is high potential for the creation of a new leisure based and independent retail development expanding the town centre offer through improved urban realm. Regeneration benefits are also identified as important to any redevelopment that accords with the aspirations of the Council detailed in Corporate and Community Strategies.

A tender has been released to find a suitable contractor to undertake the construction work and this report details the process and the outcome that has resulted from the procurement process.

The decision was taken to go out to tender using an open market tender exercise which follows the requirements of the Find A Tender process as required by the amended Public Contract Regulations 2015.

2. Procurement Process

This procurement was carried out in accordance with the authority’s Contract Procedure Rules and Standing Orders and Public Contracts Regulations 2015 principles.

Suppliers were invited to submit a response to the Invitation to Tender (ITT) through the e-Tendering System. The Procurement Documents were published on **30th June 2023**.

Bid responses were received by the closing date of 1st September 2023 as follows:

- **3** Bidders responded.
- 2 Bidders submitted a compliant Bid.
- Bids were evaluated in accordance with the criteria set out in the Procurement Documents and set out in section 2.1 below.

The Commercial and Procurement Team conducted the initial compliance checks.

2.1. Evaluation Methodology

Bids were evaluated in accordance with the evaluation criteria set out within the Procurement Documents. Weightings and scores are contained within the Confidential Appendix B

2.2. Quality

The quality questions were scored and evaluated in accordance with the published criteria.

The quality element of the Tenders were evaluated by a panel of officers and moderated by staff from the Commercial and Procurement Team at Somerset Council (see Confidential Appendix B for the list of evaluators and moderators). Each evaluation panel member scored each Bid on an individual basis and prior to the moderation meeting.

Moderated scores are available in Confidential Appendix B, including the recommended award decision.

2.3. Pricing

Pricing was assessed based on the total tender price for the **Works** included by bidders within the Pricing Schedule. The tendered prices are available in Confidential Appendix B, including the proposed award decision.

2.4. Social Value

The qualitative score for social value was evaluated as per section 2.2 and moderated by Commercial and Procurement. This included elements relating to the employment and training of personnel within the postcode areas considered local to Somerset including TA, BS and BA areas.

As part of the bid response, Bidders were invited to offer specific measurable Social Value commitments in addition to the stated requirements of the specification. Delivery of these commitments will be monitored as part of contract management.

The value score for social value was calculated by the Commercial and Procurement team in accordance with the published criteria.

Moderated scores are available in Confidential Appendix B, including the proposed award decision.

3. Contractual Position

The Contract will be under NEC 4 Terms and Conditions.

This is subject to approval of a **Key** Decision to award supported by this evaluation report.

3.1. Proposed Term

The awarded Contract will be for an initial term of 12 months. The contract will commence on **1st January 2024** and will continue up to the initial term which will expire on **31st December 2024**.

3.2. Service Levels and Contract Management

Service levels will be monitored as part of Contract Management and the contract will be managed to ensure that the service meets expectations and to identify further opportunities for cost and service improvement.

4. Risk and Mitigation

Risk: The project risks will be monitored and addressed by the project manager. There are a number of risks including:

Failure to deliver within the available budget due to inflationary pressures. Failure to deliver on time. Failure to operate the site safely in a public environment and reputational risk as working on a publicly visible scheme.

Mitigation:

Working with the preferred contractor to agree achievable timelines and to value engineer the project to avoid any cost slippage. Using the preferred contractor will bring an experienced contractor to the area who has worked in this location previously and with internal Council staff with expertise in the Bridgwater area we hope to avoid any risk to reputation by considering lessons learned from previous works in the area. The experience of the contractor will mitigate any risk to site safety and with the assistance of the external team of consultants it is expected that these risks will be mitigated.

5. Next Steps

- Suppliers to be informed of the decision by Commercial and Procurement Team **9th November 2023**
- Standstill period **9th November 2023 until 19th November 2023**
- Contract Mobilisation/ Implementation **from 1st December 2023 – 1st January 2024.**
- Contract awarded **1st January 2024**

End of Report

By virtue of paragraph(s) 1 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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APPENDIX C

CELEBRATION MILE RISK REGISTER FOR SOMERSET COUNCIL EXECUTIVE REPORT

Risk	Issue	Assessed Risk Level	Proposed Risk Mitigation	Residual Risk Level
Forest of Dean Pennant Stone	Currently available. Lead time 12 - 14 weeks.	Low risk - If ordered during mobilisation.	Whole order to be placed at beginning of contract to secure order at current rate	Low Residual Risk
Granite Products	Currently available. Lead time 8 – 12 weeks	Low risk - If ordered during mobilisation.	Whole order to be placed at beginning of contract to secure order at current rate	Low Residual Risk
Concrete	Currently readily available	High risk of volatility due to change in energy price	Multiple supply chain partners in the region, and agree long-term price guarantees	Medium Residual Risk
Surfacing Asphalt	Currently readily available	High risk of volatility due to oil prices & no chance to fix prices for long periods.	Inflation accounted for in our price. Multiple local subcontractors secured during tender to secure price.	Medium Residual Risk
Long lead in landscaping material – such as tree purchases	Trees / plants can only be planted in planting season	Medium risk - susceptible to abnormal inflation	Inflation included in price. Scheduled in programme to account for planting season	Medium Residual Risk
Uncharted Services and obstacles.	Eastover in particular may have many old gas pipes functioning or non-functioning.	Half of carriageway has previously been excavated.	Full precautions, including trial pits and CAT scans at earliest opportunities.	Medium Residual Risk
Utilities diversion by others. (Openreach)	Complex works can delay and be very expensive.	Close dialogue has identified problem areas.	Design has taken into account shallow depths in one section, most other locations not problematic.	Medium Residual Risk

