

Wiltshire Council

Overview and Scrutiny Management Committee

14 July 2022

Financial Planning Task Group Update

Year End Revenue Financial Outturn Position 2021/22

Purpose

1. To update Overview and Scrutiny Management Committee on the discussions of the Financial Planning Task Group on 8 July 2022 regarding the Year End Revenue Financial Outturn Position 2021/22.

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 George Jeans
Cllr Gordon King
Cllr Charles McGrath
Cllr Bill Parks
Cllr Pip Ridout (Chairman)
Cllr Elizabeth Threlfall

Terms of Reference:

4. As agreed at the Overview & Scrutiny Management Committee (OSMC) on 19 May 2022 the terms of reference of the task group have been amended to clarify its responsibilities regarding financial risk, savings, capital budgets and reserves.
 1. 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.
 2. 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.

3. To undertake ongoing review of the council's financial position, including the monitoring of reserves, investments, debt, and financial risks.
4. 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.
5. To help develop the council's approach to the annual budget setting cycle, including the specific contribution of Overview and Scrutiny.
6. To bring regular reports to OS Management Committee, highlighting key financial developments and risks for further discussion.

Year End Revenue Financial Outturn Position 2021/22

The Task Group met on 8 July 2022 to discuss the reports going to Cabinet on 12 July 2022, also present were:

Cllr Richard Clewer	Leader of the Council and Cabinet Member for Finance and Procurement, MCI, Economic Development, Heritage, Arts, Tourism and Health and Wellbeing
Cllr Caroline Thomas Andy Brown	Portfolio Holder Finance & Procurement Corporate Director Resources & Deputy Chief Executive (S151 Officer)
Lizzie Watkin	Assistant Director Finance

Observing:

Cllr Graham Wright	Chairman, OS Management Committee
Cllr Chris Williams	Vice-Chairman, OS Management Committee
Cllr Jerry Kunkler	Chairman, Environment Select Committee

Year End Revenue Financial Outturn Position 2021/22

Issue (Page and paragraphs numbers refer to the reports)	Further information / Comments
Council reserves position	Historically, the Council has kept reserves low, compared to other comparable local authorities. The Council does not want to hold excessive reserves, but it is a fine balance. The General Fund Reserve is now at a position to weather unforeseen pressures. There are other reserves to cover pressures of inflation and pay awards. The Council is likely to overspend 2022/23 but it now has

	reserves to deal with those pressures. Future Government settlements may include uplifts to cover some of the financial challenges, but Council can deal with pending financial risks.
Latent demand reserve (para 9)	At the end of 2021/22 £7.895m remained set aside for latent demand. The financial position for the year is an underspend so the reserve has not been drawn upon, and demand costs have been managed. There is potential demand for services still stored up and this may work through this financial year. It is prudent to retain the reserve, however if this year is like last year, then the need to continue to set monies aside in this reserve will be reviewed. The review point will be part of the budget setting process in Q2-Q3. It was noted that services can request a drawn down of the reserve where evidence of new demand is in excess of the budget. There are some issues on the horizon for which it would be helpful to maintain the reserve, like adult social care reforms. The Cabinet can decide to refine the reserves policy in the light of emerging developments.
Learning Disabilities & Autism Support (para 26)	This had an underspend of £2.512m some of which was due to the 'over-recovery of income'. The collection of client contribution for care were correct but the budget had been set at lower level than the recovery should have been. This will be addressed in forthcoming budgets.
Flexible capital receipts (para 88)	Leisure services has had £0.717m of capital receipt freed up, this is identified in table 11, para 137. Transition costs can therefore be covered by revenue rather than capital receipts.
Designated Schools Grant (DSG) (para 119)	This deficit can only realistically be managed with the help of central government. The risk has increased, but it is a national problem, and the Council is not alone in having a deficit. The £26m cumulative deficit, does not currently affect the council's operations. The deficit is rising by about £6-8m per year and will appear as a risk in the budget in future.

Cllr Pip Ridout, Chairman of the Financial Planning Task Group

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