

Somerset County Council
Audit Committee – 21 November 2019

Value for Money Tracker

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Cabinet Member: Cllr Mandy Chilcott, Cabinet Member for Resources

Division and Local Member: All

1. Summary/link to the County Plan

- 1.1. At the July 2018 Audit Committee, as part of their Audit Findings Report for 2017/18 financial year, Grant Thornton, our external auditors made a number of recommendations for improvement in areas such as budget monitoring and budget planning. These were turned into a tracker.
- 1.2. At each meeting since September 2018, this Committee has reviewed progress on this tracker so that they can take the necessary assurance that suitable progress was being made to address these recommendations.
- 1.3. At the September 2019 meeting the external auditor presented their value for money conclusion for the financial year 2018/19. Alongside that the up-dated tracker that continued previous recommendations where relevant and added new ones aimed at further strengthening financial resilience was shared. This report now up-dates on progress with this tracker in the last few weeks.

2. Issues for consideration

- 2.1. Members are asked to consider the tracker document and the progress to date (Appendix 1 to this report).

3. Background

- 3.1. In July 2018 the external auditor concluded that the Council did not have effective value for money arrangements in place for 2017/18 and that the financial challenges facing the Council were pervasive to the whole Council and reached an 'adverse' value for money conclusion, the worse conclusion that the Council could get.

- 3.2.** In September 2019 the external auditor issued their conclusion for 2018/19 as ‘qualified except for’. This improved VFM conclusion reflects the positive response by the Council throughout 2018/19 but also highlights the remaining weaknesses:

Grant Thornton conclusion says:

“This ‘except for’ rating recognises that there is still much to do within the Council to return it to a fully sustainable financial position and it is critical that continued effort is directed to ensuring the positive trajectory over the last 12 months continues”.

In response this committee at its meeting in September 2019 was presented with an updated VFM tracker that the Council will maintain through JCAD and report to each Audit committee meeting through 2019/20 to track progress.

- 3.3.** A few more significant areas of progress against the tracker actions and recommendations are reported within the following paragraphs.
- 3.4.** As part of the work that supported the external audit VFM conclusion for 2018/19 a review report was produced by Grant Thornton experts on demand led services funding, specifically Children’s and Adult services. These independent review reports have been presented to both Children’s and Adults Scrutiny meetings in October and November (respectively) alongside the VFM tracker.
- 3.5.** The MTFP process for 2020-23 has included a more rigorous approach including scenario planning, review and challenge sessions of all assumptions (pressures, service demands, savings, funding), the completion of a manager confidence assessment as well as broader stakeholder engagement sessions. Further engagements are planned ahead of the MTFPT setting full Council in Feb 2020.
- 3.6.** Continuous improvement is being made for financial reporting and the increased frequency of reporting continues through Cabinet, Policy and Place Scrutiny and Children’s Scrutiny meetings. Specifically that Capital report format has been refreshed for Quarter 2.

4. Consultations undertaken

- 4.1** Officers hold regular meetings with the external auditor, where progress against these recommendations will continue to form a key part of the discussions. The Council plans to ensure the Policy and Place Scrutiny Committee (in October) considers the external auditors additional report in detail.

5. Implications

- 5.1** The positive response to the recommendations to the 2017/18 VFM conclusion made during 2018/19 by the council has been reflected in the latest external auditor’s improved 2018/19 VFM conclusion. Nonetheless, the report stresses that the level of improvement needed requires sustained focus during 2019/20 as well to continue and further embed improvements already made. Continued progress is required to ensure the improvements seen over the past year are maintained and financial resilience continues to improved throughout 2019/20 and future years.

6. Background papers

- 6.1.** External Auditor's Value for Money conclusion – September 2019 Audit Committee (Item 5a)
Value for Money tracker update report – September 2019 Audit Committee (Item 6)
<http://democracy.somerset.gov.uk/ieListDocuments.aspx?CId=160&MId=709&Ver=4>

Note For sight of individual background papers please contact the report author