Traffic Management and Trench works undertaken during the busiest summer months.	Eastover as a busy street with deliveries and other vehicles will undergo instant change.	Medium risk – deliveries to traders can be accommodated. Private vehicles will be restricted.	Formulating a detailed traffic management plan and early applications for permits and approvals.	Low Residual Risk
Pedestrian safety.	Shoppers and traders will be in close proximity to works and equipment.	Medium risk – mitigation factors susceptible to ASB moving barriers etc	Barriers and working practices to be established and checked everyday.	Medium Residual Risk
Access to properties and business.	Trader convenience will be impacted upon.	Medium Risk – access to shop entrances will be protected and works undertaken outside of hours to maintain access.	Barriers and working practices to be established and checked everyday.	Low Residual Risk

By virtue of paragraph(s) 1 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Somerset Council



Notice of private meeting

The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 – Regulation 5

Following prior publication in the Forward Plan October 2023, in accordance with the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 – Regulation 5, notice is hereby given that the Executive is requested to consider agreeing a resolution at its Meeting on 8 November 2023 to exclude the press and public from any part of the meeting where exempt information relating to the items below is to be disclosed:

Celebration Mile, Bridgwater – Appointment of Contractor

Author: Stuart Martin

Contact Details: 01278-435495 / stu.martin@somerset.gov.uk

Decision to award Contracts for Care and Support at Home in Somerset

Author: James Sangster and Vicky Chipchase

Contact Details: james.sangster@somerset.gov.uk

vicky.chipchase@somerset.gov.uk

Award of contract for highways services

Author: Sarah Stanistreet, Principal Highways Transformation Officer.

Contact Details: sarah.stanistreet@somerset.gov.uk

Reasons for the item to be considered in private session at the meeting

Local Government Act 1972 – Schedule 12A

The item is likely to contain information relating to the financial or business affairs of any particular person (including the authority holding that information).

Representations received to hold the item in open session

None.

Council's response to representations received

Not applicable.

Circulation:

All Somerset Council Members
Council's website

31 October 2023
David Clark – Monitoring Officer

For questions about this notice please contact Mike Bryant, Democratic Services, County Hall, Taunton, TA1 4DY.
Tel: 01823 357628 Email:mike.bryant@somerset.gov.uk

Decision Report - Executive Decision
Forward Plan Reference: **FP/23/04/12**
Decision Date – 8 November 2023
Key Decision – yes



Decision to award Contracts for Care and Support at Home in Somerset

Executive Member(s): Lead Member for Adult Services

Local Member(s) and Division: N/A

Lead Officer: Paul Coles

Author: James Sangster and Vicky Chipchase

Contact Details: james.sangster@somerset.gov.uk vicky.chipchase@somerset.gov.uk

1. Summary / Background

- 1.1 This report includes a conclusion and recommendations from a procurement process to award a number of block contracts to successful applicants. This involved a competitive procurement process to secure the supply of quality care and support at home services. The tender evaluation report is as Appendix A.
- 1.2 This approach will help to develop a market that delivers a wide range of sustainable high-quality care and support services in difficult to source or high demand areas. It will offer guaranteed hours under 6 lots for the following areas:
 - Lot 1 – Glastonbury and Street, 150 hours
 - Lot 2 – Shepton Mallet and Wells, 200 hours
 - Lot 3 – Frome, 100 hours
 - Lot 4 – Yeovil, 150 hours
 - Lot 5 – Bridgwater, 200 hours
 - Lot 6 – Minehead, 200 hours
- 1.3 This service will deliver better outcomes for people, enabling them to continue living at home for as long as it is safe to do so. This will contribute to the reduction of hospital admissions, delayed discharge or long-term care home placements and the costs associated with these.
- 1.4 A further process will be developed and implemented that will utilise a Dynamic Purchasing System (DPS) to purchase care and support services with providers that have met the eligibility criteria to join. The DPS will be set up across 13 zones, which are broadly aligned with the Primary Care Networks. This will enable Somerset Council to manage the market and joint working more effectively.

2. Recommendations

2.1. The Executive agrees to

a. Approve the outcome of the procurement process to award contracts to the suppliers named in Tender Evaluation Report Confidential Appendix B to provide home care services via a guaranteed block contract for a period up to 10 years.

