

AGENDA SUPPLEMENT (2)

Meeting: Cabinet
Place: Kennet Room - County Hall, Bythesea Road, Trowbridge,
BA14 8JN
Date: Tuesday 5 February 2019
Time: 9.30 am

The Agenda for the above meeting was published on 28th January 2019. Additional documents are now available and are attached to this Agenda Supplement.

Please direct any enquiries on this Agenda to Stuart Figini, of Democratic Services, County Hall, Bythesea Road, Trowbridge, direct line 01225 718221 or email stuart.figini@wiltshire.gov.uk

Press enquiries to Communications on direct lines (01225)713114/713115.

This Agenda and all the documents referred to within it are available on the Council's website at www.wiltshire.gov.uk

6 **Wiltshire Council's Financial Plan Update 2019/20 (Pages 3 - 14)**

The following additional papers are attached:

- Overview and Scrutiny Management Committee report from its meeting held on 31st January 2019; and
- Final report of the Financial Planning Task Group.

DATE OF PUBLICATION: 4 th February 2019
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Wiltshire Council

APPENDIX to the Minutes of 31 January 2019

Cabinet 6 February 2019

Council 26 February 2019

Report of the Overview and Scrutiny Management Committee on the Draft Financial Plan Update 2019/20

Purpose of report

1. To report to Cabinet and Full Council a summary of the main issues discussed at the meeting of the Overview and Scrutiny Management Committee ("The Committee") held on 31 January 2019.

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 Interim Director of Finance on the draft 2019/20 Financial Plan before it is considered at Cabinet on 5 February 2019 and Full Council on 26 February 2019.
3. The Cabinet Member for Finance, Procurement, ICT and Operational Assets, Councillor Philip Whitehead, supported by the Interim Director of Finance and Section 151 Officer, Becky Hellard, was in attendance along with the Leader of the Council, Councillor Baroness Scott of Bybrook OBE and other members of the Executive and the Corporate Leadership Team to provide clarification and answers to issues and queries raised by the Committee.
4. In addition to the draft Financial Plan update made available on the council's website on 22 January 2019 and other public events, a briefing from the Cabinet Member open to all elected members was held on 24 January 2019, and was attended by 49 members.
5. Details had included:
 - Council Tax to be increased by 2.99%
 - Details of the £27.290m savings proposed including at what level decisions would be taken.
 - The stable position of future council finances with the removal of the Revenue Support Grant within the context of the medium term financial strategy, and the importance of transformation of services to meet increases in demand.
 - Delegation of the setting of discretionary fees and charges, to be assumed on average to increase by 5%

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.

Financial Planning Task Group

7. The report of the Task Group on the budget proposals was received and noted. The report and its recommendations would be forwarded for attention at Cabinet and Full Council along with the report of the Committee itself. The Task Group thanked the Cabinet Member for the high level of engagement undertaken throughout the year to enable robust examination and discussion of the council's financial position, and the Committee sought details of some of the points raised in the Task Group report, including how to target effective care packages, the appropriate focus on needs and outcomes of vulnerable people, and on the process of the budget discussions itself.

Children's Select Committee

8. Clarity was sought in relation to the Dedicated Schools Grant (DSG) where there had been an increase in demand in the High Needs Block of £4.500m. It was confirmed the Secretary of State had increased funding by £1.128m, and that the Council had requested permission to transfer up to 1% of Schools Funding (up to £2.6m) to cover the remaining shortfall for the High Needs block along with £1.300m as a one-off contribution. It was confirmed that the Department for Education had approved 0.8% to contribute to the shortfall from other blocks within DSG.
9. Details were sought regarding proposed savings with the voluntary community sector (VCS) under children's care and children's support. It was noted that, although a small saving of only £0.005m, funding for VCCS organisations often facilitated and enabled a great deal of additional activity and that reductions to VCS funding could have knock-on impacts. It was stated that due diligence was undertaken to assess the impact of any reduction to ensure this was at an acceptable level.
10. In relation to proposed savings in the conference and reviewing service it was stated that this involved reassessing roles and delivery of the service rather than deletion of a post.
11. It was also requested, and accepted, that the Select Committee be involved where possible in discussion of the delivery of various savings including the recommissioning of service provision for vulnerable young adults and the children's outreach services expansion.
12. The need to focus where possible on preventative work, which would have longer term improvements both for service users, partners and savings, was also discussed. It was noted that the council's FACT programme, introduction of Local Area Coordinators and Pause programme were all focused on preventative work. It was noted that public health funding from Central Government had been reduced by £0.450M.
13. Clarity was sought on the £0.070m funding for a Travel Trainer during the 2019/20 financial year. This was explained as assisting young people in developing independence when using public transport, such as bus travel for reaching places of work. This would help decrease the reliance on council-funded taxi services.

