

Financial Emergency

November 2023

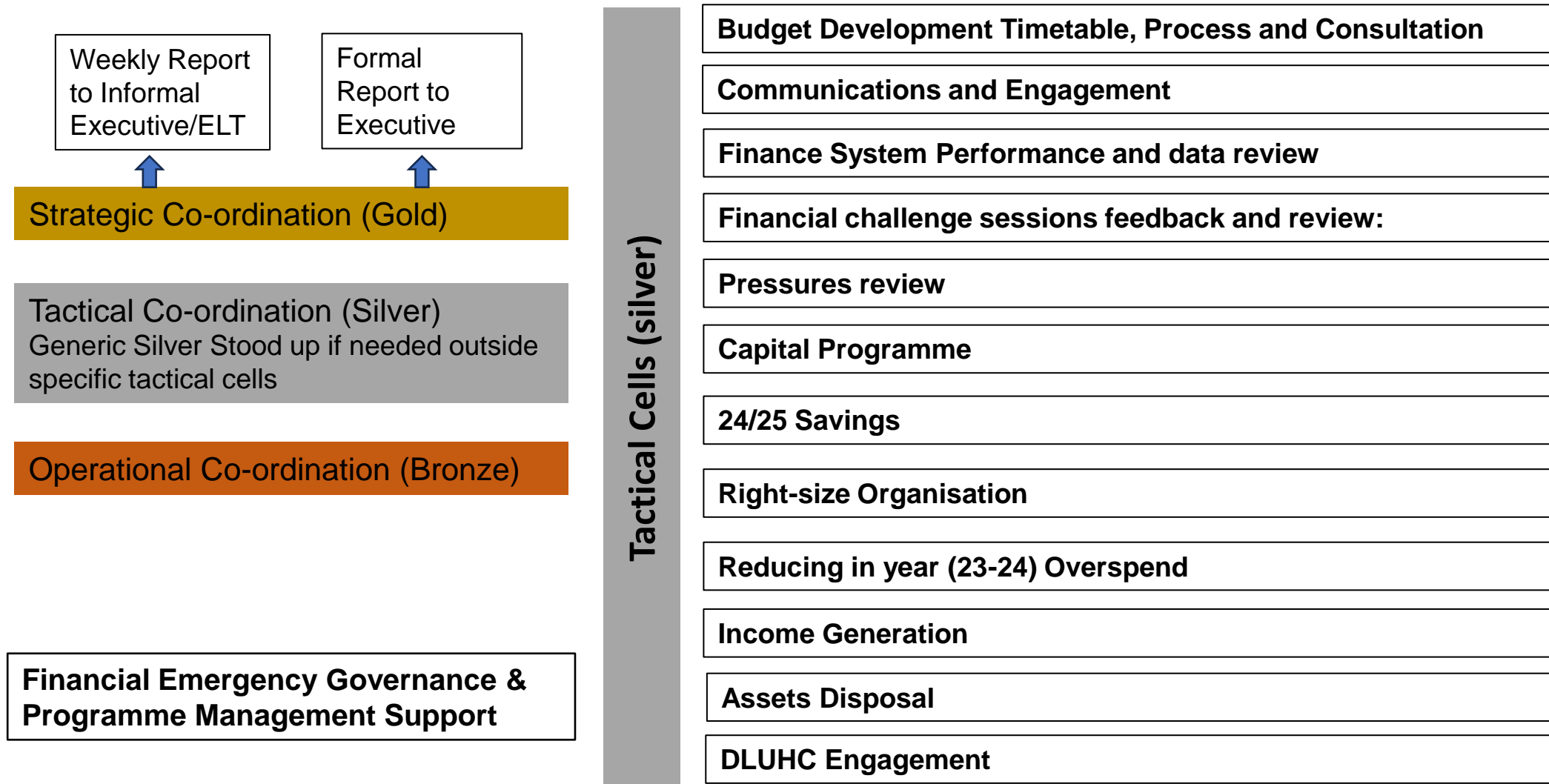


Somerset
Council

Financial Emergency – Strategy and Outcomes

- **Strategy:**
 - To provide strategic leadership for urgent activity to address the in-year (2023-24) budget gap and set a balanced budget for 2024-25 to ensure the financial sustainability of Somerset Council whilst delivering our key services, and ensuring the wellbeing and safety of our staff and customers.
- **Outcome:**
 - Delivery of a proposed balanced budget for 2024-25 to Full Council for decision on 20/02/2024
- **Strategic Objectives**
 - To take all the necessary steps and actions in order to avoid a section 114 notice.
 - To ensure that the Section 25 Statement on the robustness of the budget and the adequacy of reserves can be signed off in the February 2024 budget report.
 - To offer Members a set of proposals for a balanced budget that would enable ELT to operate a safe and legally compliant Council going forward.
 - To be confident that the proposals can be fully delivered and to the agreed timetable.
 - To have a clear transformation plan that enables delivers financial sustainability over medium term.
