

Budget Task Group

25 January 2013

1. Membership & Apologies

a. Cllr Pip Ridout (Chair)

Cllr Mike Hewitt

Cllr Nigel Carter

Cllr John Brady

An apology for absence was received from Cllr Trevor Carbin and Cllr Mark Packard

b.

c. Also present:

Michael Hudson, Director of Finance

Teresa Goddard, Scrutiny Officer

Fiona Fitzpatrick, Interim Service Director Safeguarding

2. Budget Monitoring Report Period 9

Discussed period 9 of the Budget Monitoring Report, figures were made available at the meeting as released after the agenda had been dispatched.

The report showed there were additional cost pressures in Looked After Children but had been dealt with following December's Cabinet decision to transfer £1.7m from the reserves. Although there has been further cost pressure from Safeguarding Children which has arisen since the report, this reflects the national increase of children in care and the effect on Wiltshire. It also reflects the extra input into the service following the Ofsted inspection in March of last year. However, overall the Director of Finance was still confident of a balanced budget due to other actions to reduce spending.

3. Investment proposals for 2013/14

The Director of Finance presented the changes in funding for 2013/14 and the implications of the change in government funding formula. The overall cash affect of this is £9.8 million reduction, that is 3%.

He set out that there are three main areas of growth. Investing in communities, protecting vulnerable people, funding inflation and cost pressures.

- Inflation

There is a difference between cash reduction and real reduction. Real reduction includes demand and inflation. The level of inflation is less than forecast due to greater challenge and lower inflation. The assumptions for inflation have been set out at Appendix 3 and were discussed. The Director of Finance noted some pressures were due to changes in government policy, we now have to fund redundancy costs for teachers through academies in special measures. The health watch policy is an additional cost, and pension changes change in that also. Pay inflation is negotiated nationally, but Wiltshire is providing for 1% on the assumption this will be the agreed uplift at conclusion of those discussions.

- Communities

The Director of Finance set out this relates to two areas – car park income, largely due to the success of the reduction in the price of annual/season tickets and of the ‘free days’ for Town Councils to allocate. In addition, additional investment was put into Waste for the contract and MBT site. This was in line with the plan

- Vulnerable people

The Director of Finance set out the growth factors in adults referring to the report and details of population projections. Discussions followed on this and were agreed by the Group.

The Interim Service Director, Safeguarding joined the meeting and the Director of Finance and her set out the reasons for the proposed additional growth in safeguarding and looked after children’s budget. The Director of Finance set out the impact of sensitivity analysis and the uncertainties of accurate predictions given the nature of care and age of those being cared for. He set out how this was thus provided for in reserves so that the Council could meet its corporate parenting role without finance being the barrier to care, whilst also requiring rigour in assessments and focus on longer term prevention. The Interim Service Director, Safeguarding set out how she had introduced ‘gateway panels’ to assess care / placements to help with this process. The Group asked questions around the knowledge of the team and ability to predict, what was being done to change the position in the future and how we compared to other authorities when we benchmarked. Replies were given and the Group agreed that the growth and provision in reserves was prudent and good practice and supported this.

4. Reserves

There is a huge amount of volatility in new funding methods. Funding assumptions are based on untested assumptions, and risks include the closure of the two largest NNDR payers.

The suggestion is to create a level of reserves and earmark for specific purposes. It is a very full and frank assessment of reserves.

The reserves amount has been decreasing over the past few years and members were keen to ensure the Council has sufficient reserves. The Director of Finance agreed and noted there are no statutory guidelines or levels it was for his posts determination. He set out that his approach was to do this on an assessment of risk which is appended to the report and members reviewed that and agreed with the assessment The Group did welcome the fact that no money was being taken out of reserves to prop up the general fund and that the future plans saw more going back into reserves.

5. Recommendations

Task Group agrees the pressures have to be considered and we take them as they are with the shortfall.

The methodology used throughout this report by the Section 151 officer is endorsed by the Task Group.

To aim to bring the reserves back up in the medium term financial plan.

6. Next Meeting Date

7 February 2013 Extraordinary Meeting of the Overview and Scrutiny Management Committee for the Annual Budget Review.

**Notes produced by:
Teresa Goddard (Scrutiny Officer)**