Lot Number	Title	Awarded supplier
1	Glastonbury and Street – 150 hours p/w	Bidder E
2	Shepton Mallet and Wells – 200 hours p/w	Bidder E
3	Frome – 100 hours p/w	Bidder A
4	Yeovil – 150 hours p/w	Bidder A
5	Bridgwater – 200 hours p/w	Bidder A
6	Minehead – 200 hours p/w	Bidder G

b. Approves the establishment of an open framework for the Provision of new care and support at home for an initial period of 5 years, with an option to extend by two further periods of up to 2 years each and one further period of up to 1 year (up to 10 years in total). The annual value of the open framework is estimated at £26m in year 1. This figure will be adjusted for inflation annually as part of the Council's MTFP process.

c. The case for applying the exempt information provision as set out in the Local Government Act 1972, Schedule 12A and therefore to treat the attached confidential Appendix B in confidence, as it contains commercially sensitive information, and as the case for the public interest in maintaining the exemption outweighs the public interest in disclosing that information.

d. To exclude the press and public from the meeting where there is any discussion at the meeting regarding the confidential tender evaluation report, Appendix B, to be treated as exempt information.

3. Reasons for recommendations

3.1. The current contracts for the service are due to expire on 31 March 2024. We need to ensure a continued supply of high-quality care and support services for people at home that continues to meet the needs of an aging population. The Care and Support at Home Service is also known as Home Care or Domiciliary Care.

3.2 New contracts will need to in place on 1 April 2024 to ensure the continuation of these services so that Somerset Council meets its statutory obligations under the Care Act to:

- Meet need, promote health and well-being.

- Promote greater choice and control for people in what care and support services they receive so that they can live their life the way they want to.
- Ensure a more diverse market of care and support services that responds to people's needs and choices, that places a strong emphasis on quality.

3.3 The accompanying confidential Appendix B contains commercially sensitive information relating to the contract and the Council's financial and business affairs. Officers recommend that this is treated as exempt information. "Exempt information" is defined by Section 100 of the Local Government Act 1972, and by Schedule 12A to that Act:

"Information relating to the financial or business affairs of any particular person (including the authority holding that information)"

The public interest test is then applied and, in this instance, it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

4. Other options considered

4.1. The decision to tender these services across six locations is based on areas of Somerset where capacity has been lacking in recent years. We have piloted block contracts in five of the areas listed below during 2022 and they have proven very successful, allowing Home Care providers the certainty to grow into these areas.

4.2 The decision to not re-tender was not put forward due to:

- The current contract ends on 31 March 2024 after which we would not be meeting our statutory obligations under the Care Act. There would be a reputational risk for Somerset Council if no contract is in place.
- Risk of under supply of Care and Support at Home services in relation to need in all or some areas, which can lead to safeguarding issues for adults with care and support needs.
- More admissions to hospital that could have been avoided and /or delayed discharge from hospital.
- Care workers possibly laid off due to uncertainty over future work.
- Market not expanding due to reduction in active recruitment caused by uncertainty regarding the future.
- The Public Contract Regulations (2015) and Somerset Council's Contract Standing Orders require us to competitively tender.

4.3 Somerset Council could also have chosen to make a direct award to existing Home Care providers. However, this would be unlawful and would not create the competitive bidding environment that is required to ensure value for money and quality of service in the new service provision.

5. Links to Council Plan and Medium-Term Financial Plan

- 5.1 These services contribute towards the Council Plan’s (2023-27) objectives for a “Healthy and Caring Somerset”. We want all our residents to stay as healthy as possible, for as long as possible. Promoting health and wellbeing is a crucial part of this strategy, to help people live full and healthy lives for as long as they are able.
- 5.2 These services also contribute towards the following priorities within our Adult Social Care Strategy 2023-26.

The right support at the right time - People in Somerset should have care and support that is coordinated and enables them to live as they want to, being seen as a unique person with skills, strengths and goals.

A supported skilled and flexible workforce - Our ambition is to have a vibrant, resilient and agile health and care sector which attracts, develops and retains talent in Somerset.

6. Financial and Risk Implications

- 6.1 Somerset Council has a statutory requirement to meet the social care and support needs of its population. The expected gross cost of the block contracts for 2024/25 is £1.9m. This figure takes into account fee inflation and predicted growth.
- 6.2 As well as the financial impact of Fair Cost of Care, demographics has also been considered and included within the financial modelling of the new service. The average age of a person receiving services through this contract is 79. The number of people living in Somerset that are 79 and over is estimated to increase by 4% between 2023 and 2024, and by 50% over the lifetime of this contract.
- 6.3 There are risk implications in relation to ensuring sufficient continuity of existing home care services after 31 March 2024. These have been mitigated through this procurement exercise to secure care and support services in the most difficult to serve areas of Somerset.

Likelihood	2	Impact	4	Risk Score	8
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7. Legal Implications

- 7.1. Legal advice was obtained with regard to the approach to this re-commissioning exercise.
- 7.2 For this tender exercise, a competitive, above threshold tendering process was delivered from July 2023 (advertised through Find a Tender Service, previously OJEU), to allow sufficient time for the contracts to be awarded in January 2024 including the necessary standstill period, and for providers to put TUPE arrangements in place, as appropriate.

- 7.3 Care was taken to ensure all applicable procurement legislation was properly observed (the tender exercise was conducted in line with the Public Contracts Regulations 2015); and that UK regulations concerning the provision of home care services are fully complied with. The new service specification promotes a reabling approach that contributes towards the improvement of an individual's wellbeing. The model therefore meets our statutory duties under the Care Act 2014.
- 7.4 The new contracts include robust break clauses enabling rapid termination in the event of inadequate delivery.

8. HR Implications

- 8.1 There are no relevant HR implications for Somerset Council.

