

Wiltshire Council

Overview and Scrutiny Management Committee

25 January 2024

Report of the Financial Planning Task Group:

Budget 2024/25 and Medium Term Financial Strategy 2024/25 to 2026/27

The Task Group met with the following guests, on 19 January 2024, to discuss the reports:

Cllr Nick Botterill	Cabinet Member for Finance, Development Management and Strategic Planning
Lizzie Watkin	Director Finance & Procurement (S151 Officer)
Sarah Rose	Head of Finance – Adults & Health

Observing:

Cllr Jon Hubbard	Chairman, Children’s Select Committee
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Issue (page and paragraphs numbers refer to the draft budget papers)	Further information / Comments
Adult social care budget assessment of risks (Para 20)	<i>Work is undertaken with the social care market to understand demand and inflationary costs. The social care levy will raise £6.7m and will help to fund, in part the £16m of inflation and demand growth that has been built into the Adult Social Care budget and overall, the increases will provide sufficient funding to enable the delivery of vital services The council is confident, given what is currently known, that these assessments are robust. Uncertainty remains around social care reform and any additional funding government will give.</i>
Social Care transformation (Paras 25-39)	<i>What happened to the unachievable savings from last year (2023/24). The quarterly budget reports focus upon savings and report progress through the year. There will be significant savings next year but where there has been no delivery this year, e.g. due to timing issues, then those savings are still in the base budget. Where savings are not able to be achieved, they have been built into the budget as</i>

	<i>pressures (Appendix 1 Service Spending Pressures).</i>
Safety Value reserves (Para 51, 142)	<i>It is expected that the Council will be required to contribute between £70m and £90m at the end of the 5 year plan and therefore a reserve to begin to support the Council's contribution is being set up. There are a lot of unknowns, except that the deficit is increasing. It is not clear at this stage how much funding will come from government. Currently projecting £19m in reserves by the end of 2024/25, more will need to be put aside and it is a key priority. This reserve will rise over the next few years. It may be that any deficit still in existence after 5 years would be capitalised (borrowed) and paid off over a longer period of time.</i>
Cannons House (Paras 62, 125)	<i>There is an £3.5m investment in the expansion of Cannons House, with running costs of £0.526m per year. It is not clear where the corresponding savings from an expanded Cannons House are set out. This information will be shared with the Chairman of Children's Select Committee.</i>
Budget for staff pay award (Para 119 Table)	<i>The budget for the staff pay award is slightly less than last year (£7.833m 2023/24, £7.788m 2024/25). Forecasts for CPI are around 3% next year but the council has budgeted for 4.5% 2024/25. Have benchmarked assumptions to other local authorities and the council is in the middle of those authorities' assumptions. Have also considered the impact of the national living wage on next year's pay award. Officers and the Cabinet are comfortable with the assumptions made and that any potential risk is adequately covered.</i>
Lower Tax Base (Para 171; Tax Base App1 Table pg. 47)	<i>The lower tax base is due to an increase in households receiving a council tax reduction, (CTR) exacerbated by the cost of living crisis, and fewer new houses constructed. The reduction of £0.5m in the new homes bonus illustrates the slowing of housing growth. However, the specific split of these factors was taken away to be presented at OSMC on 25 January 2024.</i>
Lower Tax Base (See above)	<i>No comparison has been undertaken with other local authorities to see if they are similarly affected by a lower tax base 2024/25. Any comparisons would need to be with appropriate local authorities that are similar in terms of geography,</i>

	<i>demographics, and economies. This would not be easy to achieve. The council tax base will continue to be monitored, with a focus upon CTR and Universal Credit as the main metrics monthly.</i>
Consumer Prices Index (CPI) base indices for inflation (Para 172)	<i>The chart on page 48 (Appendix 1) gives the Bank of England (BoE) trend for CPI, showing the potential range of the index forecast for future years. The forecast from the BoE is for inflation to continue to fall during 2024 and future year assumptions are based upon this materialising. Forecasts for CPI are around 3% next year. It was noted that some contracts use different inflationary mechanisms than CPI.</i>
Leisure Culture & Communities - community projects (Appendix 1 Annex 9 pg. 70)	<i>In the capital programme 2025/26 there is £0.4m funding set aside for community projects. There is no further funding over the period of the MTFS. What specifically this related to could not be answered during the meeting and was taken away to be circulated later.</i>

The task group thanked officers for the presentation and reports which continue to improve in terms of clarity.

Cllr Pip Ridout, Chairman of the Financial Planning Task Group

Report author: Simon Bennett, Senior Scrutiny Officer Tel 01225 718709 email simon.bennett@wiltshire.gov.uk