Environment Select Committee

14. Details were sought in relation to the growth in economic development and planning. It was stated that progression of local plans included significant costs on the local authority, but were a strategic priority.
15. Questions were raised regarding the predicted £0.300m saving from the LED Street Lighting Saving. The Select Committee had been informed at their 6 November 2018 meeting that this scheme was expected to deliver savings of at least £1.312m annually. It was stated in response that this was likely to be a result of first year implementation, meaning lesser savings compared with the overall annualised figure that would be achieved as the programme was on track, but that this would be checked.
16. It was also confirmed that the cost of a year of free Sunday parking had been included within the budget proposals, but that no decision had been made regarding its continuation. There was no proposal for free Bank Holiday parking.
17. Other issues raised included the increase to waste and environment's budget, which listed funds set aside for the delayed implementation of the waste contracts and that the reference to a pothole spotter in the budget papers was a holdover from the last budget and there were no associated costs for this year. It was highlighted that the Committee had been told at their 6 Nov 2018 meeting that the Council had received around £7.5m from Government, to spend on repairing potholes.

Health Select Committee

18. There was significant focus on the ongoing adult social care transformation programme, which was expected in the budget to deliver 58% of the overall savings for the entire budget, £16.068m, and assurance was sought that this was deliverable. In response it was stated that every saving, high and low, was tested rigorously on its deliverability and that as a long-term process many of the savings had been identified for some time or changes had already been enacted. It was also noted that these savings were expected to be achieved against significant growth in demand for the services.
19. Many of the savings were expected to come from the focus on reablement, to support people returning from hospital to their homes as soon as possible and increase their independence for both their benefit and improved savings, and the position regarding recruitment to that team was raised. It was stated that there had been good progress but not yet full recruitment across all areas, however the savings of £2.375m were felt to be achievable.
20. In relation to savings within the Learning Disabilities service, it was noted that this was a sensitive service area, and that any savings proposed must be realistic and handled very carefully.
21. In response to queries around adult social care provision it was stated that a new joint service had worked with local providers to create an alliance framework to shape the market for providing Help to Live at Home services, which went live in October 2018 and that the latest figures showed that 75% of care packages were purchased under contract and only 25% remain as "spot purchase".

General Enquiries and Observations

22. It was raised that the level of savings required for 2019/20 was £12m higher than the figure projected within the 2018-19 Financial Update, and the deliverability of the current projections. In response it was stated that no forecast would be completely correct as factors changed, and that proposed savings had been listed in greater detail to ensure as much as possible these were achievable and these would be continually assessed throughout the year to ensure any significant variance was identified and addressed.
23. The capital programme profile was raised, with lower figures listed in the budget report from 2019/20. In response it was stated that the capital spends for 2019/20 had seen a significant increase to £172.935m for 2019/20 and that the profile was an indication of confirmed projects, and that the actual spend would therefore increase as further projects were confirmed during the course of the year. The figures would also be affected by release of cyclical funds from central government, and it was stated the Future Prosperity Fund would be released from 2021 which would likely see to an increase on the listed figures.
24. Cross-cutting savings were explained as savings delivered by or effecting multiple services, but savings would be listed under specific services whenever possible.
25. There was discussion of the level of council reserves at 4% of the net spend. It was confirmed that in future years opportunity would be taken if possible to increase the reserves by £1-2m, but that the current level had been assessed as adequate by external auditors, and a larger increase was not considered appropriate as it would prevent allocation of resources for projects such as transformation changes which would deliver service improvements and further savings.
26. Business rates were also discussed, and it was confirmed the level collected for the present year had increased. After several years delay the government had indicated the review of the reallocation of business rates to local authorities would be progressing in the next financial year. It was not considered that this would lead to immediate and significant changes in the level Wiltshire received, although it was considered that the situation should be an improvement given the efforts of councils to highlight the significant pressures faced by authorities with larger numbers of older people.
27. The Committee also encouraged continued work to investigate best practice of other authorities and partners where appropriate and implement that best practice in Wiltshire.