 - To ensure that the future Council is capable of setting a robust and sustainable MTFP (2024-2029) that enables the most effective delivery of services that are beneficial to the local area, population, and economy.
- **Outputs:**
 - Put in place appropriate leadership and governance arrangements for command, control and co-ordination
 - Communicate effectively with staff, members and customers
 - Provide the necessary resources to the tactical delivery cells

Financial Emergency Governance Structures



Financial Emergency – Workstreams and SROs

Strategic (Gold) Lead: Duncan Sharkey
Dep: Alyn Jones`

Tactical (Silver) Lead: Jason Vaughan
Dep: Nicola Hix

Operations (Bronze):
Department DMTs

Financial Emergency Governance

Lead: Trudi Grant
Programme Manager: Sarah Hawkins
Risk Manager: Pam Pursley

Programme support to Workstreams

Financial Challenge sessions – Alastair Higton
Income Generation – Paul Harding & Sam Mills
24/25 savings – TBC
Right-size organisation – Roshan Robati & TBC
In year spend/savings – Jamie Sellick
Asset Disposal – Jackie Swabey
Additional programme support to be allocated as required

Budget Development Timetable and Process and Consultation
Lead: Duncan Sharkey

Communications and Engagement

Lead: Duncan Sharkey/Alyn Jones

Finance System Performance and data review

Lead: Jason Vaughan

Financial challenge sessions feedback and review:

Lead: Claire Winter



Capital Programme

Lead: Chris Hall

Pressures review

Lead: Chris Hall



Right-size Organisation

Lead: Alyn Jones

24/25 Savings

Lead: Mickey Green



Income Generation

Lead: Chris Hall

In year spend/Savings

Lead: Mel Lock

Assets Disposal

Lead: Jason Vaughan

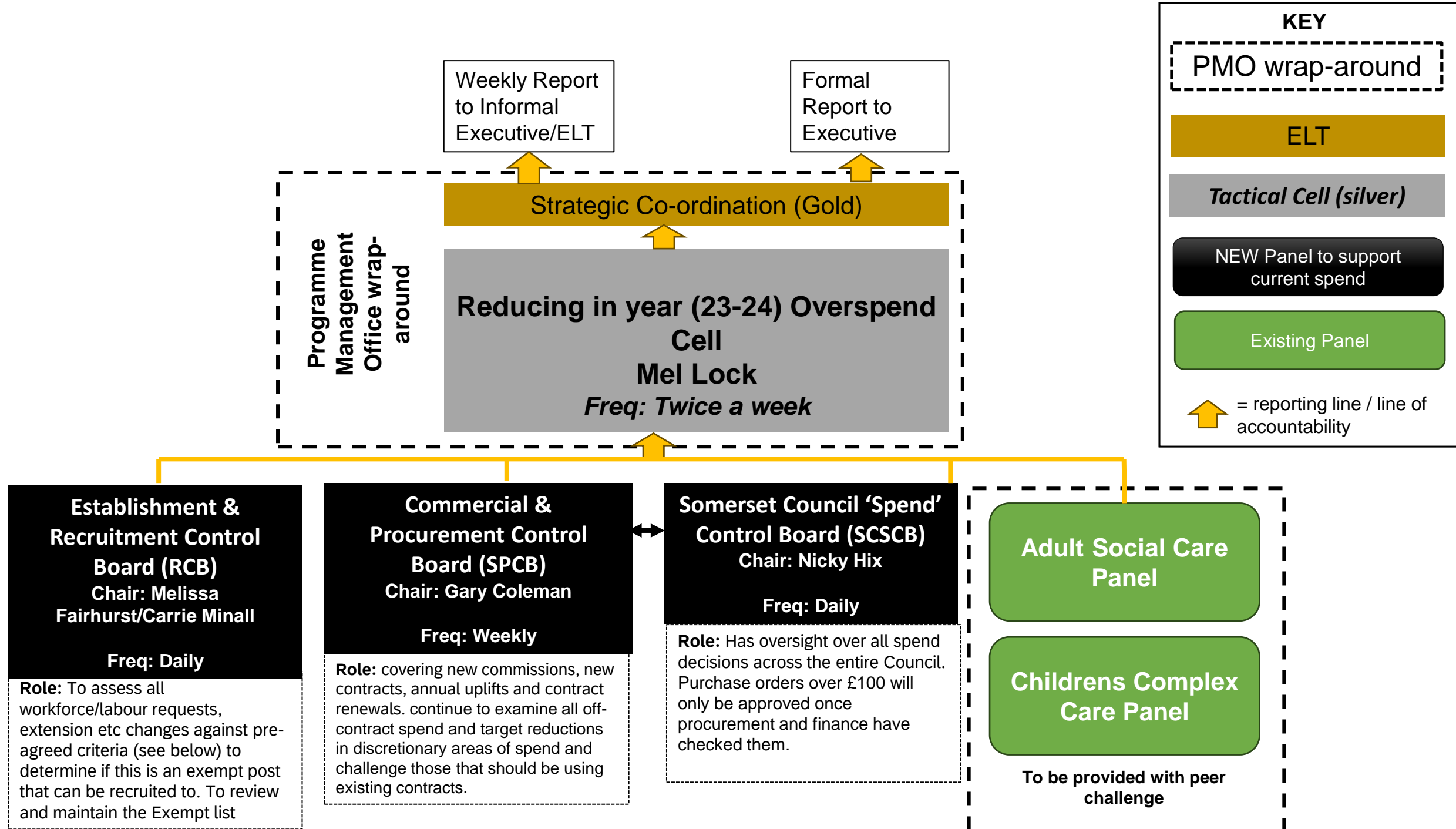
DLUHC Engagement

Lead: Jason Vaughan

Control Boards & Panels



Somerset
Council



Overview

Has oversight over all spend decisions across the entire Council. Exemption list will only include those providing essential / statutory functions. Any spend that is non-statutory should be questioned; matters of safety will be prioritised. All staff who have responsibility for recommending and/or agreeing expenditure must consider whether the spend is necessary and, if so, what alternatives there might be.

An exemptions list will be used and tightened up so not whole services exempt. Schools will not be subject to this control at present as separate budgets.

Purpose and responsibilities

- Monitoring and management of the 'no purchase order no pay' across the entire authority, except where you are on the exception list
- Purchase orders over £1,000 will only be approved once procurement and finance have checked them.
- Upon removal of all procurement cards from the system this board will be able to approve business critical need for continuation of having a procurement card.
- Ensuring the Council is using its resources on activities that deliver greatest value to residents and businesses

Decision making ability

- Does not have formal delegated authority but is the most senior officer body on decisions within its scope and if there are needs for escalation this will be to the Reducing in year (2023/24) Overspend Tactical
- Is able to mandate that any spend decision or department of the Council reports to the Somerset Council 'Spend' Control Board either on performance of existing activity (e.g. excessive spend) or emerging decisions (e.g. new spend)

