

**APPENDIX to the Overview and Scrutiny Management Committee Minutes of 25
January 2024
Wiltshire Council**

Cabinet 6 February 2024

Council 20 February 2024

**Report of the Overview and Scrutiny Management Committee on the Draft Budget
2024/25 and Medium-Term Financial Strategy 2024/25-2026/27**

Purpose of report

1. To report to Full Council a summary of the main issues discussed at the meeting of the Overview and Scrutiny Management Committee held on 25 January 2024.

Background

2. The meeting of the Overview and Scrutiny Management Committee provides an opportunity for non-executive councillors to question the Cabinet Member with responsibility for Finance and the Chief Executives with the Director of Finance on the draft 2024-25 budget and medium-term financial strategy before it is considered at Cabinet on 6 February 2024 and Full Council on 20 February 2024.
3. The Leader of the Council, Councillor Richard Clewer and The Cabinet Member for Finance, Councillor Nick Botterill were supported by the Deputy Chief Executive and Corporate Director for Resources Andy Brown; and Section 151 Officer, Lizzie Watkin. In addition, Director of Legal & Governance (Monitoring Officer) and other members of the Corporate Leadership Team were present to provide clarification and answers to issues and queries raised by the Committee.
4. In addition to the draft Budget and Medium-Term Financial Strategy made available on the Council's website on 16 January 2024 and other public events, a briefing had been arranged on 17 January 2024 open to all elected Members to explain the budget and for technical questions to be answered.
5. Details had included:
 - The net general fund budget of 2024/2025 was proposed as £485.772m.
 - Council Tax requirement for the Council be set at £351.077m for 2024/25 with a Band D charge of £1,805.73, an increase of £1.65 per week; which would be a 2.99% general increase plus a levy of 2% to be spent solely on Adult Social Care.

Main issues raised during questioning and debate

6. This report is divided into sections relating to each of the Select Committee areas as budget proposals and impacts on services were discussed, before opening up to general queries.

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Financial Planning Task Group

7. The report of the Financial Planning Task Group on the budget proposals was received. The report and its comments would be forwarded for attention at Cabinet and Full Council along with the report of the Overview and Scrutiny Management Committee itself.

Environment Select Committee

8. Clarity was provided regarding the staff vacancy factor (paragraph 183), which had been set at 6.5% having previously been as low as 1.5%. It was noted that it was a varied picture across Council services regarding vacancies and that the Council was trying not to take a corporate view of this as some areas would have greater gaps and pressures and that this was difficult to ascertain with recruitment difficulties. It was noted that the Quarter 3 Budget Monitoring reports which would go to Cabinet would monitor and manage setting out implications.
9. Regarding a breakdown of the revenue and capital budgets for the council's de-carbonisation programme as set out in the Climate Strategy and whether other funding was being assigned for climate adaptation in 2024/2025, it was agreed that this was not possible to set out due to the way the budget was presented but would be brought back to the Environment Select Committee for further scrutiny.
10. Clarity was provided regarding the identification and consultation of affected groups by the removal of 20 cash ticket machines from car parks (Appendix 1, page 64). It was noted that, ten machines would be replaced and ten removed, with these considered to be carparks where residents were buying MiPermits and season tickets. Cash would still be accepted and due to the context of Wiltshire not having mobile coverage akin to places like London, it would be essential to retain the ability of people being able to pay by cash.
11. It was noted that green waste collection would increase from £66 to £70 and that there had been an uptake in the green waste service since Covid. Detail was provided that though there were 84,000 residents who paid for the service, collections would take place the same as other waste with vehicles having to attend every street. The cost would be to cover collections as a cost neutral exercise and would not be for profit as was the policy of the Environment Agency.
12. With the government funding of public transport savings deferred until 2025/2026 (Paragraph 78), officers provided assurance that Wiltshire Council would meet the deadline for delivering savings and enough time to plan for a sustainable and financially viable network with a timeline of action provided.
13. Clarity was sought that though planning fees have increased, the number of houses being built does seem to be slowing. Was this reflected in the income assumptions for planning fees? (Paragraph 87, Appendix 1, page 64). It was noted that the latest housing delivery test figures from government with 106% of the annual housing

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requirement in Wiltshire being delivered with it suggested that there was a healthy supply of planning permissions in the pipeline. It was anticipated that progressing the local plan at a pace would stimulate interest in the market and generate additional planning application. Officers were content to keep fees at the same level as previously and would review each year.

