

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, 6 January 2025 at 10.00 am

**Present:**

Cllr Steven Pugsley (Chair)

Cllr Henry Hobhouse (Vice-Chair)

Cllr Bob Filmer

Cllr Mike Murphy

Cllr Brian Smedley

Cllr Martin Lovell

Cllr Peter Seib

Cllr Lucy Trimnell

**75 Apologies for Absence** - Agenda Item 1

Apologies were received from Councillors Tony Lock , Andy Soughton and Nick Cottle. Councillors Dawn Johnson, Simon Coles and Wes Read were their substitutes. Councillor Shane Collins attended online.

**76 Declarations of Interest** - Agenda Item 2

There were none.

**77 Minutes from the Previous Meeting** - Agenda Item 3

The Committee was asked to consider the Minutes of the meeting held on 25 November 2024. Councillor Coles proposed and Councillor Hobhouse seconded that they be accepted as a true and accurate record and were approved.

**78 Public Question Time** - Agenda Item 4

There were no questions submitted by the public.

Before moving on to the next agenda item, the Chair, Councillor Pugsley, paid tribute to the former Chair, Councillor Bob Filmer. He thanked him for his hard work which was appreciated and valued by all and was pleased that he was continuing to be a Committee Member.

## 79 2024-25 General Fund Revenue and Capital Budget Monitoring Report - Month 7 - Agenda Item 5

Councillor Liz Leyshon, Executive Lead Member for Finance, Procurement and Performance, introduced the report. She wanted to ensure that Members understood that the underspend within the report was not a true underspend, due to the fact that the budget had been set with one-off monies and capitalisation directives, and the use of MTFP (Medium Term Financial Plan) earmarked reserves. However, there would be less draw on these reserves. She then asked Christian Evans, Head of Business Partnering, to present the detail of the General Fund Revenue Budget Monitoring Report for the end of October 2024 (Month 7).

The following were highlighted within the report:

- The forecast is a balanced revenue position (on-budget) with a forecast underspend of £2.722m within Service Directorates for 2024/25.
- The Corporate contingency of £6.000m remains unallocated but released into the forecast, leading to a revenue forecast underspend of £8.782m within budget lines. The £8.782m will reduce the drawdown from Earmarked Reserves to £30.717m which were utilised to balance the 2024/25 budget.
- There has been an increase of £0.303m in the revenue forecast underspend position of £8.479m reported in Quarter 2. The main movements are reported in the following areas:
  - Adults Services has an increased underspend of £0.327m mainly due to lower demand, reduced costs, and growth being less than originally anticipated.
  - Children, Families & Education Services, has a decreased overspend of £0.375m mainly due to lower demand, reduced costs, and holding staff vacancies.
  - Climate & Place Services has an increased overspend of £0.317m mainly due to an unachievable saving identified within Waste Services.
  - Resources & Corporate Services has a decreased underspend of £0.572m largely due to no longer using the Investment Risk Reserve to offset the overspend in Commercial Investment Properties.
  - Non-Service has an increased underspend of £0.500m due to the general fund proportion of the Pension Deficit charge being lower than anticipated at budget setting.
- Work continues to ensure that assumptions within the forecast are relevant and robust. This is a priority in those areas with demand led budgets and pressures.

The Committee were taken through the various appendices of the report with the Head of Business Partnering pointing out that ongoing mitigation was key to keeping the deficits down.

The Head of Business Partnering further commented that there is a review of the capital programme, alternative funding sources, recharging and invoicing, alternative payment methods and fees and charges. In the monitoring of the MTFP, 80% has been achieved or is on track and 15% is at risk. There are planned mitigations should these not be achieved.

He highlighted that the Council Tax collection rate was 66.1%, general reserves were forecast to remain at £52.3m and total capital spend for 2024/25 was estimated to be £113.6m, so against the reprofiled budget of £119.3m there is a total variance of £5.640m being forecast, representing a slippage of £5.475m and an underspend of £0.166m. The slippage would be reviewed and collated and any relevant recommendations included in the Quarter 3 report.

In the discussion which followed, Members made a number of comments and the following was discussed:

- Concerns with the increased overspend on the DSG (Dedicated Schools Grant). The Executive Lead Member for Finance, Procurement and Performance said that this was a huge problem and that the statutory override was only a temporary solution. The Chief Finance Officer agreed that it was a significant concern and that there was already a £68m deficit in month 7. The forecast has been adjusted to take this into consideration and that the Government's contingency was not a sufficient solution.
- Uncollected Council Tax. We are ahead of our target at this stage in the year. There was a request to put together a Member's Briefing on the collection fund to assist Member's understanding.
- The slippage of the Staplegrave Housing Infrastructure project in the Climate and Place directorate. Concern that the grant of £14.2m may be in jeopardy as the spend deadline is 31 March 2025. Councillor Coles was able to provide some reassurance that the project would proceed with a simpler delivery which has been approved by Planning.
- Actions have been identified to mitigate any overspend within a directorate, however the actual amounts are not yet identified. The savings indicated as amber are forecasted to be delivered. The green savings worth £23m should be fully delivered, cashed and banked. Mitigations need to be closely scrutinised by the relevant Scrutiny committees.
- There are 5 unregistered placements in children's services but the budget is

for 1 per month. A request from the Vice-Chair, Councillor Henry Hobhouse that the Children's Scrutiny Committee investigate why this is?

