

Minutes of a Meeting of the Scrutiny Committee - Corporate and Resources held in the Luttrell Room - County Hall, Taunton TA1 4DY, on Thursday, 6 July 2023 at 10.00 am

Present:

Cllr Bob Filmer (Chair)

Cllr Martin Lovell

Cllr Andy Soughton

Cllr Andy Dingwall (Substitute for Cllr Trimmell)

Cllr Henry Hobhouse (Substitute for Cllr Wilkins)

Cllr Peter Seib

Cllr Norman Cavill (Substitute for Cllr Rodrigues)

Cllr Dawn Johnson (Substitute for Cllr Pearlstone)

Other Members present remotely:

Cllr Shane Collins

Cllr Philip Ham

Cllr Liz Leyshon

Cllr Mandy Chilcott

Cllr Nick Cottle

Cllr Andy Kendall

Cllr Sarah Wakefield

8 Apologies for Absence - Agenda Item 1

Apologies were received from Councillors Tony Lock, Emily Pearlstone, Diogo Rodrigues, Lucy Trimmell, Richard Wilkins (Joined via Teams).

9 Minutes from the Previous Meeting - Agenda Item 2

Resolved that the minutes of the Scrutiny Committee - Corporate and Resources held on 16 May 2023 be confirmed as a correct record.

10 Declarations of Interest - Agenda Item 3

There were no additional declarations of interest.

11 Public Question Time - Agenda Item 4

There were no questions submitted by the Public.

12 Introduction to Strategic Asset Management at Somerset Council - Agenda Item 5

Ollie Woodhams, Service Director Strategic Asset Management gave a presentation which was an overview of the Strategic Asset Department and the various aspects of work undertaken and the plans for the future work.

There are 2 clear areas of assets within Somerset Council, these being Real Estate Assets and Infrastructure Assets, however within the old Districts the work was more of a combined nature.

It was noted that the new authority has economies of scale to ensure assets are managed using professional expertise in departmental specialist “centres of excellence”, with the authority taking a `Corporate Landlord` approach to the asset management of real estate assets. They will also take the lead role in all real estate transactions and will be responsible for all repairs and maintenance and compliance responsibilities for buildings.

The asset management of Housing Revenue Account assets will sit with the Housing department within Community Services, LA Maintained School assets will have specific arrangements. Some areas of operational land/infrastructure i.e. car parks, highway, parks etc will sit with the appropriate service director i.e. Communities or Climate & Place directorates.

Current transition projects being undertaken included a restructure of staff, commercial investment property review, property rationalisation and estate decarbonisation; it was also as part of this work the records from the 5 authorities would be brought into one using Civica Property. Another project would be using One Public Office which involved discussions on sharing office space with other organisations and this work had already commenced.

Members of the committee asked for further information on the projects planned as follows:

- Decarbonisation of properties: this included changing heating from gas to other ways of heating including the use of green tariffs and solar panels but this depended on the site as to what worked best. This would also be taken into consideration if any property was proposed for disposal or enhancement

as some buildings were not cost effective to decarbonise.

- Use by other organisations of Somerset Council buildings? Avon & Somerset Police currently use some of our offices, however they are looking for town centre premises but are still in discussions with the council.
- Investment and Commercial Assets? Being reviewed at present, values have slumped at present and any new leases are being assessed and reviewed before continuing or setting up. It was noted that the Audit process had changed and there was a much more robust approach towards the operational buildings and valuations.
- It was confirmed that the staff restructure was on-going with an interim structure for facilities management, however it would be service alignment to be considered not just staffing.
- The assets owned by the Districts were transferred to this authority and therefore would also be assessed and included on the Civica register, this will also include any strips of land. Another task to undertake is to check with the Land Registry that all these buildings and land are correctly registered with them.

It was agreed that the committee would have a proactive role in the programme and that 2 areas that could be considered in the near future would be Commercial Assets and rationalisation, also assessment and disposal of assets, this could be via working groups or task & finish groups?

Cllr Soughton asked about recuperation of costs if any highway furniture were damaged and it was agreed to provide a written reply.

13 Medium Term Financial Strategy 2024/25 to 2026/27 - Agenda Item 6

Jason Vaughan gave a presentation on the Financial Strategy which included the national picture, financial outlook, financial strategy and high level timetable, a copy of the Medium Term Financial Strategy report due to go to Executive in July 2023 had been attached to the agenda for this meeting for background information.

The committee received an overview of the national picture which highlighted the increase in Interest Rates, Labour Market and the impacts on Councils who are now feeling the financial strain including some authorities who have issued S114 notices and DLUHC having to send in Commissioners to take control of decision making in these councils. Other Councils have also issued warnings due to financial issues. It

was noted by the committee that unless remedial actions were undertaken, Somerset Council would be facing a possible S114 within a couple of years.

It was noted that there were some of the Districts where Statement of Accounts were outstanding from previous years and accounts for 2022/23 were being finalised with an estimated overspend of £20m. Schools especially were forecasting deficits for 2023/24 and for the following 3 years. In respect of High Need Block (HNB) there was a current deficit of £30m which was projected to be £70m by March 2026, currently there had a statutory override until 31 March 2026 but then the deficit must be set against the Council's other reserves which would have a huge impact in Somerset Council's case.

In respect of the financial outlook, this year's budget has been impacted by interest and inflation, delays on delivery of LGR business case staff savings, there was likely to be a higher than 5% pay award and a potential overspend was likely therefore service directors were looking at corrective actions and there was an Establishment Control Process agreed. The budget monitoring reports will reflect any actions undertaken and their effect.

The committee were taken through the challenges relating to the objectives and challenges of the Medium Term Financial Strategy and the budgets including the Revenue, Housing Revenue Account and Dedicated Schools Grants; all these have been risk assessed and RAG rated so actions can be prioritised.

It was noted that the MTFs was being brought forward so an early review can take place and issues and pressures can be highlighted. There were currently 17 key areas targeted for early focus; these included:

Adult and Childrens Services, Schools – High Needs Block, Review of School Transport, School Capital programme and school balances, commercial investments, review of assets, staffing establishment, capital programme and Receipts, Grants and Treasury Management.

The budget needs to be ready for the Executive and Full Council in February 2024.

Members of the committee discussed the presentation and requested clarification on the High Needs Block for Schools, commercial investments and the reality of S114 notice for the authority. It was confirmed that there were lots of actions that need to be undertaken after review of the budgets and they should be targeted to prioritise savings that would make a difference.

Alyn Jones also explained that there were areas of Transition and Transformation project that should also be explored and he would bring a report to the committee

for further discussion.

It was suggested that Task and Finish groups should be set up to enable Councillors to focus on specific areas and then actions can be targeted.

14 Work Programme - Agenda Item 7

To note the Work Programme and to include items as discussed including Asset Management and Budget issues, it was proposed that Task and Finish Groups should be set up to look into detail any specific areas; it was proposed that the MTFS should be a core item at each meeting.

(The meeting ended at 12.30 pm)

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CHAIR