

**Audit Committee**  
**Thursday 22 November 2018**  
**10.00 am Library Meeting Room, Taunton**  
**Library**



**SUPPLEMENT TO THE AGENDA**

To: The Members of the Audit Committee

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

Item 4	Public Question Time (Pages 3 - 6) The Chairman will allow members of the public to present a petition on any matter within the Committee's remit. Questions or statements about any matter on the agenda for this meeting will be taken at the time when each matter is considered.
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Democratic Services, County Hall, Taunton

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**Audit Committee – Thursday 22 November 2018 – Public Questions**

**Statement and Questions by Mr David Orr**

Chair and Committee members,

The VfM report states:

**“Reporting of financial performance to members should be transparent and understandable”.**

I was looking for a simple Dashboard paper to give me these urgent answers:

Q1. Has the Council's financial position for 2018/19 improved or worsened since the September crisis budget? I cannot say.

Q2. Has the Council's shortfall for 2019/20 got worse, improved or stayed the same? I cannot say.

Q3. What level are the Council's reserves now? Are they at a healthy level or not? I do not know.

Q4. Are underlying demographic and other service access pressures in social care manageable or not for 2018/19 and 2019/20? I do not know.

Q5. What is the External Auditor's view of the Value for Money progress to date (at the 2018/19 budget half year)? No paper or written opinion by him is published. Will a verbal assurance and opinion be given by the External Auditor?

The two Value for Money risk reports are incomplete without scores, mitigations, completion of actions etc.

There is an awful lot of incomplete work of a fundamental nature which I find worrying so far into this financial year.

Of particular concern, is the large amount of remedial budget management training being provided by the LGA to SCC managers with spending responsibilities?

When staff are promoted to managerial positions there should be a training programme that covers these new duties including budget management. There used to be. Is there still?

I believe that these disparate papers before you today show that a simple Dashboard summary report is required to highlight the state of this Council's finances and reserves and progress towards balancing budgets in 2018/19 and 2019/20.

## Questions from Mr Nigel Behan

### **Q1 Relates to Item 6. Partial Audit Update – Risk of Care Provider Failure**

<http://democracy.somerset.gov.uk/documents/s8723/SWAP%20Audit%20Committee%20Report%20Nov%202018%20FINAL.pdf>

It is stated in the Executive Summary (of the SWAP Final Report) that:

“The Council uses a number of strategies to manage care provider failure risks. In order to understand the sustainability of the local care market, market analysis is completed by the Commissioning Team to assess the level of available provision in the county and identify any gaps. The state of the care market in neighbouring authorities is also assessed to identify how significant failures may impact on the Somerset care market. In recognition of the link between financial performance and quality of care and to identify any providers potentially at risk of failure, the Quality Assurance Team periodically complete a number of assessments of care providers. These are in the form of: • Six monthly Self-Assessment Forms (SAFs) completed by providers, focussing on quality standards, which are electronically assessed to provide a score; • Contract Reviews - The SAF score provides a RAG rating for each provider which, alongside other intelligence, such as CQC assessments and any safeguarding alerts received, informs their contract review period. As a minimum contract reviews will be conducted every 24 months; • Financial Assessments - Those providers deemed market risk should annually provide SCC with a copy of their accounts. These will be assessed by the Finance Team and risk scored. A medium or high risk would be referred to the Commercial and Procurement Team for further analysis.

Where failures do occur the Quality Assurance Team work closely with other partners such as the CQC and the Clinical Commissioning Group (CCG) to ensure that closures are managed, and that suitable alternative care is arranged for residents or service users with minimum distress. A Business Failure Policy has been developed which informs this process.”

- i) Do similar or equivalent Six monthly Self-Assessment Forms, Contract Reviews and Financial Assessments apply for the outsourced Learning Disability Service(LDPS) known as the (Social Enterprise Vehicle) Discovery operated by Dimensions UK Ltd? If so please can you supply the latest assessment of “risk of failure”?
- ii) How do you avoid the possible perception that Self-Assessment Forms could be interpreted as the providers “marking their own homework”?

## **Q2 Relates to Item 12. Value for Money Tracker**

<http://democracy.somerset.gov.uk/documents/s8735/VFM%20Tracker%20Covering%20Report.pdf>

In Risk Reference GTVFM005

(<http://democracy.somerset.gov.uk/documents/s8736/GT%20VFM%20Tracker%20-13112018.pdf>) it is stated: "Review and improve further our Budget Monitoring reports, making them more transparent and understandable and include greater analysis of areas such as use of reserves or grants and application and achievement of transformational projects through the use of capital flexibilities."

In the corresponding comments it is noted: "There have been improvements to the clarity of the budget monitoring reports since month 4, but there are further improvements that can be made....." where the Progress is 60% complete.

- a) When will details of the proposed further improvements be made available?

In Risk Reference GTVFM0007 it is stated: "External Audit – VFM: The S151 Officer in his/her annual reporting under Section 25 of the LG Act 2003 on the adequacy of reserves should clearly articulate their view on the adequacy of both general fund and other reserves (including earmarked reserves) along with any proposed actions to strengthen these going forward. As part of this process, consideration should be given, to the appropriateness of holding negative earmarked reserves." And the 2019/20 MTFP gap of £19m between anticipated spend and the level of budget provision was revealed in October. In the comments section: "Additional money has been granted to local government by the Government in the Autumn Statement; the precise impact of that is awaited at the time of this update."

- b) Will the additional money, in effect, help contribute to general and earmarked reserves, the general fund and negative earmarked reserves and in what proportion(s)?
- c) Has there been any further progress in assessing the External Auditors comment about considering "the appropriateness of holding negative earmarked reserves". Can you share the latest view(s) on this matter?

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