9. Equalities Implications

- 9.1. The new service specification is person centred and focussed on outcomes rather than matching services to particular types of need. Needs that arise from or are closely related to protected characteristics are recognised within the service specification, including the assessment and support planning process. An awareness of the needs and how to meet them of different cultures; races; religious beliefs; gender reassignment; sexual orientation will be a requirement within contracts. This decision is unlikely to have a significant impact on human rights. An Equalities Impact Assessment can be found as Appendix 1.

10. Community Safety Implications

- 10.1. The contracts will have a positive contribution towards the health and wellbeing of Somerset's communities. The Care and Support at Home service will help to connect people to their local communities, reducing the impact on social isolation and exclusion. The tender questionnaire included how the bidders will ensure the safety of their clients, including how risk assessments will be used as part of the care planning process. This also includes the safety of the staff teams.

11. Climate Change and Sustainability Implications

- 11.1 Services have been commissioned within local areas (zones) to reduce the need for travel and enable service providers to plan more effectively in terms of making efficiencies through the deployment of locally based teams of carers. This will have a direct impact on reducing emissions through less travel time, using different modes of transport or walking.

12. Health and Safety Implications

- 12.1 The health and safety of the clients of the service is fundamental to the successful delivery of this contract. The successful bidder has their own Health and Safety plan

and as part of the tender process successfully demonstrated how they incorporate health and safety considerations into their assessment planning for clients and work force plans.

13. Health and Wellbeing Implications

- 13.1 The decision aims to have a positive impact on the health and well-being of service users as the contracts will focus on personalised care and support which will promote the health and well-being of individuals through outcome based planning and assessment. This will also have a positive impact on preventing ill-health through a service that enables people to be independent at home for as long as possible.

14. Social Value

14. As part of the procurement process, bidders were asked to submit proposals of how they will deliver against social value as part of these contracts. The successful applicants effectively demonstrated how they will develop and implement plans to deliver the proposals they put forward as part of their submission. These included a variety of outcomes that included, but are not limited to:

- Environmental benefits through reduced travel
- Economic benefits through local recruitment and employment
- Health and wellbeing benefits for local communities
- Reduced isolation through putting people in touch with their local communities.

15. Scrutiny comments / recommendations:

- 15.1 The proposed decision has not been considered by Scrutiny Committee.

16. Background

- 16.1 Somerset Council currently commissions around 19,000 hours of home care per week through Home Care providers, supporting around 1,400 adults. The gross cost of these services is approximately £26m per year (23/24 prices).
- 16.2 The current contracting arrangements for Care and Support at Home Service can be inefficient and does not encourage a collaborative approach to meeting needs at a local level. There are currently 49 active home care providers across the county but 50% of the delivery is from just 8 providers.
- 16.4 A re-commissioning exercise has been undertaken to give an opportunity to improve the quality and robustness of the care and support at home services to ensure they are fit for the future. The Local Authority role is seen as critical and under section 5 of the Care Act, the duty to shape and maintain an efficient and effective market of services for meeting care and support needs in the local area is firmly placed with Somerset Council.

16.5 The re-commissioning plan included a review of the current services with key stakeholders, partners, providers and customers to co-produce a service model that could respond to the following challenges:

- Demographic changes to an increasing elderly population
- Increased demand on the health and social care services that impact on hospital admissions and delays in discharges.
- Financial challenges regarding Fair Cost of Care and Cost of Living Crisis
- Recruitment and retention of workforce

16.6 The service will support individuals with varying levels of assessed needs to live at home for as long as it is safe and appropriate to do so. In all cases, the focus is on re-abling the individual to optimise their independence through provision of personal care, support with daily living and with essential domestic tasks.

16.7 Services will be commissioned across 13 Zones that broadly align to the Primary Care Networks. This procurement process through a Restricted (2 Stage) tender approach was to secure guaranteed hours for Home Care Providers to deliver in the 6 areas that are most difficult to supply; a further process will utilise a Dynamic Purchasing System to purchase with providers that have met the eligibility criteria to join. There will be a Dynamic Purchasing System for each of the 13 zones which will enable Somerset Council to manage the market and joint working more effectively.

16.8 Collaborative working agreements have been co-produced with Home Care providers and will be incorporated into the new contracts. This will govern how providers will be expected to work together within each of the Zones to manage capacity and to meet the changing needs of that local area.

The service specification is focused on reablement and being outcome focussed. Contracts will include a section on development to allow the service to continue to evolve and develop throughout the lifetime of that contract (up to 10 years).

17. Background Papers

N/A

Appendices

A – Tender Evaluation Report




B – Tender Evaluation Report CONFIDENTIAL

Report Sign-Off

	Officer Name	Date Completed
Legal & Governance Implications	David Clark	21/10/23
Communications	Peter Elliot	20/10/23
Finance & Procurement	Nicola Hix	27/10/23
Workforce	Alyn Jones	30/10/23
Asset Management	Oliver Woodhams (Charlie Field)	30/10/23
Executive Director / Senior Manager	Mel Lock	27/10/23
Strategy & Performance	Alyn Jones	30/10/23
Executive Lead Member	Cllr Dean Ruddle	30/10/23
Consulted:	Councillor Name	
Local Division Members	N/A	
Opposition Spokesperson	Cllr Sue Osborne	27/10/23
Scrutiny Chair	Cllr Gill Slocombe	30/10/23

