

## **Annual Report of the Cabinet Member for Resources**

Cabinet Member: Cllr Mandy Chilcott - Cabinet Member - Resources

Division and Local Member: All

Lead Officers: Sheila Collins, Interim Director of Finance  
Chris Squire, Director of HR and OD  
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### **1. Summary/link to the County Plan**

- 1.1. This report highlights the key activities and achievements of the past year within my areas of responsibility.
- 1.2. In the main, these services underpin much of the work of the Council, providing advice to and assisting our front line services and in doing so we help make things happen to deliver council services effectively.
- 1.3. The first section is devoted to our biggest priority throughout the year, our battle to achieve financial sustainability. I'm delighted to show the change in our financial fortunes over the course of the past year but would also caution that this is a volatile area susceptible to fluctuations in demand – for instance through an ageing population needing social care support, or for pressures within children's social care – two areas that are very much part of the national picture and need resolution at a national level. Two significant areas are worthy of note. First the approach from our senior leaders and staff to achieve 98% of current spending targets. This is a huge step towards living within our means. Secondly the way we have rebuilt our general fund from a very low level to a level that is appropriate. These two changes have contributed much to a new positive financial outlook.
- 1.4. Aside from our improved financial position, I would highlight our major projects team which is on course to complete 14 new or improved schools with more in the pipeline. And I would also highlight our democratic services team who work so hard on behalf of all council members.
- 1.5. This report should be read alongside the comprehensive budget and finance documentation that has been provided to council members and the public over the past months in a bid to improve our own transparency and to enable new ideas to come forward.

## Key Achievements and Activities

### 2. Finance Services

- 2.1. The 2018/19 financial year has been extraordinarily challenging for the Council and the Finance Team. In addition to managing a significant early forecast overspend, an adverse value for money assessment at the closure of the accounts for 2017/18, a critical Peer Challenge Review, the Finance Team has also had to navigate a significant turnover in its senior officers. Following the appointment of an Interim Director of Finance in summer 2018, the team then focused on supporting and coordinating the council's response to its financial challenges. A major focus was to support immediate action put in place to reduce the in-year forecast overspend, increase transparency and frequency of financial reporting to senior officers and members, and to ensure a robust approach to developing a balanced budget for 2019/20 and the Medium Term Financial Plan (MTFP 2019-22).
- 2.2. Key achievements specific to the council's financial context include:
  - 2.2.1. Increased frequency and improved quality of budget monitoring to members, now regularly reporting to Cabinet and Place Scrutiny Committee.
  - 2.2.2. Turnaround of significant forecast in-year overspend to a small underspend from month 8 (end of August 2018) through a more intense focus on tracking of savings delivery, monitoring of volatile spend areas alongside a re-basing of the Children's Services budget to reflect the reality of the spend levels.
  - 2.2.3. Improved financial resilience through replenishment of depleted reserves wherever the opportunity arose leading to improved financial resilience.
  - 2.2.4. Improved financial awareness across budget holders and managers through delivery of a financial training programme.
  - 2.2.5. Reporting of progress against a value-for-money "agreed action tracker" to every Audit Committee since July 2018 alongside monthly progress liaison meetings with the External Auditor.
  - 2.2.6. A more robust approach to developing the MTFP (2019-22) that ensured plans were evidence-based to gain high confidence in achievability and that plans were strengthening the council's overall financial resilience.
  - 2.2.7. A refreshed format for reporting the MTFP, capital programme and capital strategy to Cabinet and Full Council that improved transparency as well as provision of more details specific to each Scrutiny Committee ahead of the budget setting Full Council in February 2019.
  - 2.2.8. Successfully secured a Business Rate Retention (BRR) Pilot for Somerset for 2019/20 and further pro-active responses to Government consultations on the future funding of Local Government (Fair Funding Review (FFR) and BRR).

- 2.3. As administering authority for the Somerset Local Government Pension Fund, the Finance Team have overseen the successful start of the pooling arrangements with effect from July 2018.

Currently 44% of the Funds assets have transferred to being managed by the Brunel pool.