14. Assurance was provided that though the Leisure Culture & Communities income target had increased to £0.492m 2024/25 (Paragraph 97), it was believed that this was achievable. Further reassurance was sought that though the general budget was decreasing from £6.5m to £5.3m this wouldn't lead to losing a communal service to the wider public. Reassurance was provided that budget management was a top priority for leisure and a commercial team had been assembled with commercial operations experience.

Health Select Committee

15. Concern was raised about how vacancy rates were being managed to provide services and that if money is being saved by not replacing people this might lead to managing services in a non-strategic way. In addition, clarity was sought as to how the risk of people leaving critical internal posts was mitigated. It was noted that there is an importance of recognising how important partners are in delivering care and though there is less control working externally, the Council works closely with recruitment of staff and developing a workforce with the promotion of the values of roles. Any savings would be made through vacancies, and internally they are not critical roles.
16. A breakdown of the savings cited for Adult Services was provided for 2023, with it noted that in 2023/24 there are £6.455m of savings in adults. £0.242m (3.75%) of these are unachievable. Further information on savings was in the Quarterly budget monitoring reports and the planned future savings were in appendix 1, annex 7 of the budget papers.
17. Regarding the £0.242m (3.75%) of savings being unachievable, it was noted that this might be due to factors beyond control such as unexpected demands in specific areas and shifts in some parts of care having high costs. A lot of monitoring is done to see what is to be expected.
18. Clarity was provided on what work is being done to reduce costs whilst maintaining good quality services, including the Adult Care Transformation Programme and the preventative agenda, and managing demand.
19. It was noted that the outreach enablement service is not compromised by the availability of adequate housing to support independent living and works with anyone wherever they might be, including placement settings or at home. Investment has allowed for the purchase of additional properties which can deliver more living solutions.

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20. It was stated that strategically there are opportunities for more joined up working between health and planning with health accounted within the local plan in the form of policies to encourage more cycling, designs to have open space, air quality and developers being required to contribute positively to residents through the Health and Wellbeing Policy.
21. Optimism was shared that savings might be made through taking an Integrated Care approach, however there was concern regarding the withdrawal of Integrated Care Board (ICB) funding from some services. It was stated that long term duplication would be reduced with staff capacity released to do other things. Working with the ICB would have to be strategically looked at as the long-term direction of travel with the need to advocate the priorities of the local authority and social care as key partners.
22. It was questioned whether the budget should not err on the side of caution inflation rates and whether the assessment was ambitious or realistic, to which it was stated that the Council is an evidence led organisation and the assumptions used are based upon evidence. Where inflation is included in contracts the specific inflation projection rate is used and when not, the Bank of England CPI forecast is used. Appendix 1, annex 5 set out the details of inflation pressures applied to the budget. The importance of budget monitoring processes was stressed with pressure built into the budget for costs in the current financial year where higher levels of inflation had not been able to be contained.

Children's Select Committee

23. Clarity was provided regarding 21% of the council spend on supporting and safeguarding children and young people and that the actual current DSG deficit was £56.247m and that a scale of £70-90m had been identified for potential repayment which was influenced by the contribution towards the DSG deficit from the Department of Education.
24. It was noted that there was a budgeted contribution of £7m this year with no indication of the amount to be set aside in the MTFs. It was clarified that it was anticipated that there would be an opening balance on this reserve in the region of £11m and the reserve will have at least £18m by the end of 2024/25. Any residual balance, where reserves are not either set aside or identified to fund the deficit when required would require exceptional financial support from government, with a likely requirement to capitalise the balance, and either funded by capital receipts or borrowing. Borrowing for these purposes would attract a cost premium and would likely have to be paid over a period of 10 years.
25. It was stated that the council would remain liable for an estimated £60m to £70m cumulative deficit in the SEND funding when the Safety Valve programme ends (paras 51 and 142). Regarding addressing this deficit above and beyond the Safety Valve programme, currently national government funding for Councils is only confirmed for the 2024/25 financial year, with further updates awaited. Funding would also be affected by an expected election this year. Funding is not confirmed for years 2 and 3 of current MTFs period and when greater clarity of the government approach

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for local authority funding is given a strategy will be required as part of the budget setting process next year to identify funding for the high needs deficit liability.