APPENDIX C - Somerset Equality Impact Assessment

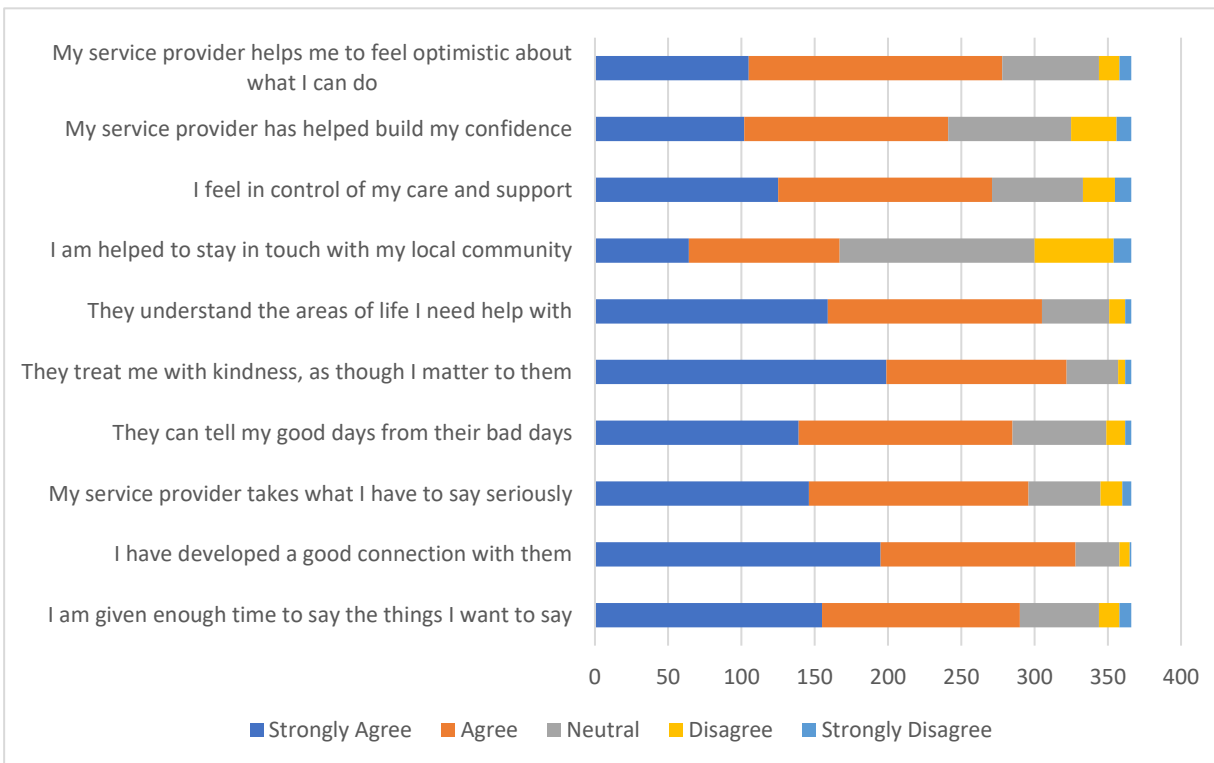
Before completing this EIA please ensure you have read the EIA guidance notes – available from your Equality Officer or www.somerset.gov.uk/impactassessment

Organisation prepared for (mark as appropriate)	 Somerset Council		 NHS Somerset		 NHS Somerset NHS Foundation Trust	
Version	V1		Date Completed	04.10.23		
Description of what is being impact assessed						
To award block contracts to deliver care and support at home services in Somerset.						
Evidence						
What data/information have you used to assess how this policy/service might impact on protected groups? Sources such as the Office of National Statistics , Somerset Intelligence Partnership , Somerset’s Joint Strategic Needs Analysis (JSNA) , Staff and/ or area profiles ,, should be detailed here						
JSNA in terms of population data, current contract performance data, Eclipse data and area demand profiling. Demographic pressures will affect this service. The average age of a person receiving services through this contract is 79. The number of people living in Somerset that are 79 and over is estimated to increase by 4% between 2023 and 2024, and by 50% over the lifetime of this contract.						