- 2.4. The Dedicated Schools Grant (DSG) budget was set for 2018/19 (£367m) with unanimous support from Somerset Schools Forum (SSF). The DSG budget has also been set for 2019/20 (£382m). The overall DSG deficit from 2017/18 was £3.967m and we have seen continued pressures particularly within the High Needs block of the DSG.

- 2.5. Treasury Management

As usual the detailed full year treasury management outturn report will be produced and provided to full council at the July meeting. The treasury team continues to work within the prudential code which emphasises Security and Liquidity, and then when these are achieved, delivers yield. Gross investment income for the year was £2.1m, which was an average return of 0.99% from an average balance of £214m.

- 2.6. Internal Audit

Following the retirement of the former Chief Internal Auditor (CIA), during 2018/19 the role is now held by the South West Audit Partnership (SWAP) on behalf of the Council. The Interim Director of Finance and the Chief Internal Auditor liaise frequently to review progress against audit plans, previous audit action plans and to consider any fraud or irregularity instances. The CIA retains authority to act independently and has access to relevant officers and members to carry out audit duties as appropriate: including reporting independently to the Audit Committee and attending the Senior Leadership Team.

- 2.7. Audit Committee

Throughout 2018/19 the Finance Team have ensured a robust work programme has been in place and supported to enable effective governance reporting. A particular focus in 2018/19 has been to ensure every meeting receives a progress report on the value-for-money action tracker and that audit reports with partial findings are scrutinised by the Audit Committee as follow ups. From January 2018 to March 2019 12 partial audits were reviewed by the Committee. There are currently 18 SWAP partial audits recorded in our systems.

- 2.8. Risk Management

During 2018/19, in my role as both Cabinet Member and the Council's Risk

Champion, we continue to work to raise the understanding that risk management is a vital management discipline and is a key part of our governance framework. I continue to oversee, with the help of the Audit Committee through their constructive challenge and ideas, the assurance and compliance with the Council's risk management business procedures.

### **3. Corporate Property**

#### **3.1. Team Structure and Remit**

During 2018/19 the Corporate Property Group ("CPG") transferred from Commercial and Business Services to Economic and Community Infrastructure, helping to improve links between the group and services such as Highways, Planning, Economic Development and Libraries, with which they work closely. The group has also consolidated its structure to ensure greater integration and improved cross team working between the original property teams and their Facilities Management ("FM") and Health and Safety colleagues who joined the group in 2017/18.

In addition, a key objective for the year, which was achieved in October 2018, was the insourcing of the Property Maintenance Team from Skanska, following the end of our repairs and maintenance contract. This has proved highly successful, with excellent feedback having been received from those using the service and considerable savings having been seen already.

#### **3.2. Compliance, Systems and Record Keeping**

Great strides have been made this year in the use of IT systems to improve transparency, efficiency and assurance. In particular, a new Health and Safety monitoring and reporting system has been procured and put in place, which provides improved functionality as well as cost savings.

The FM team has also been working closely with colleagues in IT, making use of the Assyst system to introduce self-help and online services for staff. This is helping to streamline the service and provide statistical information, which has aided resource planning.

The insourcing of the Property Maintenance Team has enabled us to gain control of all our servicing and maintenance data to improve visibility of the condition of our asset base and to ensure that the asset register itself can be maintained more easily and therefore relied upon in decision-making. This has also given greater assurance regarding compliance, as all servicing paperwork is held in one place and can be tracked and accessed more easily.

### 3.3. Corporate Landlord

Preparations for the new Corporate Landlord Model were a major focus for 2018/19 and this was implemented as planned on 1<sup>st</sup> April 2019, subject to final budget transfers being made by Finance following year end closing.

This new approach to managing our assets is already producing opportunities to make savings, as oversight of the whole estate now rests with the CPG and consistency and appropriate consolidation can be ensured. The team has taken on the additional processing of invoices and payments with a view to relieving staff in other services of this activity as a side benefit of gaining complete visibility of all financial costs and benefits associated with the SCC estate. This has been a highly complex and time-consuming task and the considerable effort put in by the Systems and Performance team (part of CPG) in achieving this is recognised.