Team members

NAME	ROLE
Nicola Hix (Chair)	Service Director Finance and Procurement
Jon Warr	Service Manager – Systems and Ops, Procurement
Gary Coleman	Strategic Manager - Category Manager, Procurement
Ben Bryant	Strategic Manager - Finance
Alison Monteith	Interim Exchequer Lead
Adriene Parry	Strategic Manager – Business support
Jamie Sellick (short term support)	Business change

Standard agenda/approach

All payments to go onto the system, code and approve as normal, and also let the payment go. A report which will filter out the exempt suppliers will then be produced for Board to review showing all 'unessential payments and identifying managers who continue to commit unrequired spend and will be subjected to warnings and board can take action where needed.

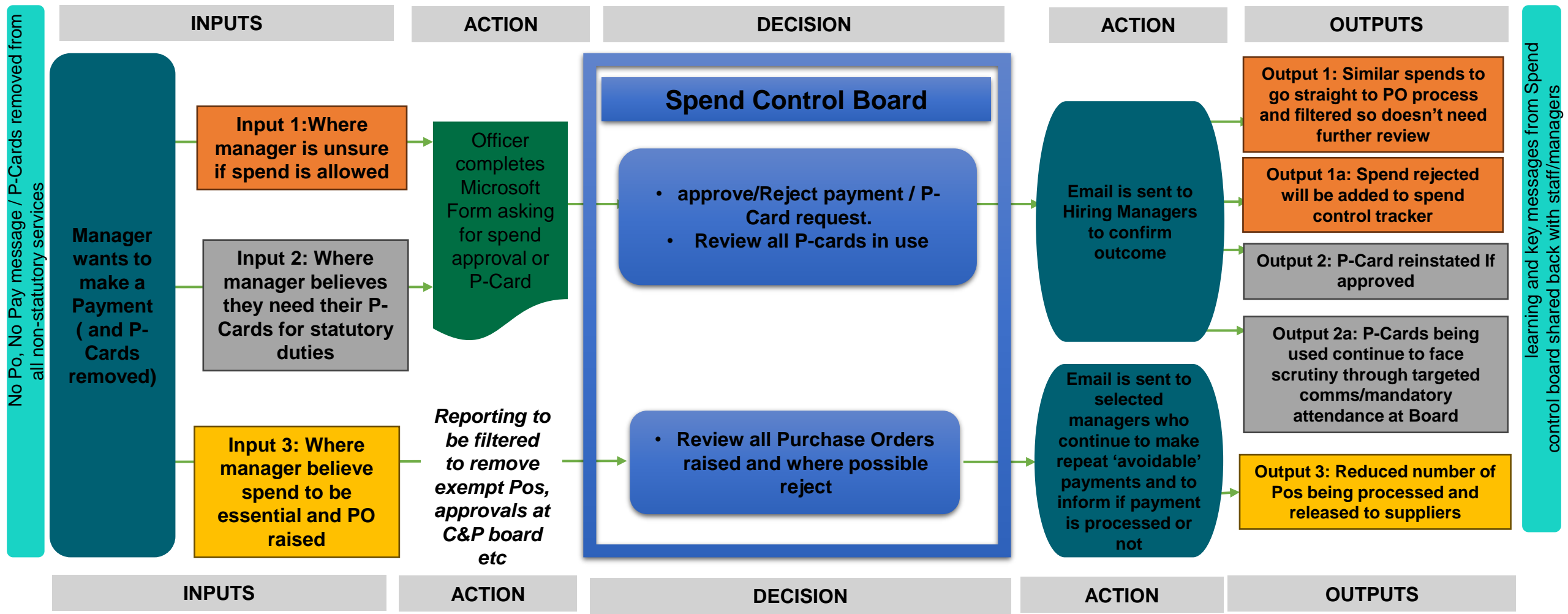
Practicalities

- Frequency: Meeting daily (for immediate future)
- Duration: 45 mins
- Min of x attendance to warrant meeting taking place
- Where individuals cannot attend a suitable substitute should be nominated