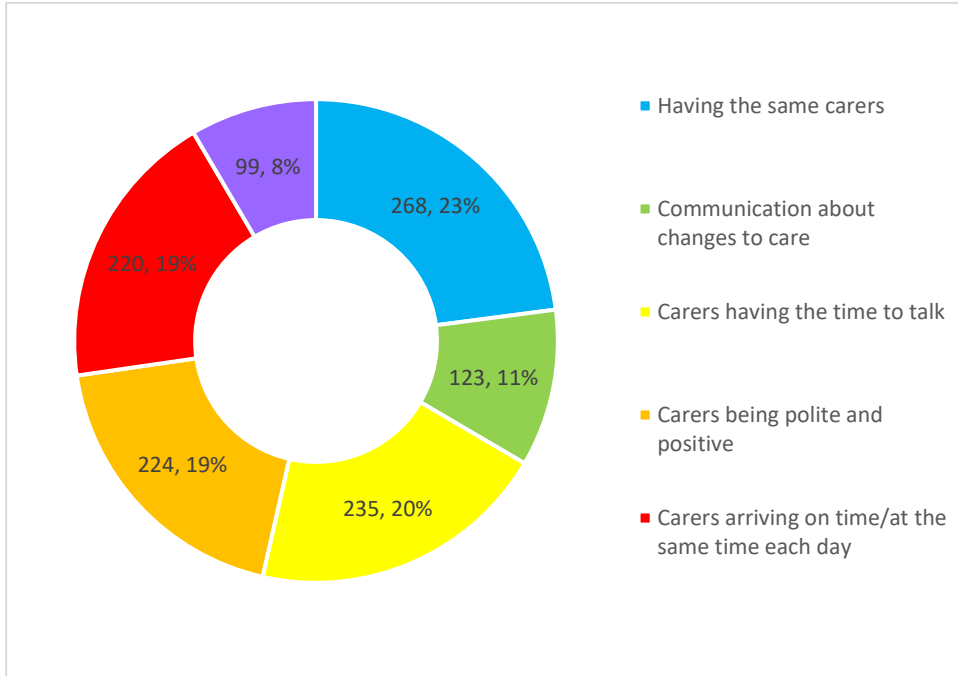
Who have you consulted with to assess possible impact on protected groups and what have they told you? If you have not consulted other people, please explain why?

We have consulted with all the current service users through an on-line and paper questionnaire. We have also engaged providers and key stakeholders of the service.

Existing customers of the service were asked to respond to a number of statements. The results below show a very positive response with regard to the impact the current service is having on their lives.



Customers were also asked about what are the important elements of an effective Care and Support at Home service?



A full report of the findings is available.

We have also engaged providers and key stakeholders of the service. The outcomes of this work were as follows:

- Concerns with regard to Micro-providers being unregulated
- Staff recruitment and retention is challenging

We also talked with Carers at Carers Support Groups and they told us the following:

- Guilt of not knowing what to do for my partner to help them.
- Not knowing what to do when the care workers arrive.
- Care workers need to be more mindful of the family and carers within the home
- Need to consider the relationship between the carer and the cared for, how can calls be scheduled to ensure that the carer or family members is included i.e. meal times.
- Can be very stressful as a carer when care workers do not arrive on time, can be particularly disruptive for those where routine is so very important.
- Need to ensure family are supported to be involved in the care if they want to be.
- More training needed so care workers understand the effects of more illnesses.
- Some care workers can be very mindful and understanding of individual's needs based on their illness or how they represent, but this is now always the case. Some care workers don't understand the diagnosis.
- Care workers can sometimes be very vocal in terms of the role of the carer or family member, this can be stressful.
- Do not know what help is available.
- Did not know how to contact Somerset Council.
- Micro-providers not covering weekends.
- Lack of support available when transitioning from Children's services to Adults.
- Lack of consistency with the carers who are arriving which is a concern particularly with people who have dementia.
- Lack of consistency with quality of the care given, some do some tasks and some don't – reference to insurance reasons.
- Arriving early or late

Analysis of impact on protected groups

The Public Sector Equality Duty requires us to eliminate discrimination, advance equality of opportunity and foster good relations with protected groups. Consider how this policy/service will achieve these aims. In the table below, using the evidence outlined above and your own understanding, detail what considerations and potential impacts against each of the three aims of the Public Sector Equality Duty. Based on this information, make an assessment of the likely outcome, before you have implemented any mitigation.

Protected group	Summary of impact	Negative outcome	Neutral outcome	Positive outcome
Age	<p>Data show us that we have an increasing older population and the service will need to continue to meet the needs of people now and into the future.</p> <p>This service is to support people 18 years and over. The specification reflects and responds to the full range of needs of people irrelevant of age. Providers will need to ensure that individual outcomes are meet in a variety of ways.</p> <p>The Contracts and Quality Team will ensure that the service is being delivered according to the services specification and quality standards and will take account of customer feedback.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Disability	<p>The service currently supports a large number of people with physical disabilities. The ethos of the new service will be to support people to remain/become as independent as possible. The specification therefore requires the provider to reflect and respond to the full range of needs of people with physical disabilities, based on supporting people to remain as independent as possible within their own home. This will include people with sensory loss and people with a learning disability. Providers will be</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

	<p>required to effectively understand individual's needs in terms of the support they require and tailor the support and communication so that the individual can play a key role in the development of their care and support plan where appropriate.</p> <p>The Contracts and Quality Team will ensure that the service is being delivered according to the services specification and quality standards and will take account of customer feedback.</p>			
Gender reassignment	Those who have had gender reassignment may be concerned about being treated unfairly. The service specification requires the service provider to conduct its business in accordance with the principles of the care and support being focussed on enabling people to live independently, to stay healthy and make the most of their lives by managing their lives in the way they choose and to not discriminate.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Marriage and civil partnership	We have considered this protected Characteristic and do not foresee any disproportionate positive or negative impacts.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pregnancy and maternity	We have considered this protected Characteristic and do not foresee any disproportionate positive or negative impacts.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Race and ethnicity	People from different backgrounds and of a different race may need to have information and support provided in a range of formats. Within the service specification it is a requirement for the provider to ensure that the information about the service will need to be made available in a variety of formats to suit individual needs. Also attention will be given to how care	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

