

## Somerset Council Report to Croscombe Parish Council meeting Tuesday 22<sup>nd</sup> October 2024

### Finance update

#### Headlines

Somerset Council's outturn figure for the year ended 31<sup>st</sup> March 2024 was a small underspend. This which was a considerable improvement. This helps to protect the Council's reserves which is good news.

The current year's revenue budget is approximately £600 million. The Council is already forecasting an overspend. Efforts will continue to deliver the savings as planned, identify actions and implement mitigations to prevent any forecast overspend, as the Council works through its Improvement & Transformation programme.

The Council needs to retain its financial discipline. Like most other Councils, it continues to face the financial challenges caused by demand, in particular Children's Social Care placements, and costs increasing at a greater rate than Council Tax and other income.

Every effort needs to be made to ensure there is no further reduction in reserves.

#### Detail

The 2023/24 financial year outturn to 31<sup>st</sup> March 2024 was a relatively small underspend of £1.8million.

Earlier in the 23/24 financial year the Council forecasted an overspend of £28.6million so there has been a considerable improvement following the introduction of Spend Control Boards.

The positive outturn will increase and protect General Fund reserves and that is good news as the Council continues to strive to avoid a Section 114 notice (generally considered a council's version of bankruptcy although councils have to continue to deliver services).

The current year's budget of approx. £600million was set following a re-base of the Adults' Social Care budget, and with use of reserves and a Capitalisation Directive (which allows Councils to use capital receipts from sale of assets or borrowing to fund everyday expenditure).

The Council will fund the Capitalisation Directive by sale of assets so that it does not have to borrow more from the Public Works Loan Board at a premium rate.

Month 4 (end July) of this financial year is showing a forecast overspend of £8.4m in Service Directorates. Even with deployment of the £6million corporate contingency there is still a residual £2.4m forecast overspend.

One area of overspend is Children's Social Care placements where increasing numbers of children cannot be safe at home and are now in the care of the Council.

The other area of overspend is in the waste and recycling contract where the contractor has found it impossible to maintain the service in our large county with its many rural areas at the previous cost.

Following rebase of the budget, Adults is forecasting an underspend at this stage in the year.

All directorates are expected to deliver their savings or find alternative savings to meet the full financial value in 2024/25.

The Spend Control Panels will continue throughout this year as the Council cannot lose the financial discipline at this stage.

The Improvement and Transformation programme is based on restructuring the workforce of the Council, reducing the payroll costs by up to £40million per annum, devolving assets and services to City, Town and Parish Councils, the aforementioned sale of assets, plus new savings and different ways of working.

The restructure programme needs to be complete and asset sales and savings need also to be in place before the end of this financial year on 31st March 2025, so that the Council can set the 2025/26 budget in February 2025 and start the next financial year with a smaller, more agile Somerset Council that can deliver its services within the income available from Council Tax, business rates, earned income and Government grants.

#### Devolution

I do not have any updates on devolution matters beyond what has been communicated to our Parish Clerk.

#### Local Community Network

Today I will be involved with planning an agenda for a forthcoming Shepton Highways Working Group meeting. I will advise the date of the meeting when arranged.

#### And finally a plea

Somerset currently has thirty-four children looked after for whom the right provision would be foster care were it available. They are currently in expensive out of county accommodation owned by private equity who are making profits out of the needs of these children. We urgently need more foster carers in Somerset. If Parish Councillors can think of any suitable people whom we think we could approach about becoming foster carers, please can we let Somerset Council know?

Foster care is the best support for our children. It is also best for Somerset Council finances.

Martin Lovell                      16/08/2024