

# Public Agenda Pack



## **AUDIT COMMITTEE**

**Thursday, 30 January 2025**

**11.00 am**

**Council Chamber, Council Offices, Cannards  
Grave Road, Shepton Mallet BA4 5BT**

### **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:

Agenda Item 4      Public Question Time (Pages 3 - 6)

The Chair to advise the Committee of any items on which members of the public have requested to speak and advise those members of the public present of the details of the Council's public participation scheme.

For those members of the public who have submitted any questions or statements, please note, a three minute time limit applies to each speaker and you will be asked to speak before Councillors debate the issue.

We are now live webcasting most of our committee meetings and you are welcome to view and listen to the discussion. The link to each webcast will be available on the meeting webpage, please see details under 'click here to join online meeting'.

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## Budget Audit Committee – 30 January 2025– Public Questions

Name of person submitting	Annexe A – Public Questions Question
<p>Andrew Lee</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 3</p>	<p><b>Question 1</b></p> <p>The external auditors have noted significant weakness in arrangements identified relating to contract management and procurement and have raised one key recommendation. Their key findings included the absence of a tender process, weaknesses in contract monitoring, and purchase orders not being raised. Through the chair I would like to ask the auditors (if they are not present I'll ask the committee) how many contracts did you identify that failed to use the tender process and what was the value of those contracts so identified, were they restricted to just Children's Services or are other areas of the council effected too?</p> <p><b>Question 2</b></p> <p>Failing to use the proper tendering process for services is clearly a problem. The council proclaims itself to be open and transparent. Yet it is impossible for the press and public to understand the extent of the failures of the council to use appropriate procurement process, because the breaches and waivers report (which the auditors note are not even sent to the Audit Committee often enough) are kept as confidential. Even if you assert that the individual names of contracts should be kept out of public, (and if the contract has been procured by bypassing the council's processes, I would assert it is in the public interest that we are told the names) why can the total value and total number of contracts procured by breaching or waiving the councils processes not be disclosed. This is a matter of paramount public interest</p> <p><b>Response from Lead Member for Finance, Procurement and Resources, Councillor Liz Leyshon</b></p>
<p>David Orr</p>	<p><b>Question 1</b></p> <p>Last July, this country elected a Labour Government with a massive majority. Large Councils hoped that the national crisis in social care funding would be addressed ahead of speedy reform. Care reform with actual</p>

## Budget Audit Committee – 30 January 2025– Public Questions

Page 4

implementation has been delayed until 2029 or beyond. Why is this Council pursuing the same unsustainable strategy to avoid bankruptcy they had under the last Tory Government? **The national care crisis funding gap from now until 2029 is the clear responsibility of the new Labour Government.** They should be providing bridging care funding for large Councils until actual reform in 2029. Council taxpayers and small town and parish councils cannot bridge a social care funding gap in Somerset of £200m for the next 4 years or longer. This Council may seek to raise council tax by 15% without a referendum. That would be a collaboration with an increasingly unpopular new government who are avoiding solving the national care crisis before 2029. The large bills in a cost-of-living crisis, for fewer and worse services, would surely result in a negative voter response in the 2027 local council elections. You should, with Somerset MPs, be loudly lobbying this Labour Government for sustainable funding for dignified care services in Somerset. How can the Labour party, which in 1945, founded the NHS, created state pensions and built 1 million homes (with 80% for council rent), ignore a national care funding crisis that will bankrupt most large councils within a few years?

The last Tory Government granted Somerset a £37m “capitalisation directive” without any extra funding. Unusually, this allows the Council to bypass normal accounting rules to use money from asset sales or borrowing to cover day-to-day expenses. Do Somerset taxpayers realise this Council is selling commercial investment assets in a poor market, crystallising losses. The one-off money raised is temporarily funding the social care gap in Somerset and the coming largescale redundancies. It is not going to pay off borrowing or reduce interest bills. Somerset Council inherited a commercial investment portfolio of £300m, mostly borrowed over 50 years, generating useful returns of £20m a year. Under the current “bonkers” policy, almost all of these income-generating assets will have been sold off by 2026/27, incurring losses that could exceed £100m, whilst losing the £20m a year of income. All of the debt will remain, with current and future council taxpayers “on the hook” for £500m plus of debt and interest for 40 years to come. How is that prudent or sustainable?

**The national care crisis doesn’t excuse the abysmal management performance identified in the 8 Summary pages of the annual External Auditors report.** This council did not properly plan for the new unitary council in the year before 5 councils became 1. Unbelievably, almost 2 years on, the Auditor remains concerned about the lack of a full business case and operating model. The Council still has six planning systems, five environmental health systems etc and a website that doesn’t maximise citizen self-service. The auditor raises concerns as to how, after 3 years to properly plan, the council can lose hundreds of staff, without the identified technology and process improvements being in place. **Public services and council staff will bear the brunt of these senior management failings.** In the private sector those senior managers responsible for this sorry state of affairs would be long gone.

## Budget Audit Committee – 30 January 2025– Public Questions

	<b>Response from Lead Member for Finance, Procurement and Resources, Councillor Liz Leyshon</b>
<b>Nigel Behan</b>	<p><b>Question 1</b></p> <p>I am speaking about Item 6 in particular <a href="#">Interim External Auditor's Annual Report for 2023/24</a> , the accompanying papers <a href="#">Interim Auditors Annual Report (January 2025)</a> and the <a href="#">SUPPLEMENT TO THE AGENDA</a></p> <p>My name is Nigel Behan, (the Branch Chair for Unite the Union) and I am part of the formal Trade Union consultation.</p> <p>The annual audit report from Grant Thornton raises concerns that Trade Unions have been raising for some months but without satisfactory answers to maintain the confidence and trust of our members. Their critical reports states that: <i>"the Council is delivering the workforce reduction programme before the development of the detailed transformation programme business case and before key enabler projects, relating to ICT, data and process improvement, have been implemented"</i>.</p> <p><i>"the implementation of the staff reduction programme presents a significant risk that reductions in staff will impact on the Council's capacity to deliver services before they are effectively transformed"</i></p> <p>I was also a senior Union representative 2011, following the banking crisis, when the County Council "felt required" to make large staff reductions with very little time for planning and implementation. That was done with minimal levels of compulsory redundancies which should always be the joint aims of the Employer and the Trade Union. There was time to prepare for this new unitary council and we are coming up to two years as a new Council. I am at a loss to understand how the auditor is making these observations about a lack of business planning and implementation of systems and unitary service processes. The response from the Council to these serious deficiencies is not something I could put before my members because it fails to convey a sense of serious planning with intent for delivery. Grant Thornton make a key recommendation that <i>"the Council should mitigate the risk of implementing the organisational restructure before the development of the wider transformation business case"</i>. It</p>

## Budget Audit Committee – 30 January 2025– Public Questions

	<p>is vital that our members' confidence and trust are restored and that consultation with the Trade Unions is always "meaningful."</p> <p>I would like to ask this Council to pause briefly and take the time to meet the auditor's concerns and implement their recommendations for a full business case alongside the necessary enabling work.</p> <p><b>Response from Lead Member for Transformation, Human Resources and Localities, Councillor Theo Butt Philip</b></p>
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