

Wiltshire Council

Overview and Scrutiny Management Committee

15 November 2023

Financial Planning Task Group Update

Financial Year 2023/24 - Quarter Two Revenue Budget Monitoring

Purpose

1. To update Overview and Scrutiny Management Committee on the discussions of the Financial Planning Task Group on 10 November 2023 regarding the Financial Year 2023/24 - Quarter Two Revenue Budget Monitoring.

Background

2. The Financial Planning Task Group (FPTG) is a standing task group reporting to the Overview and Scrutiny Management Committee.

Membership

3. The membership of the task group is as follows:

Cllr Gavin Grant (Vice-chairman)
Cllr Gordon King
Cllr Charles McGrath
Cllr Pip Ridout (Chairman)
Cllr Ian Thorn
Cllr Ruth Hopkinson
Cllr Graham Wright
Cllr Chris Williams

Terms of Reference:

4. The terms of reference of the task group are:
 - a) To review the council's draft Financial Plan, Medium-Term Financial Strategy (4-year financial model) and Treasury Management Strategy, reporting its findings to OS Management Committee.
 - b) To undertake regular monitoring of the council's capital and revenue budgets (including the delivery of savings), ensuring that mid-year trends and developments are considered when the council's Financial Plan is updated.
 - c) To undertake ongoing review of the council's financial position, including the monitoring of reserves, investments, debt, and financial risks.

- d) Where they materially affect the council's overall financial position, to consider the council's:
 - i. approach to strategic procurement
 - ii. major contracts
 - iii. financial investment in, and liability to, its wholly owned subsidiaries.
- e) To help develop the council's approach to the annual budget setting cycle, including the specific contribution of Overview and Scrutiny.
- f) To bring regular reports to OS Management Committee, highlighting key financial developments and risks for further discussion.

Financial Year 2023/24 - Quarter Two Revenue Budget Monitoring

The Task Group met on 10 November 2023 to discuss the reports going to Cabinet on 14 November 2023, also present were:

<p>CLlr Nick Botterill</p> <p>Lizzie Watkin</p>	<p>Cabinet Member for Finance, Development Management and Strategic Planning</p> <p>Director Finance & Procurement (S151 Officer)</p>
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Financial Year 2023/24 - Quarter Two Revenue Budget Monitoring

Issue (Page and paragraphs numbers refer to the reports)	Further information / Comments
What risks are there in not achieving income targets?	Generating income is always a risk and some of the income targets were 'stretch' targets. Overall Place is achieving its targets, but assessments of the targets is always ongoing. The council is also mindful of behaviour changes post-COVID, so it remains an area to be monitored given the risks.
Are the increases in demand for whole life pathway packages in line with the budget expectations? (para 16)	There has been an increase in demand above the budget forecast, and the complexity of cases is driving up costs. There is also a shortage of bespoke placements which again is driving costs upwards. The council is working with national markets to ensure there are enough services and it is likely that demand will continue to increase.
SEND costs have increased, what has driven the increases (para 21)	There has been an increase in the number of education, health, and care plans (EHCP) some of which were included in forecasts. However, the actual price of placements has increased and again a lack of provision has increased prices. The council is working with the markets to try and develop

	capacity within Wiltshire. Also, looking to mitigate the rising cost of transport.
<p>Staff vacancies are mentioned in the report, what was the initial assumption on staff vacancies in the budget 2023/24 and what is the current vacancy rate? If the council achieves the projected vacancy figure how would that impact on the revenue budget? (Various, incl. paras 17, 30, 39, 51, 77, 101, 125)</p>	<p>Most large organisations use vacancy management to smooth out budgetary issues over the financial year. The bigger problem for the council remains recruitment and that is creating the vacancies. This situation is improving in most areas e.g., planning, but there are still some issues with specialist staff recruitment e.g., social workers.</p> <p>The vacancy factor in the current budget is 6.5% which is a standard assessment across the council. Some areas cannot meet that factor, such as leisure and libraries where levels of service and service ratios apply.</p> <p>It is difficult to capture the full vacancy picture currently and its effect on the finances, but this will improve when the council moves to the new Oracle system. This financial year the council is not able to see the impact but will in future.</p>
<p>What is the impact of employing consultants and agency staff on budgets? (Various, incl. paras 30, 71, 77)</p>	<p>In many areas of the council employs consultants which gives services flexibility in the short term e.g., planning. This might not be costing the council more money, but it does depend upon the service and the skills being applied.</p> <p>The workforce is very varied and one of the issues remains recruitment. There are national issues with recruitment in some areas and there are parts of the workforce that will never have a full complement of staff. Some one off projects or programmes need to bring in short term expertise e.g., legal, finance and IT.</p>
<p>There will be significant costs when people in care need support up to 25 years. (para 33)</p>	<p>Most people in care want to leave local authority when they can. However, due to the cost of living crisis this is slowing down, this is driving demand. This is resulting in additional support costs, leading to a forecast overspend of £0.165m in addition to the support and placement cost pressure of £1.492m.</p>
<p>The adverse change to the deficit forecast for DSG (para 85)</p>	<p>The overall in year forecast for dedicated schools grant (DSG) is an overspend of £18.619m which is an increase of £4.876m from the quarter one anticipated deficit position. The increase in</p>

	<p>expenditure is driven by increases in activity across high needs block budgets.</p> <p>The council is working with the Department for Education (DfE) to get the Designated Schools Grant (DSG) deficit down in year but risks still remain. In August 2023, the council became part of the 'Safety Valve' programme for councils with significant DSG deficits. The council will look to reach an agreement with government through which it will provide additional DSG to offset an element of the historic deficit if the council can develop a plan to bring the DSG into in-year financial balance. Therefore, it is likely that in future the council will need to invest more council money to cover SEND.</p>
<p>What are the prospects of not reaching the savings targets? (paras 91-95)</p>	<p>Already underspending overall on the budget without applying the savings. When savings are identified as not achievable, they will be reassessed, and other savings identified. Sometimes the timing of the savings is an issue, as savings might be delivered the following year.</p>

Cllr Pip Ridout, Chairman of the Financial Planning Task Group

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