

AGENDA SUPPLEMENT (2)

Meeting: Cabinet
Place: The Kennet Room - County Hall, Trowbridge BA14 8JN
Date: Tuesday 6 February 2018
Time: 9.30 am

The Agenda for the above meeting was published on 29 January 2018. Additional documents are now available and are attached to this Agenda Supplement.

Please direct any enquiries on this Agenda to Will Oulton, of Democratic Services, County Hall, Bythesea Road, Trowbridge, direct line 01225 713935 or email william.oulton@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

7 **Commercial policy and approach** *(Pages 3 - 6)*

The report of the Financial Planning Task Group is attached for information.

9 **Wiltshire Council's Financial Plan** *(Pages 7 - 18)*

The draft minutes and report of the Overview and Scrutiny Management Committee meeting on 5 February 2018 are attached for information.

DATE OF PUBLICATION: 5 February 2018

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Wiltshire Council

Overview and Scrutiny Management Committee

30 January 2018

Report of the Financial Planning Task Group:

Draft Wiltshire Council Commercial Policy and Approach 2018-27

Purpose

1. To present the findings of the Financial Planning Task Group following its consideration of the Draft Wiltshire Council Commercial Policy and Approach 2018-27.

Background

2. In October 2017 the Financial Planning Task Group's Chairman joined the OS Management Committee chairman and vice-chairman for their annual meeting with the Executive to discuss work priorities within the 'Finance and Procurement' portfolio. Here the Cabinet Member for Finance invited overview and scrutiny to help develop the council's Commercial approach. On 28 November 2017 Management Committee agreed that commercialism should be included within the Financial Planning Task Group's remit, with findings brought back to Committee prior to referral to Cabinet.
3. On 18 December 2017 the Task Group met with the Cabinet Member and Service Director for Finance, and the Corporate Director for Growth, Investment and Place, to discuss a draft version of the Wiltshire Council Commercial Policy and Approach 2018-27.

Findings

4. Given the significant reductions in grants from central government and projections of rising demand for core services over the next few years, the task group agrees that there is now a need to increase income generation to deliver some of the £45 million of savings the council faces (paragraph 1.1). It therefore see this document as a timely and necessary starting point in taking this forward. **(Recommendation 1)**
5. Although the task group commends the document's ambition, the stated aspiration of only key priority services being funded through Council Tax and others being funded from the council's commercial work may be optimistic in the

short- and medium term (paragraph 1.3, point 4). While a target income from 'Commercialism' of £5M over the next 3-5 years has been discussed, instances of councils making financial losses or incurring reputational damage due to unwise investments are widely reported in the media. Examples of successful ventures are less widely known and the council may wish to highlight these in order to grow confidence in this approach (**Recommendation 2**).

6. The document outlines a sensible approach to increasing the council's ability to generate income and deliver further savings through focusing on four key areas (paragraph 1.3):
 - a) Improving our data and management information
 - b) Improving the skills of our staff
 - c) Using our assets and resources to make financial returns
 - d) Reviewing and revising models of delivery.
7. In particular the task group supports the commitment that the council ensures it has considered all relevant data and information before taking decisions that involve expenditure and financial risk.
8. The task group notes, however, that these are not specifically 'commercial' practices; they are practices required of any efficient and effective organisation that uses the information and resources it has to make informed decisions. The terms 'commercial' and 'commercialism' may need to be clarified as some members of the public may interpret them as signifying a shift away from "the delivery of public services to the people of Wiltshire and most importantly the support and welfare of the most vulnerable in society" (Foreword). (**Recommendation 3**)
9. The task group supports the introduction of a standard template and a thorough, evidence-based process for the consideration of business cases where a new innovation or commercial venture is proposed (Appendix 1 of the document). The task group would welcome more detail on the nature of the 'independent' scrutiny (of proposals) referred to in Appendix 1 of the document.
10. The task group also supports the introduction of a consistent process for developing each proposal (Appendix 2 of the document), as follows:
 - a) Decide on the strategic objectives and the desired outcomes
 - b) Decide on the model of delivery
 - c) Decide on the vehicle to deliver the services.
11. The task group supports the document's reference to upskilling officers to enable them to innovate; including identifying and pursuing commercial opportunities; and, where appropriate, recruiting new staff with 'commercial' skillsets (paragraph 1.2). Staff will also need training on gathering and analysing relevant data effectively so that the council's commercial decisions are taken having considered all of the available information.