- Query raised as to why similar sized councils in the South West do not have a DSG deficit. The Chief Finance Officer advised that it was basically due to different circumstances within each council. The DSG override has been in place a number of years but it is a very challenging time with an increased complexity of needs. The Executive Lead Member for Adult Services said that Somerset was a net importer of children in care and each child has very specific needs. It is very expensive to send children out of the county, but we do have to do this sometimes. A Member briefing on the subject was requested.
- The forecast overspend in Adult Services will be taken into account when the 2025/26 budget is prepared. Service areas are constantly reviewing budgets and use modelling, forecasting and trends to make the budget as accurate and feasible as possible. There is a trend for more adults staying at home rather than receive care in homes, which is more expensive.
- In response to a query regarding the costs of locums within legal services., Alyn Jones, Executive Director Strategy, Workforce and Localities, said that the cost of legal services had been a considerable concern since vesting day. Work has been to develop a structure to address this concern and to recruit lawyers. Steps are being taken to identify the pressures in the next financial year by looking at restructure, practice and procedure.
- In response to a question about the costs of residential care verses nursing care, the Executive Lead Member for Adult Services advised that they can't really be compared, as part of the cost nursing care is paid by the NHS. It is a shared cost, but ultimately the amount the Council must pay for each type of care is similar. This is a good picture at month 7 but we can't expect this to carry on unless we get funding.

At the conclusion of the discussion Members noted the report and the Chair summed up the discussions and proposed an additional motion pertaining to the report. The proposed motion read as follows:

"The Scrutiny Committee Corporate & Resources scrutinised the Month 7 2024/25 General Fund Revenue and Capital Budget Monitoring Report, the mitigating actions being undertaken, the work being undertaken by services to identify alternative substitute savings where agreed savings for 2024/25 are not delivered and welcomed the forecast of a balanced revenue position.

The Committee agreed to retain a focus on the Dedicated Schools Grant forecast year-end deficit and the management of child placements within budget allocations. The Committee requested further scrutiny and a report back from Scrutiny

Committee for Children & Families on these areas to address the Children's Services forecast overspend to a balanced outturn position.”

It was proposed by Councillor Steven Pugsley and seconded by Councillor Peter Seib to approve the recommendations for Executive with the additional motion outlined above. All approved.

## **RESOLVED**

The Scrutiny Corporate and Resources Committee approved the recommendations to the Executive Committee, which were that the Executive:

- a) Notes Council is now forecasting a balanced revenue position (on-budget).
- b) Notes the total Council revenue forecast underspend of £8.782m for the year. There is a forecast underspend of £2.722m within Service Directorates for 2024/25 and the Corporate Contingency of £6.000m, whilst remains unallocated it has been released into the forecast outturn within budget lines Table 1.
- c) Note that the planned use of reserves of £36.800m for Medium Term Financial Plan (MTFP) Support towards the budget is forecast to reduce by £8.782m to £30.717m, due to the forecast underspend within budget lines. This is shown on the Reserves line of Table 1.
- d) Agree that mitigating actions are to be identified in order to reduce any overspends, to take action and to contribute to the long-term financial sustainability of the authority.
- e) Agree that the Council continues with the aim of avoiding a Section 114 notice by taking all of the necessary actions and continuing to operate as if one has been issued.
- f) Note the progress and delivered savings of £14.293m of the approved savings programme as set out in Table 2 and Appendix J.
- g) Notes that work will continue to find mitigating or substitute savings for the £1.239m of Red unachievable savings, deliver the £4.410m Amber at risk savings and the £18.935m Green on track savings.
- h) Note the in-year forecast overspend on the Dedicated Schools Grant of £32.767m, an increase of £4.508m from Quarter 2 (in section 12).
- i) Note the total forecast Dedicated Schools Grant year-end deficit of £68.707m as set out in Appendix C.
- j) Note the collection rates for Council Tax and Business Rates as set out in section 19.
- k) Note the Capital Programme forecast outturn at Month 7 is £113.678m.
- l) Approve that any application for Exceptional Financial Support for the 2025/26 budget is delegated to the Interim Chief Finance Officer (Section 151

Officer) as detailed in section 31 of this report.

Scrutiny Corporate and Resources also proposed an additional recommendation for the Scrutiny Children and Families Committee which read as follows:

“The Scrutiny Committee Corporate & Resources scrutinised the Month 7 2024/25 General Fund Revenue and Capital Budget Monitoring Report, the mitigating actions being undertaken, the work being undertaken by services to identify alternative substitute savings where agreed savings for 2024/25 are not delivered and welcomed the forecast of a balanced revenue position.