The next phase of this project, which began in the Autumn/Winter of 2018, is to gradually increase the FM team's involvement in the running of all operational buildings. The intention here is to provide a consistent level of support for all, reduced reliance on operational staff to carry out compliance activity (such as Health and Safety inspections and room bookings) and increased knowledge of our buildings, their utilisation and condition, within the CPG.

### 3.4. Major Projects

2018/19 saw the Major Projects team and Estates colleagues successfully delivering the following completed construction projects with many more currently in train:

Taunton Heathfield School - Expansion Phase 1
Kingfisher School, Yeovil
Taunton Heathfield Community School, New ASD Base
Yeovil Milford Infants ORLIT Repairs
Yeovil Milford Juniors ORLIT Repairs
Yeovil Milford SEN Adaptations
Cossington PRU, Oil Leak
Wellington Court Fields Community School - Provision of 3 General Classrooms
Watchet Little Vikings Pre School Alterations
Yeovil, Westfield Academy Little Discoveries Pre School Extension
Wellington Beech Grove Bouncy Bears Childrens Centre
Taunton Broughton House Alterations
Yeovil Milford Early Years Provision
Holway Park Primary School - 14-place ASD Resource Base

2018 also witnessed the culmination of an ongoing project to update our approach to procurement of new school builds with a view to reducing costs and delivery timescales while maintaining quality and acceptability for planning purposes. The team has now procured construction partners for three new schools based on a "model school" approach through the Southern Construction Framework, giving access to all major contractors in this marketplace under a single competitive and streamlined framework procurement process. Indications so far are that this approach will deliver considerable cost savings for SCC.

The ambitious programme of new school builds has been progressing alongside further ambitious plans for Economic Development and the Major Projects team continues to work closely with colleagues in Commissioning, Highways, Planning and Procurement to improve our processes and keep pressure on costs.

### 3.5. Asset Rationalisation, One Public Estate and County Hall Works

The CPG's vision of a self-sustaining property estate within 10 years is being furthered by various rationalisation projects, seeking to reduce costs and improve income generation.

The programme of Place Based Reviews (which involve an in depth look at all property assets in a given location, including other public sector assets) has highlighted various opportunities to use existing buildings more effectively and to dispose of, or generate income from, under-utilised assets. It is also enabling the group to create forward plans for all assets, taking into consideration their fitness for purpose, state and consideration and investment potential. This reflects a move on the part of the CPG to become more pro-active in property management and to take advantage of the Corporate Landlord Model to put in place a more strategic Asset Management Plan during 2019/20.

The group has been successful in securing further funding from the One Public Estate programme, championed by the Local Government Association and the Cabinet Office in conjunction with the Ministry of Housing, Communities and Local Government. This scheme provides revenue funding to get joint Local and Central Government property projects off the ground and the Somerset Partnership (consisting of all District Councils, Police, Fire and Ambulance services and the NHS), led by SCC has been successful in securing funding for 8 projects so far. The latest round has provided sponsorship for projects in Burnham-on-Sea and Wells as well as support for a wider programme of work including Frome.

Substantial backlog maintenance issues in A Block were addressed during 2018/19 and the project team secured final approval for the next phase of

improvement works in February 2019, which have now commenced. This was enabled by a complex FM project to relocate teams out of A Block and this work is continuing with a view to clearing C Block once A Block can be re-occupied in early 2020/21. In an effort to accelerate the approximately £700,000 savings which flow from the A Block works, various temporary moves have also been completed and just under £200,000 of the £700,000 has been secured already.

### 3.6. Finance – Capital and Revenue

The Estates team within the CPG was responsible for the delivery of almost £11m of capital receipts during 2018/19. This assisted SCC in minimising borrowing requirements and supporting the use of Capital Receipts Flexibility where appropriate.

On the revenue side, the CPG has delivered £518,500 of MTFP savings in 2018/19 and finished the year with an underspend of £695,000. This compares with a closing position in 2017/18 of £530,000 overspend.