Principles of Spend Control Board

- Continued reinforcement of the corporate policy to raise a Purchase Order (POs) to pay for goods, services, and works which have been correctly ordered, authorised, and correctly goods receipted.
- Compulsory ask that all POs include the contract number and if not, they will be challenged which may result in non-payment. Compliance training to be mandatory requirement for all managers wanting to retain access to the finance system
- Through the PO process and enforcement of the policy will enable the Spend Control cell to have greater oversight and control of spend across the Council and provide targeted intervention where unessential spend continues or excessive spend is unwarranted.
- POs will continue to be processed and released to suppliers, but ambition of the group is to reduce number raised to a minimum through targeted intervention. Acceptance that initially PO order will remain high but following targeted intervention and communication to repeat offenders, the aim is to reduce POs being raised to an absolute minimum.
- Where managers are unsure if their 'spend' is essential, a mechanism will be developed for managers to check if their spend is essential/not essential. If essential, then the PO process should be followed as normal.
- All P-cards will be frozen unless the card holder is on the exemption list which is being compiled. For those who request to be added to the approved exemption list, they will need to seek reactivation through the Spend Control Board.
- Emergency Spend (reactionary) allowable within your revised directorate process e.g. booking a hotel in the middle of the night, emergency repairs etc (for the moment won't be in scope for Spend Control Board)

Spend Control Board 'To-Be' Process



Consequence faced through Spend Control Board – Raising Purchase Orders

1

Strike One

- If Officer has raised a PO that is deemed non-essential by Spend Board Once

Email sent to Officer kindly advising spend isn't deemed essential and if in doubt to complete 'spend approval' form next time

2

Strike Two

- If Officer has raised a PO that is deemed non-essential by Spend Board for a second time

Email sent to Officer enforcing that all potential spend goes through 'spend approval' form before PO raised

3

Strike Three

- If Officer has raised a PO that is deemed non-essential by Spend Board for a third time

Email sent to Officer to inform them that access to raise Purchase Orders has been removed and they will be enrolled onto basic PO training programme before being reinstated

A roadmap for pausing P-Cards

Approach that all P-Cards will be removed unless sufficient justification provides as to why it required

Where we current are..

1



At least 296 P-Cards in the system

Phase 1: P-Card review 14/11-24/11

2

Data capture Exercise
Contact with Service to say **PCards will be paused on 24th November** unless they justify otherwise. If kept, can they decrease their limits

3

P-Cards not required Paused
Following feedback those P-Cards not required will be frozen

Phase 2: P-Card Investigation/Challenge 27/11+

4

Review of all P-Cards that have not been paused & launch of the 'request for P-Card request form'
Through review against set criteria and attendance at spend control board to justify need in person

5

P-Cards that remain to be shared with SCG
Seek additional feedback/insight from SCG

6

P-Cards not required through additional challenge Paused
Following additional challenge those P-Cards not required will be frozen

7

Where we want to be...so that..

P-Cards will only remain where challenge has been given and Spend Control board are assured it's to enable delivery of statutory service delivery only

Note – the process will allow for P-Cards removed to be reinstated through sufficient justification via completion of the necessary form and review by Spend Control Board

