

Somerset Council - Financial Sustainability

Lead Member(s): Liz Leyshon

Local Member(s) and Division: Resources & Corporate Services

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Summary

1. On the 26th of September 2023, I wrote to Nico Heslop at the Department for Levelling Up, Housing and Communities regarding the financial challenges that the council faces. A copy of the letter is set out in **Appendix 1**. It shows the very unique challenges that the new Somerset Council faces.
2. I copied the letter to Rob Whiteman, Chief Executive of CIPFA and forwarded copies of the letter to David Hill, Chief Executive of SWAP Internal Audit Services and Barrie Morris, Grant Thornton, our external auditors.
3. On the 27th of September, I met with Grant Thornton concerning the value for money audit approach and discussed the letter to DLUHC. This was followed up with a further meeting on the 4th of October involving Grant Thornton, Duncan Sharkey, Chief Executive, and myself. As a result of these meetings and the issue that we raised and discussed, Grant Thornton have formally written to Duncan Sharkey concerning the councils Financial Sustainability and the letter is set out in **Appendix 2**.

Issue for Consideration / Recommendations

4. The Audit Committee:

4.1. Considers the issues raised by the Section 151 Officer in his letter to

DLUHC concerning the financial challenges faced by Somerset Council

4.2. Considers the findings from Grant Thornton following the letter to DLUHC concerning Somerset Councils – Financial Sustainability

Financial and Risk Implications

5. Strategic Risk ORG0057 – Sustainable MTFP and Strategic Risk ORG0070 Budget overspend are both on the corporate risk register and both have the highest risk of 25

		Likelihood	Impact	Risk Score
ORG0057	Sustainable MTFP	5	5	25
ORG0070	Budget Overspend	5	5	25

Implications

6. The Appendices clearly set a wide-ranging financial implication concerning the councils financial standability. The key issues are around: -
- The potential overspend in the current financial year
 - The forecast budget gap for 2024/25 and future years
 - The impact of these upon the Councils reserves

Legal Implications

7. There are no direct legal implications of the recommendations. However, there are wide ranging legal implications of a section 114 notice if the council found itself in the position where one had to be issued.

Background Papers

8. Letter to DLUHC on 26 September 2023

Appendices

- Appendix 1 - Letter from S151 Officer to DLUHC concerning Somerset Council - Financial Challenges
- Appendix 2 - Letter from Grant Thornton concerning the Financial Sustainability of Somerset Council