

Public Agenda Pack



SCRUTINY COMMITTEE - CORPORATE AND RESOURCES

Monday, 25 November 2024

1.00 pm

**John Meikle Room, The Deane House,
Belvedere Road, Taunton TA1 1HE**

SUPPLEMENT TO THE AGENDA

To: The members of the Scrutiny Committee - Corporate and Resources

We are now able to enclose the following information which was unavailable when the agenda was published:

Agenda Item 3 Minutes from the Previous Meeting (Pages 3 - 8)

To approve the minutes from the previous meeting held on 28 October 2024.

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Minutes of a Meeting of the Scrutiny Committee - Corporate and Resources held in the John Meikle Room, The Deane House, Belvedere Road, Taunton TA1 1HE, on Monday, 28 October 2024 at 2.00 pm

Present:

Cllr Bob Filmer (Chair)
Cllr Henry Hobhouse (Vice-Chair)

Cllr Tony Lock
Cllr Diogo Rodrigues
Cllr Andy Soughton
Cllr Mike Murphy

Cllr Martin Lovell
Cllr Brian Smedley
Cllr Lucy Trimnell

In attendance:

Cllr Liz Leyshon

Cllr Heather Shearer

Other Members present remotely:

Cllr Steve Ashton
Cllr Peter Clayton

Cllr Theo Butt Philip
Cllr Leigh Redman

54 Apologies for Absence - Agenda Item 1

Apologies were received from Councillors Peter Seib and Philip Ham. Councillor Simon Coles substituted for Councillor Seib and Councillor Mandy Chilcott substituted for Councillor Philip Ham.

55 Declarations of Interest - Agenda Item 2

There were none.

56 Minutes from the Previous Meeting - Agenda Item 3

The Committee was asked to consider the Minutes of the meeting held on 30 September 2024. Councillor Chilcott proposed and Councillor Coles seconded that they be accepted as a true and accurate record and were approved.

57 Public Question Time - Agenda Item 4

There were no questions submitted by the public.

58 Forward Plan 2024/25 - Agenda Item 5

There were no comments from the Committee and so the work programme was noted. The Chair advised that the next meeting was on Monday 25th November in the JMR, Deane House, Taunton. It would be a very full agenda and would be necessary to start the meeting 1 hour earlier than normal at 1pm.

59 2024/25 General Fund Revenue Budget Monitoring Report - Month 5 - Agenda Item 6

The Service Director, Finance & Procurement, Nicola Hix, gave a report on the General Fund Revenue Budget Monitoring Report for the end of August (Month 5). The forecast was a revenue overspend of £5.324m within Service Directorates for 2024/25, offset by the £6m unallocated Corporate Contingency, leading to a total revenue forecast underspend of £0.736m. There has been a decrease of £3.127m in the revenue forecast overspend position of £2.300m reported for month 4.

It was noted that the main variances were:

- Adult Services has increased the forecast underspend by £0.800m from Month 4 to a forecast underspend of £2.809m due to commissioning work carried out to reduce residential and nursing weekly fees.
- Children's Services are forecasting an overspend of £7.512m mainly due to an overspend of £7.584m on the external placements budget due to the rising numbers of children coming into care with many of these children moving into high cost residential and unregistered placements.
- Community Services are forecasting an underspend of £0.447m which is an increase of £1.447m since Month 4. This is mainly due to confirmation that £1.2m of legacy budgets are still being held within Leisure and are no longer required.
- Climate & Place is forecasting an overspend of £4.295m mainly due to increases in Waste Services contract costs.
- Strategy, Workforce & Localities are forecasting an overspend of £0.667m mainly due to forecast overspends in Legal due to reliance on locum/agency lawyers because of recruitment challenges.
- A forecast outturn underspend of £3.123m due to financing costs being lower than budgeted.
- The Corporate Contingency budget remains unallocated, however all £6.000m has been released into the forecast outturn.

The Committee were taken through the various appendices of the report with the Service Director, Finance & Procurement pointing out that there was continued work with Directorates to ensure that the assumptions within the forecast are relevant and robust.

The Service Director, Finance & Procurement further commented that the Spend Control Boards remain in place, and the monitoring and outcomes of these boards are included in the quarterly monitoring reports to Executive. This has encouraged the whole organisation to think differently, and if savings in one area cannot be achieved, Directorates are expected to find other ways of making those savings.

This is essential in order to maintain control over the Council's budget.

In the discussion which followed, Members made comments which were responded to as follows:

- Action needs to be taken to ensure the forecast overspend for Children's Services isn't increased any further. The budget is appropriate but further action is needed.
- A Children's Finance Recovery Board has been established to focus on recovery actions in the short and medium term.
- Any movement on the savings to be delivered are being tracked and all areas are being held to account.
- The urgency of getting Children's Services is recognised and are trying not only to manage the areas of overspend and non-delivery but also looking ahead and not always having to be reactive to crisis.
- Actions need to be completed by the start of the next financial year but ideally before the next budget set in February 2025.
- The government decision on the statutory override is currently awaited as to whether the deficit can be carried on the balance sheet. It is expected to be extended by that would be a temporary solution.
- The cost of running the LCNs will be verified and reported back to the Committee as they are unlikely to be as costly as £1m as indicated by the Committee Member who proposed they be removed from the budget until such time as they could be afforded.
- The reductions in works done by highways and waste services which affect all residents are recognised but there is £6m in contingency funding to deal with any unexpected one-off costs if needed in the current financial year.
- We are already using a significant number of reserves and do not want to draw down on the reserves any more than has already been committed.

At the conclusion of the discussion Members noted the report and the Chair summed up the discussions, including the need for clarity in the reporting and the inclusion of previous year's data for comparison.

