

## Annex A

### Public Questions – Audit Committee Extra Ordinary Meeting - 14 December 2023

Question submitted from	Question
Nigel Behan	<p>Item 4 Preventing Failure in Local Government</p> <p>The report notes:</p> <p>“3 Understanding the causes of failure.</p> <p>3.1 Internal and external factors</p> <p>Internal and external factors have played a part in each recent significant failure. Internal factors include poorly designed structures and weak systems of management and control, compounded in some cases by bad behaviour on the part of either officers, executive members, or both. That may take the form of bullying. Bullying can be defined as offensive and intimidating, behaviour which is an abuse of power, but bad behaviour may also be more subtle but no less damaging. For example, refusing to listen to alternative views and marginalising dissenters, command and control' cultures undermine personal and professional effectiveness but weak, 'laissez faire' cultures can do as much harm, by allowing poorly informed decision making. External factors are those beyond the control of local government, such as reductions in central government's financial support and inflation which have a very significant impact on its ability to manage risks.”</p> <p>And</p> <p>“5 What now needs to change to prevent failure in the future?</p> <p>“Local government operates in an extremely complex system and is, paradoxically, both over-centralised and under-supported. Local authorities are sovereign bodies, but their powers are far outweighed by the constraints under which they operate and the weight of their responsibilities. Local government's legal framework is enshrined in statutes and regulations dating from 1972 and is not longer fit for purpose in the current environment. The legal protections which previously protected statutory officers and enabled them to fulfill their legal duties without fear of negative personal consequences have been eroded.</p> <p>Reductions in funding have led a to significant loss of organisational capacity to respond to ever-growing threats and challenges. It is to the credit of most</p>

local authorities that they have managed to avoid serious financial and governance failures despite the financial pressures they face. It is important that the failure of individual councils does not undermine the strong case for greater devolution of powers and resources to a local level and to local communities. However, the proliferation of failures raises the possibility of a more strongly regulated local government sector, the recent introduction of the Office of Local Government (Oflog) which plans to create an early warning system for councils and is a sign of this direction of travel.

A common feature of failures is that those responsible for failing to adhere to rules, failing to be open and transparent, taking decisions without the appropriate expertise or advice, and taking ill-advised risks, have frequently moved-on before the consequences become apparent leaving a difficult legacy for their successors who then inherit intractable financial and governance problems. This applies to politicians as well as officers. Whilst politicians may find that electoral success is elusive after a very public failure, officers are professionals who may well move on to operate in another public service role. In the worst cases of failure, where appropriate standards of professional conduct have not been met, it is arguable that there should be enhanced mechanisms in place to hold those who have moved on to account for their behaviour to help prevent any repeat of failure.”

Concluding with:

“The challenge for all those in the local government system is to make the best possible use of their powers and duties to prevent failure by

- Understanding and learning from past failures
- Understanding and mitigating the risks of failure
- Working collaboratively across professions, hierarchies and organisational boundaries to support good governance and robust financial management.”

### **Question 1**

Does the Audit Committee agree with the comment (from Grant Thornton): “A common feature of failures is that those responsible for failing to adhere to rules, failing to be open and transparent, taking decisions without the appropriate expertise or advice, and taking ill-advised risks, have frequently moved-on before the consequences become apparent leaving a difficult legacy for their successors who then inherit intractable financial and governance problems. This applies to politicians as well as officers.”?

<p><b>Response</b></p>	<p><b>Response from Cllr Liz Leyshon</b></p> <p>I would acknowledge the clearly stated comment from Grant Thornton that elected members can move on, or move out of political life completely, and leave others to deal with consequences of their decisions.</p> <p>However, the opposite also applies, and does in the case of Somerset Council. As Opposition Spokesperson from 2018 to 2022, I gained a great deal of understanding from four successive S151 officers and from seeing the actions of the previous administration as they dealt with the financial challenges that were evident during 2018, including low reserves.</p> <p>I would also make the point that many of us in the current Executive and Administration have brought knowledge and relevant experience from our professional lives and also from District as well as County Councils.</p> <p>This current situation, this financial emergency, is our responsibility and we will continue our efforts to find a sustainable future for Somerset Council through the course of this five year term and beyond.</p> <p><b>Response from Jason Vaughan</b></p> <p>Each of the councils that have issued section 114 notice has had particular issues and they are usually wider than just the councils finance themselves and do include some form of governance failures.</p> <p>As identified by Grant Thornton, councils have taken on lots of additional risks as they have responded to budget cuts over the last few years and ensuring they fully understand and manage these is a key issue.</p> <p>As a new council, we have been very transparent on our financial position with the monthly reporting of our budget monitoring, the regular updates on the Budget Gap for 2024/25 and dealing with outstanding audits from legacy councils.</p>
<p><b>Nigel Behan</b></p>	<p><b>Question 2</b></p> <p>Implicit in the report is the (reasonable) assumption that Local Government is a provider of Public Services: Page 4 “Local government is responsible for a range of vital services for people and businesses in defined areas. Among them are well known functions such as social care, schools, housing and planning and waste collection, but also lesser known ones such as licensing, business support, registrar services and pest control.” As the LGA note) Whilst the LGA further notes: “.....councils are struggling to fund services due to underlying issues, including a 27% real-terms cut in funding since 2010-11.”(</p>

	<p>Fifth of councils facing S114, chiefs reveal ) The LGA (First Editorial Team) also “..pledged to “keep lobbying” for additional funding for adult social care, after the sector was largely ignored in the Autumn Statement.” And that “Councils’ ability to provide the critical care and support that children rely on has been put at risk by the Autumn Statement’s lack of investment in children’s social care, the LGA has warned.” What steps, measures, actions etc can particular councils (including Somerset Council) take to restore local government funding to levels that existed around 2010-11 to provide services that address service users needs without further rationing expectations etc. in addition to the “challenges” described above?</p>
	<p><b>Response from Cllr Liz Leyshon and Cllr Mike Hewitson</b></p> <p>Somerset Council, as a unitary council, is a member of both County Council and District Council networks, and the Local Government Association.</p> <p>While we acknowledge that some of the upper tier authorities hold more reserves and assets, the fact is that we are all facing the same challenges and we need to speak with one voice. The actions and statements must be across the political divide, as seen recently in the CCN letter to the Secretary of State. That letter was signed by 26 Leaders of Conservative controlled councils and by Leader of this Council, Cllr Bill Revans along with Leaders of Labour, Lib Dem and Independent controlled councils.</p> <p>As it’s now clear that the current national Government is very reluctant to address the reality of the local government situation, it’s critically important that Councils, through their networks, lobby all political parties.</p> <p>The cost of social care (both adults and childrens) and the broken primary funding mechanism that is Council Tax must be understood for this country to have any chance of providing care for the people who need it most, as well as the services and facilities that improve people’s lives so much and maximising every opportunity for inward investment.</p> <p>It is a huge ‘ask’ for local councils, and the challenge has increased in Somerset by Local Government Reorganisation</p>