26. Assurance was provided that regarding the High Needs Block deficit, senior officers and Cabinet are fully aware that this is the most significant financial liability risk for the council's financial sustainability and are prioritising accordingly.
27. It was stated that the school's forum had agreed to transfer £2m from the school's block to support high needs pupils, 0.55% requested which is above the 0.5% allowable without government approval. The disapplication was submitted by the deadline on 12 January 2024 and the school's forum agreed support in principle for the transfer at the meeting of 5th December and confirmed support for the transfer through a formal vote at the meeting on 18th January. This was not the first time the school's forum had done this as they approved a 0.7% transfer in 2020-21 however this was rejected by the Secretary of State for Education. It is understood that any disapplication received by local authorities with a Safety Valve agreement in place would be looked on favourably by the Secretary of State.
28. It was stated that page 50 of the draft budget showed £10m in the Capital Programme for the High Needs Block, to which it was clarified that this bid was made in lieu of any future High Needs Places Capital Allocation grant from the DfE and included a number of programmes aligned to the SEN Strategy and the safety valve plan includes the continued demand for Special School places and additional resource base places. The development of additional places is integral to the delivery of the safety valve plan.
29. Reference was made to page 14, paragraph 53 regarding traded services, with savings including increases in traded services income prices to reflect staff pay inflation. It was stated that regarding confidence of these savings, though there is always risk around ability to afford local authority services, the Council had seen increased buyback in the current financial year in School Effectiveness for example which might suggest services are well regarded by schools. This also includes trade in and outside of Wiltshire and the schools funding increasing by 1.7%.
30. Clarity was provided regarding the savings created by the PAUSE project which cost £0.3m per annum but created savings of £0.7m per annum.
31. Clarity was provided in relation to paragraph 48 that that an additional £22k would be made available for an increase in education welfare officers. £22k would be sufficient to cover the pay inflation of the EWOs rather than the cost of the additional posts investment. The EWO capacity had increased via latent demand reserve funding and growth.
32. Regarding anticipated pressure on children's statutory services, it was stated that it is difficult to estimate what is latent demand and then differentiate this from post pandemic business as usual. The decision was therefore made not to request additional draws on the latent demand reserve for next year but deal with anticipated demand and inflation through the MTFS. Previous years' drawdowns would stand.

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33. Clarity was sought regarding whether the care placement market was saturated, and children could not be placed anywhere or whether there was not enough capacity in house. It was stated that the Council was using more residential placements at a higher cost as a result. The Council was keen to further expand its own foster carers and the commitment to Fostering Excellence and the Mockingbird programme was reflective of this. Post pandemic carers have been challenging to recruit despite best efforts. IFA providers and external residential providers could “cherry pick” children and young people from across the southwest and as a result the Council could be subject to high-cost placements. The plans for children’s homes, solo children’s homes in Wiltshire aim to negate this pressure.
34. It was clarified that on page 15 paragraph 57, that £3.9m related to all demand and £4.7m related to all inflation.
35. Regarding Adoption West, the £1.125m related to the 2023/24 in year increase reflecting increased adoption support activity and 2023/24 pay inflation above the 4.5% budgeted plus the 4.5% budgeted for 2024/25. The Adoption West contractual commitment for 2024/25 was estimated to be £1m for 2024/25.
36. It was noted that paragraph 60 listed a £0.180m saving by using a Public Health Grant, which was confirmed as being an existing grant badged against existing children’s services expenditure.
37. Clarity was provided in relation to the following sentence from paragraph 62, “Other non-placement demand included is in the third year of the MTFS”, which related to the increased running costs of Canons House, assuming the capital investment was approved. The demand for more beds would bring cost avoidance in future years after 2026/27.
38. Clarity was provided relating to page 16, paragraph 62, “The increased running costs included within the demand estimates for providing respite to more children is estimated at £0.526m.” It was outlined that it was difficult to badge future savings (post the term of this MTFS) to this programme of work. The additional 4 beds would require more staffing and the larger building would have increased running costs. The investment aimed to ensure that families do not breakdown and respite avoids external residential care however, the numbers of children are small and future savings would need to be carefully considered.
39. Detail was provided on the Data and Performance team for people services, hosted within Families and Children’s, with it noted that the team supports the People Directorate as a whole, providing system and performance support, the demand is to support Education and Skills receiving the same level of funding as the other areas with a specific focus on pupil moves and statutory responsibilities related to children missing education and quality assurance.
40. It was questioned how certain the Council was that the latent demand would not be needed beyond the £3.2m drawdown in 23/24 and the £2.6m in the MTFS? It was

