

County Councillor's letter for February 2017



On the 15th of February Somerset County Council (SCC) went through the increasingly difficult process of setting the budget for 2017/2018 in the light of the Department of Communities and Local Government's (DCLG) four year funding for 2016 to 2020, known as the Local Government Finance Plan (LGFP), which it was virtually compelled to accept by October last year.

This acceptance gives SCC some surety and stated figures for the annually diminishing sums of the Revenue Support Grant (RSG) that the DCLG will be providing up to 2020. These grants will cease entirely in 2020 to be replaced by the complete retention by the SCC of the business rate income generated in the County.

In previous years the budget has been presented as a very long list of both Statutory and Optional Revenue and Capital spending tables indicating the budget provision, the final spend and the over or underspend on budget for the year closely followed by the proposed future spend. This was almost, always a considerable reduction on the previous budget provision notwithstanding the previous result.

The cuts were naturally, resisted by the cabinet member in whose budgetary domain the spending was to be reduced. This routine became recognised by the soubriquet of the annual "salami slicing" or visiting the "Star Chamber" where the required economies were necessarily imposed, and it was generally not accepted as being either efficient or free of unintended peripheral impacts.

Therefore this year's budget was presented within seven themed headings;

- a. Technology and People.
- b. Productivity and Culture.
- c. Commercial and Third Party spend.
- d. Stronger Communities.
- e. Partnership and Integration.
- f. Service Redesign.
- g. Transport.

The first two themes, are heavily focussed on the most efficient use of existing personnel, their training, retention and recruitment where necessary, as well as the reduction in the employment and expense of agency staffing.

All the themes are conjointly interactive to ensure a free flow of ideas and initiatives. Each theme has the responsibilities for completion and performance clearly stated and the complete cooperation of the relevant departmental Heads and their staff as a "given" requirement.

Over the past six years SCC has had to absorb £120 million(m) of cuts to its available budgets and through cuts to services, reorganisation and economies had with increasing difficulty, achieved a balanced budget without the need for major use of the restricted reserves it held.

On the 15th of December 2016 Sajid Javid, the new Minister of the DCLG, announced the 2017/18 Provisional LGFP Settlement giving the probable levels of financial support that would be forthcoming. However, it is a statutory requirement that all Local Councils have to present a balanced budget before the beginning of March each year. Therefore, the Budget presented on the 15th of February 2017 was couched with some provisional uncertainties as the final settlement levels of the LGFP were only issued on the 23rd of February. Fortunately in general they were as expected, but some serious changes were made to ancillary funding streams which will have a serious effect later in the financial year and for the budget next year. The budget for this year has had to cover a statutory unfunded spending shortfall of

over £19.5m, all in the main created by the various elements of Child, Adult, Learning Difficulty and other Care provisions.

No amount of salami slicing of individual departmental funding could possibly absorb such amounts, but the figures shown below indicate the target amounts that the various themes have had to accept for 2017/18;

- a. Technology and people £2m
- b. Productivity and Culture £0.392m
- c. Commercial and Third Party Spend £2.796m
- d. Stronger Communities £0.237m
- e. Partnership and integration £0.300m
- f. Service Redesign £10.280m
- g. Transport £2.113m
- h. All of which culminate in a total of £18.119m.

The expected shortfalls in future budgets are £12.8m in 18/19, £4.6m in 19/20 and £2.1m in 20/21. In 2020 theoretically the full business rate income should be our main source of funding but it is clear that the latest revision of business rateable values may well have some major impacts on the sums ultimately available by the end of the next three years. It was announced just before the budget setting period that the Government being conscious that, there was insufficient money held by Councils to fund the exponentially rising budget requirements for social care, would permit councils to raise the previously permitted extra 2% care Council Tax increase to 3% for two years. However, this was an illusion of an added increase because the total social care precept was capped at 6% over 3 years. Therefore, the 2% could be allowed for each of 3 years or 3 % for two years. In the latter case, if 3% were levied for 2017/18 and again in 2018/19 there would have a 0% levy in 2019/20, which of course is an election year.

SCC voted to use the 2% per annum variant and therefore the standard annual increase of 1.99% + 2% is 3.99%.