	and support is delivered in order to achieve the outcomes agreed by the individual and tailored to suit their individual needs.			
Religion or belief	People with different religions or beliefs may need to receive information in a variety of formats. Within the service specification it is a requirement for the provider to ensure that the information about the service will need to be made available in a variety of formats to suit individual needs. Also attention will be given to how care and support is delivered in order to achieve the outcomes agreed by the individual and tailored to suit their individual needs	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Sex	We have considered this protected Characteristic and do not foresee any disproportionate positive or negative impacts.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sexual orientation	The service specification will require the service provider to conduct its business in accordance with the principles of the care and support being focussed on enabling people to live independently, to stay healthy and make the most of their lives by managing their lives in the way they choose and to not discriminate	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Armed Forces (including serving personnel, families and veterans)	We have considered this protected Characteristic and do not foresee any disproportionate positive or negative impacts.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<p>Other, e.g. carers, low income, rurality/isolation, etc.</p>	<p>The service is open to all people who have been assessed as having a care need via an Adult Social Care Assessment. Within the service specification the provider will be required to ensure that people will have the best possible quality of life, including life with other family members supported in a caring role. The approach to the re-commissioning of the services includes having 13 zones across the County, this is to reduce the need for travel and improve reach to rural areas of Somerset.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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Negative outcomes action plan
 Where you have ascertained that there will potentially be negative outcomes, you are required to mitigate the impact of these. Please detail below the actions that you intend to take.

Action taken/to be taken	Date	Person responsible	How will it be monitored?	Action complete
Monitor the quality of services delivered against the service specification	Ongoing	Contracts Team	Contract Review Meetings	<input type="checkbox"/>
Monitor the effectiveness of the partnership working arrangements	Ongoing	Commissioning Team	Partnership Forums	<input type="checkbox"/>
Monitor the effectiveness of the delivery of services against the hours required	Ongoing	Commissioning Team & Sourcing Care Team	Review of live data/dashboards	<input type="checkbox"/>
	Select date			<input type="checkbox"/>
	Select date			<input type="checkbox"/>
	Select date			<input type="checkbox"/>
	Select date			<input type="checkbox"/>

	Select date			<input type="checkbox"/>
If negative impacts remain, please provide an explanation below.				
N/A				
Completed by:	Vicky Chipchase			
Date	27.09.23			
Signed off by:	Tom Rutland			
Date	30.10.23			
Equality Lead sign off name:	Tom Rutland			
Equality Lead sign off date:	30.10.23			
To be reviewed by: (officer name)	Vicky Chipchase			
Review date:	30.10.24			

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APPENDIX A

Tender Evaluation Report

Homecare in Somerset
DN645869

Author: **Name: Stephen Barker**
 Title: Service Manager, People
 Procurement and Financial Governance
 Date: 02.10.2023



1. Management Summary

The service to be provided within Homecare in Somerset is personal care and support at home (Homecare), for individuals who meet the eligibility criteria for Somerset Council funded care and support. The services included are:

- Homecare for adults.
- Sitting Services.
- Night-time Support.
- Live in Care.

The services will be deliverable 24 hours a day, 365/366 days per year including Bank Holidays and weekends.

The services will be delivered in 6 'Blocks' and has been tendered in 6 corresponding, geographical 'Lots' as follows:

Lot Number	Title
1	Glastonbury and Street – 150 hours p/w
2	Shepton Mallet and Wells – 200 hours p/w
3	Frome – 100 hours p/w
4	Yeovil – 150 hours p/w
5	Bridgwater – 200 hours p/w
6	Minehead – 200 hours p/w

Incumbent providers currently providing Homecare under a Block Contract in Somerset and who therefore have staff who are potentially eligible for TUPE as a result of this tender process are as follows:

- MJ Home Care (Minehead and Bridgwater)
- Bluebird Mendip (Glastonbury/Street)
- Agincare (Shepton Mallet/Wells)
- Redleif Care (Yeovil)

The duration of the Block Contracts will be an initial period of five years ending on the 31st March 2029. The contract will contain an extension period of up to a further 60 months. The contracts will commence on 01.04.2024.

Following a Non-Key Decision approval dated **18.05.2023**; the decision was taken to go out to tender using the Restricted Process (2 Stage – Selection and Award).



2. Procurement Process

This procurement was carried out in accordance with the authority's Contract Procedure Rules and Standing Orders and Public Contracts Regulations 2015 and the Treaty Principles.

Suppliers were invited to submit a response to the Selection Questionnaire (Stage 1 of the 2 Stage process) through the e-tendering system. The Selection Questionnaire and accompanying documents were published on **16.06.2023**.

Bid responses were received by the closing date of **17.07.2023** as follows:

- **84** Bidders responded.
- **77** Bidders submitted a compliant Selection Questionnaire.
- Selection Questions were evaluated as set out in Section 3.3 of Procurement Document A – Information and Instructions.
- **9** Bidders were shortlisted at the Selection Stage

n.b. At the conclusion of this first stage, the intention is to arrive at a short list of the five (5) highest scoring Applicants in each Lot to take forward to the next stage. Where there is more than one (1) Applicant in fifth (5th) place, then all such Applicants will be invited to Tender. However, in the event that the short list of five (5) Applicants includes two (2) or more Applicants with joint scores, the shortlist will not be increased to include any Applicants beyond fifth (5th) place.