Conclusion

28. To note the Financial Plan Update 2019/20 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 5 and 26 February respectively.
29. To welcome the Executive's early and positive engagement with the Financial Planning Task Group in the budget development process.
30. To recommend that future annual budget reports and councillor budget briefings describe the development process budget proposals go through in order to be consider robust.

31. To continue to support the Financial Planning Task Group's focus on supporting the development of robust council budgets.

Councillor Graham Wright

Chairman of the Overview and Scrutiny Management Committee

Report Author: Kieran Elliott, Senior Democratic Services Officer, 01225 718504 or kieran.elliott@wiltshire.gov.uk

4 February 2019

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**Report of the Financial Planning Task Group –
Wiltshire Council Financial Plan Update 2019-20**

Issue	Further information / Comments
(page and paragraphs numbers refer to the Budget report)	
Revenue and Capital Budget Monitoring 2018/19 period 9	
Overall the period 9 report identifies potential revenue cost pressures of £1.158million. This is 0.4% of the Council's net budget. However, action has been identified to address these and it is expected that the budget will be balanced by 31 March 2019.	The Task Group will scrutinise the final outturn figures once available.
Specific budget areas 2019-20	
(para 14-15) Growth and cost pressures	Wiltshire has a good council tax base, but its main challenge is growth in demand for services. Due to a robust process of assessments and challenge the growth estimates are considered more robust than in previous years and all results have been broken down into component parts and validated .
(para 35) Savings	After years of reducing financial resources, deliverability of savings becomes increasingly challenging, driving greater innovation. All proposed savings have been robustly vetted and challenged. Savings considered to be high-risk are not signed-off.

	<p>The Task Group recommended that future annual budget reports and councillor budget briefings outline the development and challenge process that proposals go through in order to be consider robust. This would increase member confidence and awareness.</p>
<p>(para 16-20)</p> <p>Adult Social Care</p>	<p>The Task Group noted the following work:</p> <ol style="list-style-type: none"> 1. Officer scrutiny of the ASC budget from the ground up, removing historic inaccuracies, identifying previously un-logged cases on feeder systems, and providing a more accurate picture of service and financial demand. 2. Shifting previously adversarial commissioning practices to more positive relationships. The council and providers working together to shape the market and agree what provision is needed, reducing the need for spot purchased care packages (currently 53%). 3. Increasing focus on client reablement, reducing current and future care costs by increasing client independence is producing positive results. 4. Assessing lifetime costs of poor early life outcomes and investing in appropriate preventative work to avoid future care costs (ASC Transformation Phase 2). 5. Improving transitions from children to adult services to reduce expensive packages carrying over and improve outcomes. 6. Increasing focus on performance, budget management and the articulation of impact. 7. Efforts to secure NHS funding for Continuing Health Care (CHC) cases where appropriate. The target savings of £0.500M are considered prudent. Wiltshire is 30% below national average for CHC referrals.

	<p>8. Continuing to improve relationships and communications between council and hospital staff to reduce cost-shunting practices.</p> <p>Other points:</p> <p>The Care Fund Calculator uses a model to assess a fair price for a care package for customers with learning difficulties, but the price then requires negotiation with providers. There is therefore risk associated with the £1M savings associated with this which is being managed on an ongoing basis.</p>
<p>(para 21-22)</p> <p>Children’s Services</p>	<p>The Task Group noted the following work:</p> <ol style="list-style-type: none"> 1. Shifting away from commissioning within financial envelopes to using intelligence to establish the true costs of care. 2. A greater emphasis on rationalising contracts and services, providing back-office efficiencies. 3. Reviewing and revising expensive placements that exacerbate a culture of dependency rather than independence. 4. The council’s No Wrong Door service (addressing young people’s needs through a single team of skilled workers) seeks to prevent significant costs to the health and criminal justice systems. There are challenges in securing partner commitment for integrated budgets to drive this further forward.
<p>(para 24)</p> <p>Commercialism – Local Housing Company and Local Development Company</p>	<p>The Task Group raised the following points at Cabinet when the relevant report was discussed (15 January 2019):</p> <ol style="list-style-type: none"> 1. The company Boards should include at least two independent directors (rather than one), one of whom should act as chairman, to ensure the necessary independence and expertise.