The Committee agreed to retain a focus on the Dedicated Schools Grant forecast year-end deficit and the management of child placements within budget allocations. The Committee requested further scrutiny and a report back from Scrutiny Committee for Children & Families on these areas to address the Children’s Services forecast overspend to a balanced outturn position.”

## **80 Improvement and Transformation Programme Update - Agenda Item 6**

Councillor Theo Butt Philip, Executive Lead Member for Transformation, Human Resources and Localities, welcomed Councillor Steven Pugsley to the Chair and handed over to Louise Routley, Digital Programme Manager, to take Members through the report.

The report stated that since the last update was provided to the Committee, achievements included the following:

- Significant progress had been made across the various workstreams in particular the workforce programme and council restructure.
- The formal consultation was extended by one week, at the request of Trade Unions and as of 6 December, 1300 responses had been received. This has resulted in an additional risk being added to the risk register, deemed to be a Medium (amber) risk. The mitigating activity to manage the risk includes continued engagement with Trade Unions, providing additional resource to the Workforce programme to enable key programme milestones to be achieved, extending notice periods into 25/26 and Directors providing support to the programme where intervention is required.
- Issues identified by colleagues and Trade Unions had been reviewed midway through the consultation and where possible, structures were amended and addendums added for the remaining consultation period.
- Staff have continued to be supported through the delivery of:
  - Planning your Future roadshows

- Confidential HR face to face drop-in sessions
- Confidential virtual HR sessions
- Online webinars provided by an external partner
- Implementation of a single Income Management System with all payments successfully processed.
- The Revenues and Benefits application consolidation continues to report as 'at risk' due to being behind schedule, following contractual delays. However, prior to the next reporting cycle it is envisaged that this issue will be resolved and a plan is in place to mitigate the impacts of the delay.
- A business case for the wider adoption of Microsoft CoPilot (Artificial Intelligence) has been developed and is ready for sign-off.
- Confidence remains high that the target from investment property disposals will be achieved within the financial year, exceeding early estimations of total redundancy costs.

The Committee was taken through the risk programme and it was noted that as requested at the October Scrutiny C&R meeting, all risks are now being updated monthly, regardless of the risk score, and the report includes more information regarding mitigation actions.

The current risk programme overview was highlighted as containing 16 live programme risks, split as follows:

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

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

- Concern that some risks and scores have been downgraded. Would like to see the report include the scores from the previous reporting period so that changes can be easily noted. The Executive Director, Strategy and Transformation advised that this would be investigated. He added that it was anticipated that risks would reduce over time due to mitigating actions taken and if this didn't occur, that would indicate that the mitigation was not working.
- Query over the use and cost of Microsoft Co-pilot.
- The capitalisation directive was discussed. Members were advised that there was still no Government response but were assured that the Council was having regular meetings with the MHCLG.

- Risk relating to devolution to parish and town councils was raised, particularly for smaller, rural parishes. Members were advised that the process was ongoing and that although the focus had naturally been on the bigger towns and parishes which had been able to offer more in terms of devolution, it was still a goal to include all parishes in the devolution process. Parish meetings were also included in the devolution reserve of £600k and the Council was using this as quickly and efficiently as possible.
- Concern was raised about the loss of key staff following the Council restructure and the motivation of staff. It was acknowledged to be a concern but that in the interim period, by having a broader approach regarding skill sets, it was hoped that this issue would be overcome.
- Members expressed that as the capitalisation directive was so crucial, downgrading risks at this stage seemed premature.
- More explanation was requested on the risk table, in particular, what was the benchmark that was used to allocate a risk as green, amber or red. The Executive Director, Executive Director Strategy, Workforce and Localities, advised he would provide this to all Members along with a glossary of terms and that there should be a consistent approach to reporting to all Committees.

At the conclusion of the discussion the Chair summed up and the recommendations within the report which were:

- To note the progress made in the month from 11 November – 6 December 2024.
- To note the current assessment of programme risks which includes those with a score of 16 or higher that may arise during the change process, along with the status of actions to mitigate these risks, as detailed in Appendix A

It was proposed by Cllr Simon Coles and seconded by Cllr Peter Seib. All approved.

## **RESOLVED**

Scrutiny Corporate and Resources agreed the recommendations within the report which were:

- To note the progress made in the month from 11 November – 6 December 2024.
- To note the current assessment of programme risks which includes those with a score of 16 or higher that may arise during the change process, along with the status of actions to mitigate these risks, as detailed in Appendix A



**81 Forward Plan 2024/25 - Agenda Item 7**

The Chair advised that the next meeting was to be on 29 January 2025 and would include an update on the organisation restructure and also the regional devolution proposals. The meeting on 28 April would include a Scrutiny Function Review report covering all Scrutiny Committees. It was also suggested that LCNs be reviewed but the Chair requested that consideration be given by Officers as to the most appropriate way and forum for doing this, potentially a joint scrutiny committee.

**(The meeting ended at 12.15 pm)**

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**CHAIR**