Scope	Overall focus to reduce commercial and procurement spend across the council by reviewing, existing contracts, new commissions, new contracts, annual uplifts, contract renewals and grants. continue to examine all off-contract spend and target reductions in discretionary areas of spend and challenge those that should be using existing contracts																
Objectives/	<ul style="list-style-type: none"> To ensure value for money and delivery savings the Board will examine all off-contract spend and target reductions in discretionary areas of spend and challenge those that should be using existing contracts. Directors, commissioners and commercial & procurement managers will continue to meet with key service providers to SCC, to work collaboratively on the cost and structure of services to achieve savings. Establish actions and make recommendations to deliver emerging commercial opportunities and mitigate threats for the Council, including: <ul style="list-style-type: none"> Identifying priority contracts requiring deep dives or negotiation to reduce costs in year Changes to the legislative environment creating either opportunities to reduce costs or additional costs. Market risks and opportunities, including innovation, opportunities to explore shared services and learning from best practice. Setting a baseline for each Directorate, metrics, including cost, and reporting savings generated Providing oversight of Procurement and Contract Risks and associated Commercial Compliance, including: <ul style="list-style-type: none"> Owning the Councils procurement risk register and ensuring management action in taking place accordingly Oversight of the timeliness of procurement activity, including monitoring of procurement delays Identify and develop working governance with any other financial working groups across somerset council to avoid duplication or gaps in potential in year savings. 																
Decision making ability	<ul style="list-style-type: none"> Does not have formal delegated authority but is the most senior officer body on decisions within its scope and if there are needs for escalation this will be to the Reducing in year (2023/24) Overspend Tactical Is able to mandate that any spend decision or department of the Council reports to the Somerset Council 'Spend' Control Board either on performance of existing activity (e.g. excessive contract spend) or emerging decisions (e.g. new contract spend) 	Team members	<table border="1"> <thead> <tr> <th data-bbox="1488 629 1781 682">NAME</th> <th data-bbox="1781 629 2514 682">ROLE</th> </tr> </thead> <tbody> <tr> <td data-bbox="1488 682 1781 735">Gary Coleman</td> <td data-bbox="1781 682 2514 735">Strategic Manager - Category Manager</td> </tr> <tr> <td data-bbox="1488 735 1781 788">Nicola Hix (Chair)</td> <td data-bbox="1781 735 2514 788">Service Director Finance and Procurement</td> </tr> <tr> <td data-bbox="1488 788 1781 841"></td> <td data-bbox="1781 788 2514 841">Finance business partner (MTFP savings input)</td> </tr> <tr> <td data-bbox="1488 841 1781 893"></td> <td data-bbox="1781 841 2514 893">Representative from each Directorate</td> </tr> <tr> <td data-bbox="1488 893 1781 946"></td> <td data-bbox="1781 893 2514 946">Workforce (call in as required for specialist support)</td> </tr> <tr> <td data-bbox="1488 946 1781 996"></td> <td data-bbox="1781 946 2514 996"></td> </tr> </tbody> </table>	NAME	ROLE	Gary Coleman	Strategic Manager - Category Manager	Nicola Hix (Chair)	Service Director Finance and Procurement		Finance business partner (MTFP savings input)		Representative from each Directorate		Workforce (call in as required for specialist support)		
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Standard agenda/approach	<ul style="list-style-type: none"> Review of contract spend, financial projections, by Directorate Savings tracker review and update Contracts pipeline, new and existing contracts, annual uplifts, and grants for in year and 24/25 saving opportunities recommendations Contract negotiation and deep dives recommendations Update risk register Summary of actions, recommendations and agree exceptions to be reported to strategic coordination. 	Practicalities	<ul style="list-style-type: none"> Frequency: weekly (for immediate future) Duration: 1.30 mins Min of x attendance to warrant meeting taking place Where individuals cannot attend a suitable substitute should be nominated There will be standard templates that align with other templates at Somerset Council It is likely that the Board will commission several informal working groups.. 														