	<ol style="list-style-type: none"> 2. Clarity is required regarding projected returns on investment. It is problematic to assume broader success having modelled a few specific investments. 3. The council's financial assumptions (outlined in the confidential figures received) were different to Saville's with regard to construction costs. Caution should be exercised if not heeding external expertise. 4. No business plan being forthcoming to Cabinet etc; only to the Board is a concern. 5. The social priority of meeting unmet keyworker housing need (addressing market failure) and the commercial priority of generating income may always conflict to an extent. 6. Although there may be a small risk of disrupting markets at a very local level (e.g. where significant development is planned or in progress already) this should not inhibit our desire to grow Wiltshire's housing stock to meet local demand.
<p>(para 25)</p> <p>Waste contract management and increased demand</p>	<p>The greatest cost pressures for 2019-20 are the new Lot 5 contract for residual waste and the Lot 1 contract for the sorting of these materials.</p> <p>Due to a delay in obtaining planning permission for a Mechanical Biological Treatment (MBT) site in 2018, the council could not implement an improved system for collection, causing additional costs of £0.250M per month. The budget proposed for 2019-20 is based on the new collection services commencing on 3 June 2019, with some risk associated with this date.</p> <p>The original budget projection included the transfer of £0.500m from the Fleet budget to waste to fund the cost of refuse vehicle maintenance. Due to pressures on the Fleet budget, the waste budget now need to absorb this cost.</p>

	<p>The increase in tonnes of waste has been projected based on 2017-18 tonnes, tonnes collected during the first quarter of 2018-19 and projected savings that were not achieved. This figure could vary significantly.</p> <p>Previously the waste contractor carried the risk of recyclable market volatility alone. The new contracts include a sharing arrangement, with the council absorbing 75% of price fluctuations (whether up or down).</p> <p>Historically waste tonnages have grown between 3 and 6% per year. In recent years tonnages flattened due to the economic slowdown, but has now slowly started to increase again.</p>
(table under para 15) ICT	It was clarified that the £0.300M annual revenue growth 2019-20 to 2023-24 is in addition to significant capital investment.
(table under para 15) Funding changes	It was clarified that the £0.625M listed under 'Funding changes' referred to additional income from a review of Council Tax discounts.
(table under para 15) Parking	The costs of £0.564M under Car parks is to balance the revenue lost through the suspension of car parking charges in Salisbury.
Future scrutiny of the Financial Plan 2019-20	
Tracking delivery of savings and income generation	The Task Group will focus on the key savings/income areas and monitor how any non-delivery is balanced elsewhere.
Commercialism	The Task Group will continue to review the council's approach to commercialism and income generation.
Budgets and service impacts	The Task Group wishes to engage further with select committees (particularly chairmen and vice-chairmen) to support the monitoring of impacts on services and outcomes for residents.

Potential new facility for budget suggestions from non-executive members	Following the suggestion of the Cabinet Member, the Task Group will support the development of a potential new facility in which non-executive members can submit budget suggestions for scrutiny review and Executive consideration throughout the financial year
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Proposals

1. To note the findings of the Task Group on Wiltshire Council's Financial Plan update 2019-20.
2. To welcome the Executive's early and positive engagement in the budget scrutiny process.
3. To recommend that future annual budget reports and councillor budget briefings describe the development process budget proposals go through in order to be considered robust.
4. To support the Task Group's increasing focus on supporting the development of robust council budgets.

Cllr Ian Thorn, Chairman of the Financial Planning Task Group

Report author: Henry Powell, Scrutiny Lead, 01225 718052,
henry.powell@wiltshire.gov.uk