60 Medium Term Financial Strategy (MTFS) Update 2025/26 to 2029/30 - Agenda Item 7

The Interim S151 Officer, Maria Christofi, gave a report on the Medium Term Financial Strategy (MTFS) for 2025/26 to 2029/30. The report said that the MTFS continues to be one of increased uncertainty, with inflationary and interest pressures, the national and global economy, lack of progress on social care reform, continued real term reductions in government funding, and lack of clarity around Local Government funding all adding to the uncertainty.

The report stated that the 6 key objectives of the MTFS are to:

- Provide financial parameters within which budget and service planning should take place.
- Ensure that the Council sets a robust balanced and sustainable budget.

- Focus and re-focus the allocation of resources so that, over time, priority areas receive additional resources. Ensuring services are defined on the basis of clear alignment between priority and affordability.
- Ensure that the Council manages and monitors its financial resources effectively. Ensuring that spending commitments do not exceed resources available in each service area. Where ring-fenced government funding is reduced, the service area takes action to reduce expenditure accordingly.
- Plan the level of fees, charges, and taxation in line with levels that the Council regard as being necessary, acceptable, and affordable to meet the Council's aims, objectives, policies, and priorities.
- Ensure that the Council's long term financial health and viability remain sound and that the financial resilience and sustainability is improved and sustained.

The Interim S151 Officer advised that the report had already been presented to the Executive at the beginning of the month and there were a number of areas which needed to be looked at due to the financial emergency, the use of a lot of one-off resources to set the budget, earmarked reserves and the capitalisation directives.

The Committee were taken through the report and appendix with the Interim S151 Officer highlighting:

- The revised budget gap for 2025/26 is now £104m.
- Three scenarios have been produced – low, central and high. The central scenario would be the one that will be included in the update 2025/26 MTFP.
- The detail of the assumptions in the central scenario.
- Modelling would be updated regularly and each assumption reviewed twice yearly.
- The Adult Social Care Precept remains in the 2025/26 estimate but removed for future years.

In the discussion which followed, Members made a number of comments which were responded to as follows:

- Although the Adult Social Care Precept revision of 2% may seem quite ambitious, there is confidence that this can be achieved and will be carefully tracked. Refer to Appendix A of the report for contracts provision.
- Some reserves are earmarked for specific purposes, but some are ringfenced and would need to be paid back if not used. There are also corporate earmarked reserves. These will need to be reviewed at least annually.
- There are many possible scenarios for the MTFP and as such, it is a live document that is being constantly updated. It will be available publicly in February 2025 ready for budget setting.
- After a number of years of low inflation, the rate of inflation will be closely tracked in preparation for the budget setting in February 2025.
- The next report in February 2025 will contain more detail on the breakdown of the earmarked reserves.

At the conclusion of the discussion Members noted the report and the Chair summed up the discussions.

61 Improvement & Transformation Programme Progress Update - Agenda Item 8

The Improvement & Transformation Lead, Louise Routley, gave a report on the on the progress of the Improvement & Transformation Programme. The report stated that since and update was last provided to the Committee in July 2024, the following had been achieved:

- LGA Transformation Peer Review - The LGA Transformation Peer Review was undertaken in July over 2 days. The observations and considerations for next steps were provided at the end of the 2 days and we subsequently converted these observations and next steps into an action plan to enable improvements for the whole council transformation approach to be developed and implemented.
- Submission of the Improvement and Transformation Plan to the Ministry for Housing, Communities and Local Government on 27 August.
- Target Operating Model adopted by Executive on 2 September.
- Rescoping of the Partnership, Localities and Devolution Programme.
- Layer 2 – 3 recruitment and selection completed with the new structure due to be live on 1 November.

The Committee was taken through the risk programme and it was noted that 4 new high risks had been added in the September/October period, all relating to Devolution. Also, two Workforce programme risks had increased as a result of the Council restructure. The current risk programme overview was highlighted as being as follows:

- Programme Level/Cross Cutting 1 Red, 4 Amber
- Workforce 1 Red, 2 Amber, 2 Green
- Innovation & Change 1 Red
- Partnerships, Devolution & Localities 1 Red

Members of the Committee discussed the presentation and comments made included the following:

- A common theme in the red risks involved staff redundancies and motivation. In response, Members were advised that there are significant recruitment and retention issues across some areas. It will continue to be an uncertain time for staff for some time. Meanwhile there are agency staff covering the vacancies.
- Could some staff facing compulsory redundancy be retrained and redeployed to areas where we are struggling to recruit? In response, Members were advised that the Council was not focusing on retraining due to the scale and pace at which it was having to act to reduce the paybill. However, once the consultation period finishes in the New Year, there will be some changes made to structures and those staff still at risk would have first priority to vacant posts or those held by agency staff.
- As the capitalisation is only agreed in principle, is there confidence that the redundancies can be afforded? In response, Members were advised that

confirmation from the MHCLG was still awaited but it is being relied on to cover the costs of redundancies.

- Has the risk relating to unmotivated workforce resulted in an increase in absence due to sickness and has a survey been done to assess wellbeing of staff? In response, Members were advised that a survey was carried out 3 months earlier and will be done again next year. Sickness absence is being closely monitored and although there has been a rise in long term sickness, no change in the pattern of sick leave for this time of year has been noted.
- It is disappointing that a skills audit of staff could not have been carried out before the compulsory redundancies are made. Concerned that Somerset residents will have lost confidence in the Council that it can deliver the services it should be. Some of the skills that will be lost could have been avoided if a skills audit had been completed.

At the conclusion of the discussion the Chair summed up and requested that in future, the risk scores are as close to real time as possible with the most up to date mitigations. Members noted the report.

(The meeting ended at 4.25 pm)

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CHAIR