The Government has said that there is no prospect of legislating for the creation of an independent precept for the Somerset Rivers Authority in the coming year, or indeed I suspect for quite a few future years, given Brexit, therefore pending independent precept legislation, there will be a council tax precept taken from within the base budget to provide the SCC share of £2,474,800 towards the total £2.7m cost for this service. The District Councils and other bodies will be responsible for making up the difference.

The SCC holds three reserves for budgetary risk management:

- a. The General Revenue Reserve (GRR)
- b. The Capital Fund (CF)
- c. Earmarked reserves to cover some specific risks.

Normally the GRR is kept at a level of £15m, but this year it was necessary to use £7.4m to balance the budget so that reserve currently stands at £13.8 after some input from the Collection Fund Surplus and it is hoped that when we enter the new financial year the full balance will be restored.

It was noticeable that at the beginning of the meeting the S151 Officer, the Director of Finance and Performance, who oversees the budget and accounts, gave his specific and detailed assurance that the budgetary proposals were adequately robust, and that the reserves, contingencies and balances for the coming financial year were adequate.

Devolution is still bubbling away but the original concept has changed quite markedly. The original concept of a non-Mayoral Combined Authority was given luke-warm approval by the previous Minister of the DCLG, changed radically on the accession of the new one. The current incumbent seems to be far less open-minded and is insisting on the election of Metro mayors. The leader of SCC met the Minister during

his visit to the County on the 24th of February. In the normal, politically correct phraseology it seemed he was keeping an open mind and was in listening mode which nearly always means no.

It would also appear that some of the larger entities in the previous Combined Authority have withdrawn from that grouping and what is being proposed now as the vehicle to operate the devolvement project is a Joint Committee of the Heart of the South West (HotSW) comprising 17 separate corporate bodies, as opposed to the 22 in the previous Combined Authority, who are to work together to develop the strength of the HotSW economy, its Productivity Plan and the basis of identifying and developing its public sector reform opportunities; it remains to be seen what progress and success this formation will have.

In 2016/17 it was necessary to find savings of £1.816m when that sum was cut from the Public Health ring fenced grant. This year the grant has been cut by £551,598. This budget is used to tackle inequalities in health and wellbeing mainly in more deprived communities and vulnerable groups. The aspects that need essential attention and funding are those that are the key determinants of ill health that present the biggest public health burden i.e. Mental Health, Cardiovascular disease and metabolic disorders, Cancers and Respiratory Diseases.

Given the huge impacts and spiralling costs attached to public health and the increasing focus on prevention rather than cure, it seems that this could be the wrong budget to cut and virtually all of the current aspects of the plan will face cuts; they range from staffing redundancies, Oral health services, School Entry hearing screening, Healthy lifestyles, Sexual health Promotion, Infection Control in Nursing Homes, Aging Well, Home improvement grants and Reduction in mental health promotion work; by far the largest reduction in budgets are Healthy Lifestyles and Mental health promotion which together total over £317k; some of these services may be partially covered by other aspects of the Council/NHS as they are made by decisions of the Director of Public Health but as the cumulative budget for these services is due to fall by £3,444,804 by 2020/21 there may be inevitable difficult and potentially serious impacts over the coming years.

Finally a bit of relatively good news. Somerset is going to benefit from an award to the HotSW Local Enterprise Partnership (HotSW) LEP from the Department for Business Energy and Business Strategy (DBEBS?) of £43.5m of which £25.7m is to be spent in Somerset.

- a. 2.87m on phase 3 of the Somerset Energy Innovation Centre in Bridgwater
- b. £8m to complete phase 2 of connecting Devon and Somerset Broadband
- c. £4m to construct the iAero project in Yeovil, to support business growth in aerospace innovation
- d. £6.7m to improve the Toneway Corridor capacity (phase 1 Creech Castle) in Taunton to support growth in the town
- e. £4.12m to create the Huntspill Energy park in Bridgwater a 91 hectare enterprise zone.

Therefore, there is money about and if all these projects are completed and are successful, hopefully Somerset will become a county full of technology and highly skilled workers who will be able to afford to buy the huge numbers of houses that must be built in the new garden towns now being created in Taunton and possibly Yeovil.

Yours

Derek Yeomans

County Councillor for Curry Rivel and Yeovil

District Councillor for Burrow Hill