## **4. Procurement**

- 4.1. The Commercial and Procurement team has been subject to significant change during 2018/19. The Service has been restructured to align resources to focus on the priority needs of the organisation going forward, continuing to provide professional procurement advice and support to colleagues. We have greatly improved our understanding of the longer-term commissioning intentions, with a more structured, integrated approach to future procurement workload planning. In this way we have improved the capacity to meet all our future commissioning needs through the most appropriate routes to market, continuing to deliver the best outcomes for Somerset County Council.
- 4.2. Significant procurements for 2018/19 included securing the new household waste Recycle More contract on behalf of Somerset Waste Partnership and delivering a new Specialist All Age Drug and Alcohol Treatment Service with Public Health.
- 4.3. The priorities of the commercial team have also been reviewed to identify efficiency savings in existing contracts and manage key commercial negotiations where existing service providers are not best meeting our needs. In 2018/19 significant savings were made through contract review and renegotiations, predominantly in ICT/telecoms, from a range of activities including de-scoping of services and renegotiation of contract terms.

- 4.4. As well as making changes to how we resource commercial and procurement, a review of the supporting process has been carried out to update these and check that they are sufficiently robust. This reassures that we are always acting in line with our Contract Standing Orders, whilst retaining the capacity to introduce innovation and flexibility in procurement, when needed.

## **5. HR and Workforce Development**

- 5.1. The HR and Organisational Development team has delivered and, in many cases, led change programmes that are not only linked to our financial programme but are also improving organisational performance and service outcomes.

HR programmes have led directly to cost being removed from the council through effective use of technology, policy and innovation, whilst also leading to year-on-year improvements in staff surveys. The HR-OD team continues to demonstrate exceptionally high levels of skill and engagement, compassion and innovation, championing the employee and focusing on improving lives.

- 5.2. There are five areas within the team: HR Advisory, HR Policy & Projects, Organisational Development, Resourcing and HR Administration & Payroll. HR-OD has set its own ambitious savings targets since 2015 and has not only reduced its budget by £2m, but overdelivered in each year

- 5.3. Team achievements include:
- The launch of the new People Strategy in June 2018 which directly supports the authority's vision of Improving Lives in Somerset
  - Continued improvement through staff surveys
  - Working in partnership with managers across the organisation to deliver financial sustainability in areas such as Establishment Control; Team and Service Restructuring; Financial Management Training for all Managers; Application of Policy and Practice
  - Development of the Management and Leadership Development programme to support aspiring and current managers with a framework setting out what SCC needs from its staff and to support career development, appraisal and performance.

- 5.4. The Director of HR-OD, working with the Chief Executive, presented to over 800 staff during September and October. Effective use of our networking tool 'Yammer' was made, with questions and comments answered directly by the Director. Weekly strategic meetings were organised with staff representatives, in addition to service area consultation meetings.

- 5.5. We constantly review our approach to recruiting in key areas, such as Children's & Adults Social Care. 2018 has seen the Resourcing team continue to make improvements to how SCC attracts and engages with candidates including a social media presence used to advertise across a number of platforms.
- 5.6. Our OD team leads on apprenticeship recruitment & development, which again has made great progress in 2018. We now have over 200 people working under the apprenticeship framework, including new hires and those developing skills. SCC has also just launched an accredited management programme (ILM 3), enabling the levy to be spent in-house.
- 5.7. The HR & Organisational Development team has led on programmes to improve performance & culture across the organisation and the county. These programmes are working, as demonstrated by feedback from staff and partner organisations and for these reasons, the team has been shortlisted as the Team of the Year for a national award.

## **6. Legal Services**

- 6.1. The work of our Adult Social Care team continues to develop and grow. Case law is constantly affecting workloads, specifically relating to deprivation of liberty. The team are very proud of the fact that they undertake most of their own advocacy. We also have a strong track record in our favour when decisions are escalated to the Secretary of State.
- 6.2. Between 1<sup>st</sup> January 2018 and 31<sup>st</sup> December 2018, 127 sets of child care proceedings were issued, a 19% decrease on the previous calendar year. Essex County Council, the Ofsted appointed Children's Improvement partner has commended this reduction as a result of robust processes.

Increasing use of technology is having a significant impact on the complexity of cases. In a growing number of cases we are being required to interrogate mobile devices and computers to obtain evidence in support of the case.