9 Suppliers were therefore invited to submit a response to the Invitation to Tender (ITT) (Stage 2 of the 2 Stage process) through the e-Tendering System. The Procurement Documents were published on **24.07.2023**.

Bid responses were received by the closing date of **23.08.2023** as follows:

- 7 Bidders responded.
- 7 Bidders submitted a compliant Bid.
- Bids were evaluated in accordance with the criteria set out in the Procurement Documents (see also, section 2.1 below).

The Commercial and Procurement Team conducted the compliance checks in conjunction with Somerset Council (SC) specialists in various areas where required.

2.1. Evaluation Methodology

Bids were evaluated in accordance with the evaluation criteria set out within the Procurement Documents and as detailed below. Weightings and scores are contained within the Confidential Appendix B.



Evaluation criteria breakdown	Means of evaluation	
	Sub criteria	Main criteria
Quality		60%
Service Delivery	30%	
Systems and processes	20%	
Implementation	20%	
Workforce	15%	
Safeguarding	15%	
Total	100%	
Price		30%
Total cost per hour	100%	
Total	100%	
Social Value		10%
4.6 - Procurement Document F Social Value Calculator	50%	
4.7 Social Value Commitment	50%	
Total	100%	

2.2. Quality

The quality questions were scored and evaluated in accordance with the published criteria.

The quality element of the Tenders were evaluated by a panel of officers and moderated by staff from the Commercial and Procurement Team at Somerset Council (see Confidential Appendix B for the list of evaluators). Each evaluation panel member scored each Bid on an individual basis and prior to the moderation meeting.

Moderated scores are available in Confidential Appendix B, including the recommended award decision.

2.3. Pricing

Pricing was assessed based on a total cost per hour of support for the **Services** included by bidders within the Pricing Schedule. The tendered prices are available in Confidential Appendix B, including the proposed award decision.

2.4. Social Value

The qualitative score for social value was evaluated as per section 2.2 and moderated by Commercial and Procurement.

The value score for social value was calculated by the Commercial and Procurement team in accordance with the published criteria.

Moderated scores are available in Confidential Appendix B, including the proposed award decision.

3. Contractual Position

The Contract will be under the standard SC Service Terms and Conditions. There is a clause within the Contract which allows termination by giving 12 months' notice in writing to the supplier. For any extension to the Contract, discussions with the Supplier will be conducted sufficiently far in advance of the Contract expiry date to arrive at an agreed position.

As part of the bid response, Bidders were invited to offer specific measurable Social Value commitments in addition to the stated requirements of the specification. Delivery of these commitments will be monitored as part of contract management.

This is subject to approval of a **Key Decision** to award supported by this evaluation report.

3.1. Proposed Term

The awarded Contract will be for an initial term of **5** years. The contract will commence on **01.04.2024** and will continue up to the initial term which will expire on **31.03.2029**. A **60 month** contract extension option is available which would take the contract to **31.03.2034**.

3.2. Service Levels and Contract Management

Service levels will be monitored as part of Contract Management and the contract will be managed to ensure that the service meets expectations and to identify further opportunities for cost and service improvement.

4. Risk and Mitigation

Risk: Legal challenge following the outcome of the tender process.

Mitigation: Adherence to the Public Contracts Regulations 2015, Somerset Council's own Contract Procedure Rules and Standing Orders and the Treaty Principles of Transparency, Non-discrimination and Equal Treatment.

5. Next Steps

- Suppliers to be informed of the decision by Commercial and Procurement Team **16.11.2023**
- Standstill period **17.11.2023 – 27.11.2023**
- Contract awarded **28.11.2023**
- Contract Mobilisation/ Implementation **29.11.2023 – 31.03.2024**
- Contract commencement **01.04.2024**

End of Report

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By virtue of paragraph(s) 1 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Somerset Council



Notice of private meeting

The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 – Regulation 5

Following prior publication in the Forward Plan October 2023, in accordance with the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 – Regulation 5, notice is hereby given that the Executive is requested to consider agreeing a resolution at its Meeting on 8 November 2023 to exclude the press and public from any part of the meeting where exempt information relating to the items below is to be disclosed:

Celebration Mile, Bridgwater – Appointment of Contractor

Author: Stuart Martin

Contact Details: 01278-435495 / stu.martin@somerset.gov.uk

Decision to award Contracts for Care and Support at Home in Somerset

Author: James Sangster and Vicky Chipchase

Contact Details: james.sangster@somerset.gov.uk

vicky.chipchase@somerset.gov.uk

Award of contract for highways services

Author: Sarah Stanistreet, Principal Highways Transformation Officer.

Contact Details: sarah.stanistreet@somerset.gov.uk

Reasons for the item to be considered in private session at the meeting

Local Government Act 1972 – Schedule 12A

The item is likely to contain information relating to the financial or business affairs of any particular person (including the authority holding that information).

Representations received to hold the item in open session

None.

Council's response to representations received

Not applicable.

Circulation:

All Somerset Council Members
Council's website

31 October 2023
David Clark – Monitoring Officer

For questions about this notice please contact Mike Bryant, Democratic Services, County Hall, Taunton, TA1 4DY.
Tel: 01823 357628 Email:mike.bryant@somerset.gov.uk