

Somerset County Council

Audit Committee – 30 January 2020

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 September 2019 Audit Committee the external auditor, Grant Thornton, presented several recommendations for improvement in value for money (VFM) as part of their 2018/19 overall annual Audit Findings Report. Despite an improved position from an adverse opinion in 2017/18 to a 'qualified, except for' opinion for 2018/19 the auditor was clear that there remained more improvement to make.
- 1.2. To recognise the importance of these actions, the recommendations for improvement were turned into a VFM tracker and actions are recorded and tracked through JCAD (the Councils risk management tool). The first up-date was presented to the November 2019 Audit Committee and a further up-date on progress in the last few weeks is included here.

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. The MTFP process for 2020-23 is reaching its conclusion and the up-dated tracker demonstrates the numerous areas of improvement over previous processes. The process will culminate in January and February 2020 with formal Scrutiny reports and formal Budget reports to Cabinet and full Council. The wider engagement sessions continue. Although Scrutiny meetings planned for November were not able to receive the MTFP Strategy report as planned, due to the pre-election period leading up to the General election in December 2019, the core messages within the Strategy report have been included in the January / February Scrutiny reports.
- 3.5. Continuous improvement is being made to the quality of financial reporting. With effect from the month 7 budget monitoring report (taken to Cabinet in December 2019), the addition of tables to reconcile the narrative explanations of variances with the overall service variances, was introduced to make it clearer to members of the public that all main variations have been explained. This improved approach will continue in future reports.

4. Consultations undertaken

- 4.1 Officers will continue to hold regular liaison meetings with the external auditor, where progress against these recommendations will form a part of the discussions. The frequency of the discussions will be agreed between the S151 Officer and the External Audit lead and be proportionate to the actions required.

5. Implications

- 5.1 Although the Council acknowledges the significant improvement in its VFM conclusion made between 2017/18 and 2018/19, the Council also recognises the further improvement necessary and the need to keep a sustained focus during 2019/20 on more improvement as well to continue and further embed improvements already made.

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&MIId=709&Ver=4>
[Value for money tracker up-date report – insert link to Nov 2019 Audit Committee paper](#)

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