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noted that funding was required for further transformation across the council to ensure capacity to change to remain financially sustainable. Residual demand pressure had been built into the base budget and would continue to be assessed during the year through budget monitoring and setting future years budgets.

41. Clarity was sought regarding the school maintenance backlog and whether the £2m allocated yearly up to 2026/27 would be enough to clear the backlog and prevent new projects from being delayed. It was stated that this would not clear the backlog as the total backlog was £22.5m, which had grown from around £15.6m in the last year. The funding outlined would help prevent further growth in the backlog and enable the Council to address the highest priority work. Furthermore, the notion of prioritisation of work through condition surveys was outlined and that with the additional capital funding, the Council would have £5k per annum for the next few years. The Council was allocating £3.9m of this in 2024/25 to planned maintenance work and keeping £1.1m for emergency works to keep schools safe and open. This would almost double the usual funding for emergencies, so anything identified as "new" and requiring immediate funding would be able to be done rather than waiting for next year. It was noted that most work could only be done in school holidays which means that the Council would struggle to get enough competent contractors to increase the programme any more beyond the funding requested.
42. Regarding the decrease in SEN social care placements compared to 2023/24 (page 55), it was noted that the decrease of £0.297m related to the young people reaching 18 in 2024/25 and transferring to adult services, with fluctuations in the SEN social care support reflecting the actual cohort of children and young people.

General Queries

43. It was questioned whether the final figures for 2023/24 would affect the budget figures for 2024/25 as these would not be known until May and what scrutiny measures were in place for making changes to the agreed budget for 2024/25. It was noted that the Council was always exposed to risk of changes to the financial position, however when making decisions, officers use what is currently known. Regarding 2023/24 there was a forecasted underspend, which was a good reflection of financial management and control and taking response to variances and undertaking mitigations. Assumptions are updated as late as possible and should any additional changes and mitigations be made, this would go through the budget monitoring process of Scrutiny, the Financial Planning Task Group and quarterly budget monitoring reports. Assurance was provided that a robust governance process was in place. Further clarity was provided that the Council would have to confirm the budget by 10 March 2024.
44. Clarity was provided that individual service areas make use of different levels of detail for individual contracts and use different inflation rates for different aspects. Officers were confident they had captured the different natures across services.
45. Detail was provided about the risk assessment of general reserves on page 96, with it noted that the new provider risk in adult social care was a one-off anticipated cost of

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having to find another care provider and that these were not hard and fast values but an assessment of a one-year implication. The listing of Stone Circle on the risk register was also discussed, with it stated that this register represented a worst-case scenario, and it was right and proper to have these funds set aside in case. Furthermore, the Stone Circle related risks were reported through the Stone Circle Shareholder Group.

Conclusion

46. To note the Draft Wiltshire Council budget for 2024-25 and Medium-Term Financial Strategy for 2024-25 to 2026-27 and to refer the comments of the Committee and the report of the Financial Planning Task Group to Cabinet and Full Council for consideration on 6 February and 20 February respectively.
47. To support the Financial Planning Task Group's ongoing monitoring of the delivery of the budget and the development of the budget for 2025-26.

Councillor Graham Wright
Chairman of the Overview and Scrutiny Management Committee

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