

## **The Financial Imperative 10-Point Plan – June 2018**

### **Introduction**

The funding challenge at Somerset County Council remains critical. With the funding we now have we cannot do everything we used to do so we must look at ways to bring our spending down and live within our means.

Financial sustainability is our single overriding priority and only by living within our means can we achieve our other priorities.

To achieve financial sustainability within this challenging climate, we need to respond to the situation in the same way we would an emergency. As such we have moved the management of our finances on to an emergency-footing and have set-up a structure to manage this.

The structure is referred to as the Financial Imperative work and includes five Key Lines of Enquiry (KLOEs), which will focus on Finance, Reviewing Existing & Potential Savings, Workforce, Data and Communications respectively.

The 10-Point Plan has been used to set our corporate approach, in previous years, and remains in place through 2018-19. However, it has now been aligned to the Financial Imperative work and adjusted to prioritise activities that will support the delivery of this priority work.

The financial challenge is a whole council problem that requires a whole council response therefore all employees are expected to familiarise themselves with this plan and implement it with immediate effect. Progress against this plan will feed into the weekly Strategic Leadership Team (SLT) meetings.

### **1) Review Existing Forecast – assumptions and projections of cost and income**

The Senior Leadership Team continues to discuss the forecast outturn for all services and what is possible. We are reliant on good forecasting to form an accurate picture of our finances and this can only come from your diligence and our finance staff to calculate, predict and cost appropriately. This is a fundamental part of good financial management, so please re-assess your budgets and determine what they will look like in light of recruitment restrictions, contract negotiations, reductions in spend etc.

### **2) Spending freeze**

Any spending decision over £10,000 must be reviewed with your director will be signed-off by the Director of Finance and Director of Corporate Affairs.

Any spend that is non-statutory should be questioned; matters of safety will be prioritised. All staff who have responsibility for recommending and/or agreeing expenditure must consider whether the spend is necessary and, if so, what alternatives there might be.

### **3) Review of Staffing and Establishment Control**

The current establishment held in SAP is being reviewed with managers; thank you for your help with this.

This exercise has been run 3 times now. At the start of each review, the SAP establishment shows c. 400 vacancies across the authority. This is due to managers not reviewing their structures and not closing-down posts where these are no longer needed. This will start to have an impact on workforce planning at Somerset County Council, as we look at entry level roles, career pathways and succession planning. HR-OD and Finance will continue to work with managers on their current structures and where opportunities for releasing posts might lie. If you have any questions, please contact your HR advisor or finance manager.

It is the responsibility of all managers to ensure that their structures are accurate in SAP. It is imperative that the workforce structures in SAP match our finance reporting, therefore managers, HR-OD and Finance will work together to achieve this.

#### **4) Consideration of applications for Voluntary Redundancy (VR)**

A Voluntary Redundancy Programme will be opened for applications. Please be absolutely clear that we will only approve a VR application if the actual post or another post is closed or reconfigured to release an overall saving. Payroll will close the post based on the SAP number and Finance will remove the saving from budgets.

#### **5) A freeze on recruitment**

This will apply to all posts. Obviously, there will be a small number of exceptions and we will look to protect service critical roles and teams. I have also instructed Senior Leadership Team (SLT) colleagues to continue appointing apprentices to fill posts as necessary.

The recruitment protocol remains in place and full compliance is mandatory. The current process includes finance and strategic manager sign-off, which will continue. Final sign-off will be done by Chris Squire, Director of HR-OD, as part of the Workforce KLOE. Please do not assume that if posts are funded through grant funding, capital funding or through trading accounts that these posts are exempt from the recruitment freeze protocol. It is expected that we raise surpluses in traded areas by maintaining or growing income levels without having to increase costs. It is also expected that we should seek to charge to grants our reasonable costs or percentages if permitted which does not mean we have to replace staff if a vacancy occurs.

#### **6) Agency Spend**

Agency spend has reduced considerably over the past 18-months. We will continue to review posts filled by agency staff and how these are funded, recognising the need to safeguard frontline, service critical, and hard to fill posts that happen to be filled by temporary staff at this time. Clearly, we will also have to honour fixed term contracts.

#### **7) Off-Contract spend**

The Procurement team will continue to examine all off-contract spend and target reductions in discretionary areas of spend and challenge those that should be using existing contracts. Purchase orders over £1,000 will only be approved once procurement and finance have checked them.

## **8) Meetings with Key Providers**

Directors, commissioners and commercial & procurement managers will continue to meet with key service providers to SCC, to work collaboratively on the cost and structure of services.

## **9) Job Evaluations**

The Job Evaluation process sits with the HR Admin & Payroll team. Requests for job evaluations will now only be done as part of a restructure, new post or as part of properly constituted career progression (where that meets service need). The process will also insist on completed job descriptions and person specifications, with that responsibility remaining firmly with line managers. If you need advice, please talk with your HR advisor.

Requests for job evaluation will be monitored by the Workforce KLOE.

## **10) Culture**

Work on organisational and team culture at Somerset County Council will continue. We must not lose sight of the organisation that we want and need to be, the positive roles that colleagues perform and the focus on improving lives in Somerset. This will include how we lead and manage within our roles, understanding our professional accountabilities and behaviours; sound financial management and the spending of public money is a key part of this. A new People Strategy was launched at Cabinet on 11<sup>th</sup> June, following extensive consultation and conversations with colleagues across SCC on culture.

Pat Flaherty, Chief Executive

June 2018