Establishment & Recruitment Control Board (ERCB) Terms of Reference		Chair: Melissa Fairhurst		Status: Approved	
Scope	Oversight / control over all recruitment and / or any amendments or additions relating to staff payments or change across the entire Council. Authorisation will be provided only for exceptional circumstances / critical statutory functions. Each request will be assessed against a set criteria with the group taking a mindset of rejecting all requests approach unless justified otherwise. Any request to recruit / expenditure on workforce will be paused unless it is assessed by the Establishment and Recruitment Control Board as exempt. As the Establishment and Recruitment Control Board identify position numbers that are exempt these will be added to a developing 'exempt' list to reduce demand on team and accelerate pace for vital posts to be appointed to. This Board will also incorporate Recruitment and Retention allowances.				
Purpose and Responsibilities	<ul style="list-style-type: none"> • Immediate review of all in train recruitment to establish and review what can still proceed (this specific purpose to be removed once all in train recruitment has been reviewed) • Understand, discuss, assess and make the decision to reject or accept all requests to recruit and/or change to existing contractual arrangements (including temporary labour/agency/locums etc) . • Review and maintain the Recruitment Exempt list • Review and maintain the HR Website with latest information / adaptations to process / guidance etc • Monitor and record savings made by recruitment / establishment pause. • Record any decisions made by the ERCB to the In Year Cell Board • Provide approvals to action to the relevant Workforce teams • To ensure all requests are approved by the Service Director and Finance Manager prior to being assessed by Board • Where it relates to interim/agency workers and the cost is £500 or more, the Board is responsible for making a recommendation to Alyn Jones to approve/decline (as this replaces the existing Resource Management Board (RMB) process). 				
What does good look like	<ul style="list-style-type: none"> - Reduction of recruitment and payroll requests submitted to ERCB Quick turnaround on requests to support teams/managers and candidates/staff - Clear rationale and framework for approvals - Minimal escalations to in year cell - Savings documented and fed into the overall cell 	Team Members	Name and Role in the Council	Role as part of the Board	
			Melissa Fairhurst: Strategic Manager – HR Advisory	Chair of Establishment and Recruitment Control Board	
			Rachel Ellins: Strategic Manager – HR Admin and Payroll	Joint Chair of Establishment and Recruitment Control Board	
			Chris Evans: Strategic Manager – Finance Business Partnering Emily Collacott: Service Manager – Financial Planning Sian Kenny: Strategic Manager – Finance Business Partnering	Finance Representatives to validate potential reduction of spend/savings	
			Service Directors Sara Cretney: Strategy and Performance Kirsty Larkins: Climate & Sustainability Jan Stafford: Customers David Clark: Governance, Democratic & Legal Lou Woolway: Public Health	Service Director Representatives to provide external challenge	
Risks	<ul style="list-style-type: none"> - Clarity over which posts (and how many of them) are statutory. - Capacity to do initial daily ERCBs - Impact on staff and delays on decisions - Negative impact on staff morale - Managers submitting requests again after receiving a decline - Senior Managers not following process and telling Managers to proceed without going through the process 	Dependencies	<ul style="list-style-type: none"> • Establishment control • HRAP • Availability of ERCB 		
			Chloe Adams: Project and Change Assistant	Interim facilitation and admin support	

Principles – Recruitment Pause Protocol

- No posts are exempt from the protocol, for the moment.
- However, as we identify posts that are exempt these will be added to a developing 'exempt' list to reduce demand on team and accelerate pace for vital posts to be appointed to.
- All recruitment requests and certain changes to Terms and conditions must be submitted to the Recruitment Control Board for consideration through the recruitment assessment MS Form.
- All recruitment requests must be authorised by before they can proceed. If approved, the normal recruitment process will follow.
- It is recognised this authorisation process may delay recruitment; therefore, daily panels will take place to review requests initially.
- Recruitment Control Board will be empowered and accountable for outcome of assessment, if decision challenged by the hiring manager, this will be escalated to the 'In Year Spend Cell'.

How we will 'monetise' the Establishment and Recruitment Pause

- Posts not recruited to can be included in the Vacancy Review savings total and where there is a base budget associated with the post, this can be saved. This would be a 'vacancy review' saving, so not one this Cell could evidence.
- Recruitment/establishment requests that are not approved will be calculated as these would be cost avoidance and would reduce future pressures.
- Regular review against the standard 'baseline' of expected recruitment requests in a normal month. This would be an indicative estimate so wouldn't be included in any 'overall' total.