- 6.3. The Contracts and Procurement solicitors have worked with teams across the full range of the Council's services, from ad-hoc advice to significant undertakings. Just a few highlights from the last year include:
  - Advising the Library Service on their redesign project and community library partnerships
  - Ongoing support to the Libraries West Partnership to deliver service improvements affecting users across Somerset, Dorset, Gloucestershire, Bristol, North Somerset and Bath and North East Somerset
  - Advising the Financial Imperative Team on funding decisions
  - Advising on the Recycle More project

Daily support to the Commercial and Procurement teams on both routine and complex matters, including the resolution of procurement challenges.

- 6.4. The Litigation team has successfully prosecuted several utility companies for offences under the New Roads and Street Works Act. These offences put the safety and convenience of the highway users of Somerset at risk.
- 6.5. The Conveyancing and Property team has handled the sale of several Council properties realising £11.5m in capital funds.
- 6.6. Recruitment and retention remains a challenge for Legal Services. A 'grow our own' system continues, with 2 Solicitors qualifying in the Autumn of 2018. Another member of staff is also undertaking the 6-year apprenticeship to qualify as a Solicitor, she is currently taking her second-year examinations. Further opportunities for apprenticeship training are being explored.
- 6.7. I would like to thank all members of staff for their hard work over the past year, especially in the absence of a full-time solicitor on maternity leave.

## **7. Democratic Services**

### **7.1. Supporting the Council's democratic arrangements**

The Democratic Services team continues to deliver a range of good quality services direct to the public together with internal governance, member development and support to the Council, Members and officers. The team also supports strategic partnership activity and provides direct support to lead Members, the Cabinet, the Council's committees, the Chief Executive, Senior Leadership Team and key partnership arrangements.

The team also supports the annual review of the Members Scheme of Allowances which includes the work of the Joint Independent Remuneration Panel.

The team is managed by the Council's Monitoring Officer who is also responsible for the Council's governance framework and for promoting and ensuring compliance with the Council's standards of conduct.

### **7.2. Civic Office**

The team provide direct support for organising civic and ceremonial functions and ceremonies (including royal visits) for the Lord Lieutenant of Somerset (covering the historic county of Somerset), the High Sheriff and the Chair of Council). I'm grateful for the work the team contributed to the recent successful visit of the Queen to Castle Car and Bruton.

### 7.3. School Admissions, Exclusion and Transport Appeal Hearings

The team has managed the council's requirements for convening and administering over 400 hearings per annum.

### 7.4. Governance

We continue to ensure that the Council's governance framework, Constitution and Schemes of Delegation remain fit for purpose and a Governance Board and the Constitution & Standards Committee meet to ensure key governance policies and processes meet business needs. A Members Portal is in place whereby members can access all relevant information to their role online. There is also governance guidance on the Council's intranet and training available for officers relating to decision making, risk management, impact assessments and member development.

### 7.5. Strategic Partnerships

The Democratic Services Team is involved in providing governance support to:

- 7.5.1. Heart of the South West Joint Committee - the partnership of the 19 Devon and Somerset Councils, working alongside the LEP, to take forward the work of the Heart of the South West Joint Committee. This work, aims to maximise the ability of the partnership to lever in further responsibilities and funds from Government to improve productivity across the HotSW area.
- 7.5.2. Peninsula sub-national transport body – a partnership of the five transport authorities covering the south west peninsula, working to develop a regional transport strategy for the area to access funding and improvements for strategic transport priorities e.g. road and rail.
- 7.5.3. Somerset Waste Board – the partnership of the County Council and all Somerset district councils to manage the contracts for the delivery of an integrated waste management and recycling service and support strategic policy development. Governance support also includes a joint waste scrutiny panel.
- 7.5.4. Somerset Rivers Authority – the partnership of the County Council, district councils and Internal Drainage Boards
- 7.5.5. Somerset Health & Well-Being Board – this partnership board brings together partners who plan and commission services for health and social care and develops the Health and Well-Being Strategy.
- 7.5.6. Avon and Somerset Police and Crime Panel – this is part of the national arrangements for police governance. It scrutinises and keeps a regular check and balance on the performance and activities of the Police & Crime Commissioner.