

Date: 8 January 2026
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Cllr Mike Bell
Leader
North Somerset Council
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Weston-super-Mare
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The Rt Hon Sir Keir Starmer KCB KC MP
Prime Minister
10 Downing Street
London SW1A 2AA

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Rt Hon Steve Reed OBE MP
Secretary of State for Levelling Up, Housing and Communities
2 Marsham Street
London SW1P 4DF
Via email : steve.reed.mp@parliament.uk.

Dear Prime Minister and Secretary of State

Re: Provisional Local Government Financial Settlement – Urgent Concerns for North Somerset Council

I am writing to express North Somerset Council's deep concern regarding the provisional financial settlement for local government and its implications for our ability to deliver core statutory services.

The Provisional Settlement indicates that North Somerset faces a **reduction of £18.6 million in funding** following the Fair Funding Review and associated policy changes. The primary driver of this reduction is the introduction of a **notional national Band D council tax level of £2,061**, compared to our current Band D of £1,794. This approach will penalise councils like ours with historically lower tax bases, resulting in a **loss of over £30 million in resources over the next three years**.

This comes on top of a decade of financial constraint during which we have delivered significant savings, managed demand pressures, and maintained a prudent approach to financial management. Despite identifying **£16 million of savings for next year**, we still face a **forecast gap of £15 million in 2026/27**, rising to **£42 million – over 17% of our net budget** in subsequent years. With **62% of our budget already allocated to adults and children's social care**, there is very limited scope for further reductions without breaching statutory duties.

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CIPFA Review and Our Transformation Plans

Earlier this year, we commissioned **CIPFA to undertake a financial resilience review** to ensure we were taking the right steps to secure a sustainable future. The review concluded that North Somerset is a well-run authority with a prudent approach to financial management, but highlighted the need to accelerate transformation and rebuild reserves to manage risk.

We have acted decisively on these recommendations by launching an ambitious **Council Change Programme**, targeting areas of highest impact such as social care reform, demand management, and efficiency improvements. We are also developing a **Flexible Use of Capital Receipts Policy** to fund the capacity needed for this transformation. These plans demonstrate our commitment to sustainability and innovation, but they require time and stability to succeed.

Risks of Inaction

If the current settlement proceeds without change, the consequences will be severe:

- **High probability of issuing a Section 114 notice during 2026**, effectively halting all non-essential spending and triggering emergency measures.
- **Inability to resource transformation programmes** recommended by CIPFA, leaving structural inefficiencies unaddressed.
- **Failure to meet statutory duties and achieve Good inspection outcomes**, particularly in adults and children's social care, with direct impact on vulnerable residents.
- **National implications**, as more councils face insolvency, undermining the Government's ambitions for levelling up and local service delivery.

What We Are Asking

We have made an application for Council Tax Flexibility in 2026/27 under the Exceptional Financial Support Framework – because the Fair Funding Review leaves us with no choice other than asking our residents to pay more for reduced levels of service. Alongside consideration of our application, we urge the Government to reconsider the following:

1. **Remove the notional national council tax level** from the funding formula, or **Provide flexibility for councils to raise council tax above current caps**, recognising that councils should not be penalised for previous administrations' failure to increase council tax at sustainable levels.
2. **Maintain ringfencing for Adult Social Care grants** and increase core funding for these services.

3. **Use the most recent financial data** to underpin allocations and align with local estimates for our Council Tax base.
4. **Provide Recovery Grant or a Recovery Grant Guarantee** for North Somerset Council, recognising that we have pockets of deprivation which are insufficiently reflected in the government's modelling and Fair Funding Review allocations.

North Somerset Council remains committed to transformation and efficiency, but without urgent action, the current settlement will leave us unable to deliver the sustainable future we are working towards. **Failure to act now will not only jeopardise essential services for our residents but will also risk widespread council insolvency, eroding public trust and confidence in local government and national leadership.**

I would welcome the opportunity to discuss these concerns with you further.

Yours sincerely

A handwritten signature in black ink that reads "Mike Bell". The signature is written in a cursive, slightly stylized font.

Cllr Mike Bell
Leader
North Somerset Council

Cc:
Dan Aldridge MP
Sadik Al-Hassan MP
Tessa Munt MP