

Public Agenda Pack



AUDIT COMMITTEE

Thursday, 26 October 2023

10.00 am

Luttrell Room - County Hall, Taunton TA1 4DY

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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Name of person submitting	Statement
David Orr	<p>This new unitary council is, according to auditors, facing a section 114 notice from next February onwards. This is the private sector equivalent to “going bust”.</p> <p>The Conservatives predicted savings of £18m from a new unitary council, yet you are facing an existential crisis within just five months of formation.</p> <p>The Lib Dems inherited from the County Council a £23.4m overspend, while the four District Councils passed over £4.7m of underspends together with their reserves.</p> <p>There were always concerns about the County Council winning the unitary competition as “a continuing authority”. Would the new unitary council get a fresh start or would the existing County Council management cultures dominate? Would the ongoing and intractable deficits in social care quickly consume the District Councils’ reserves and underspends?</p> <p>The deteriorating financial position has worsened by a staggering £4.2m in just one month.</p> <p>This does not indicate good financial controls, or provide confidence that overspends will be tackled and savings made.</p> <p>The Council has reached for expensive consultants to tell well-paid Executives how to make savings. Adult Social Care is spending £7.5m with Newton Europe to save a claimed £10m, but probably after the council is “bust”.</p> <p>In the disastrous South West One outsource to IBM, £182m of “assured savings” were promised, but never delivered. The Ignite “transformation” programme in Taunton Deane and South Somerset Councils caused service disruption with very high recovery costs.</p> <p>A private company expecting to go “bust” within a year would show</p>

	<p>real urgency. Are the unitary savings from combining five councils into one being driven forward with urgency?</p> <p>There are big savings in reducing management overheads and rationalising a huge property portfolio. What is the position on management overhead cost reductions, and rationalising or renting out the overlapping property portfolio from five Councils, to raise cash and generate income?</p> <p>There is a great deal of scepticism about the very high levels of “working from home” in the public sector. Should Councils, like the private sector, be moving to hybrid working where some office-based work is required? If the Council is going to have mostly home-based working, then how many offices are now redundant?</p> <p>A s114 notice could result in 15% council tax rises, huge service cuts to minimum levels, and staff losses with minimal terms and conditions.</p> <p>Whitehall will send in Commissioners to do the job that this administration is elected to do and the senior officers are paid to manage. Members, the time for urgent action is now.</p>
<p>Nigel Behan (Unite the Union)</p>	<p>Unite is concerned that Somerset Council are at risk of issuing a S114 notice (“effectively bankrupt”) -as many other councils are indicating they may have to do – and not only for shortfalls (and “increasing pressures”) in funding for Childrens and Adults Social Care.</p> <p>Our members provide vital public services which are important for service users (and also the functioning of the local economy.) Unite is willing to help avoid Somerset Council having to take this drastic step. The prospect of a S114 notice will increase anxiety and uncertainties amongst dedicated staff.</p> <p>Issuing a S114 notice has a detrimental impact on democratic accountability and local service provision as witnessed in areas where a S114 notice has been issued.</p> <p>I wish to ask some questions about Agenda Item 6</p>

[External Audit Report on Value for Money Letter to Somerset Council on 2023/24 Financial Stability \(6a\)](#)

And the additional documents [6b Financial Challenges Report Sept23](#) and [6c Somerset Council Letter October 2023](#)

In Somerset Council's letter to Nico Heslop Director Local Government Finance Department for Levelling Up, Housing and Communities (6b) it is stated that:

"The key factors in the position for Somerset CC is overspends in both Adults & Health and Childrens & Families of £15.4m and £21.2m respectively, this position is partly offset by £13.2m underspending across the rest of the council.

The total reserves at the start of 2023/24 for Somerset Council were £314.8m. However, £131.2m of this relates to reserves held on behalf of others such as Somerset Rivers Authority, Heart of the South West LEP, Health and Schools. The 2023/24 budget included £19.9m use of reserves being made up of £9.9m for once off funding to support projects and £10m to balance the budget. After taking account of these and other commitments the current position is General Reserves of £49.8m. this is at the high end of our risk-based assessment of General Reserves of between £30m and £50m but is reflective of the significant risks the council currently faces. Total Earmarked Reserves are £104.9m and we are currently undertaking a review of all of them to identify if any can be released and repurposed."

Q1 Using the figures in the second paragraph (about General Reserves-GR) then can you supply a breakdown of the what the "other commitments" (total £113.9m) are, leaving the current position of GR at £49.8m?

Q2 The letter from the Auditors notes: "The Council recognises the significant financial challenges that it faces due to the impact of inflation and increases in demand and cost, particularly in relation to Adults and Childrens Services. The revenue budget forecast for 2023/24 reported to Members in September 2023 was an overspend of £26m. In addition, the medium-term financial strategy report approved in July 2023 forecast funding gaps of £42m in 2024/25 rising to £99m by 2026/27."

Is it now time to review the commissioning and operations functions in Adult Social Care as a Somerset Council paper noted last winter that the care market was failing (“Competitive Market failure – As an organisation we commission a large amount of our services and that has been a good way of keeping our costs down. We are now seeing a failure of the competitive market across a range of areas but with a particular high impact in social care, with very significant cost increases in Children’s external placements and Adults residential & nursing care. The spiralling costs in these areas are putting the councils’ budgets under significant pressure.”)?

Q3 “2023/24 Budget Monitoring We formally report the budget monitoring position to both Scrutiny and the Executive on a monthly basis. Our latest revenue budget monitoring report (Month 5 – End of August) is forecasting an overspend of £30.3m for the year which is a deterioration of £4.2m on the previous month. There are significant forecast overspends in Adults & Health of £14.9m and Childrens & Families services of 11.8m. These overspends reflect the continuing spiralling costs in these sectors which show no sign of abating. We have put in a range of measures across the council to try and address the potential overspends but given that Adults & Childrens make up nearly two-thirds of the total budget, I am not confident we will see a significant reduction.” (6b)

Do you anticipate any new/additional funding from central government to address the funding shortfalls/pressures etc in Childrens and Adults Social Care?