12. The task also wishes to emphasise the scale of the cultural change required of the organisation if the new approach is to be embedded successfully. The vast majority of the council's work hitherto has not had income-generation as a core objective and this will inevitably be reflected in the natural leanings and knowledge bases of officers. Introducing this element into officers' day-to-day work will represent a significant shift and they will understandably need support in order to do so successfully. **(Recommendation 4)**
13. The council will also want to consider what knowledge and skills councillors require to understand and contribute to this new area. Overview and Scrutiny in particular will want to ensure these are reflected in its Learning and Development programme. **(Recommendation 5)**
14. If councillors are to act as 'company directors' (paragraph 4.6) they will need a proper understanding of the role's legal requirements and obligations. In particular they will need a clear understanding of the interplay between their obligations as a director and those as a councillor, including conflicts issues, when to recuse themselves from decisions of either body and the possible needs for firewalls etc. Care needs to be taken to ensure the council is not exposed further by any decisions such individuals may take when acting as a director.
15. The task group supports increasing the organisation's recognition of the value of what it has, whether that be property, skills or information (paragraphs 3.13 to 3.18). It is concerned that the council does not currently seek to ensure that information of potential value is subject to specific confidentiality obligations, such as in employment contracts or tender documents. This needs to be addressed. **(Recommendation 6)**
16. By entering the commercial world the council will be competing with established enterprises with long experience of their sectors. The council will therefore need to choose which opportunities to pursue with care, taking account of the resources and skillsets it has available and the risk-reward breakdowns for the organisation. The document provides a useful framework for developing the council's commercial approach and only briefly refers to "areas where we have already got a presence, where we have existing assets or existing skills and resource" (Foreword). The task group awaits more detail of specific opportunities under consideration and looks forward to positive engagement on these (see paragraph 17 below).
17. The task group welcomes the Cabinet Member's engagement with Overview and Scrutiny on the draft document and the commitment within it to bringing action plans to Management Committee twice annually (paragraph 6.1). Management Committee may want the task group to lead detailed work in this area and bring findings back to Committee for wider discussion. **(Recommendation 7)**

Proposal

18. To endorse the following recommendations and, where appropriate, refer them to the Cabinet Member for Finance, ICT, Procurement and Operational Assets:
 1. To support the Commercial Policy and Approach document as a timely and useful framework for developing the council's ability to deliver further savings and greater income through innovation and sound business practices;
 2. That examples where local authorities have successfully pursued commercial opportunities be highlighted in order to grow confidence in this approach in Wiltshire;
 3. That the terms 'commercial' and 'commercialism' in this context be clarified and, where appropriate, reconsidered to avoid them being wrongly interpreted as signifying a change to the council's core purpose.
 4. To highlight the cultural change required of the organisation if the ambitions for generating income are to be delivered and to ensure that both officers and councillors have the knowledge and skills to achieve this.
 5. That the Overview and Scrutiny Learning and Development programme gives OS councillors the specific skills and knowledge required to scrutinise the council's commercial ventures effectively.
 6. To ensure that information held by the council that is of potential commercial value is made subject to confidentiality obligations, such as in employment contracts or tender documents.
 7. That Management Committee ask the Financial Planning Task Group to undertake more detailed scrutiny work on the action plans relating to the document once available.

Cllr Ian Thorn, Chairman of Financial Planning Task Group

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OVERVIEW AND SCRUTINY MANAGEMENT COMMITTEE

MINUTES OF THE OVERVIEW AND SCRUTINY MANAGEMENT COMMITTEE MEETING HELD ON 5 FEBRUARY 2018 AT THE KENNET ROOM - COUNTY HALL, TROWBRIDGE BA14 8JN.

Present:

Cllr Ian Blair-Pilling, Cllr Christine Crisp, Cllr Stewart Dobson, Cllr Alan Hill (Vice-Chairman), Cllr Ruth Hopkinson, Cllr Simon Jacobs, Cllr Gordon King, Cllr Andy Phillips, Cllr John Walsh, Cllr Graham Wright (Chairman), Cllr Clare Cape (Substitute) and Cllr Pip Ridout (Substitute)

Also Present:

Cllr David Jenkins, Cllr Laura Mayes, Cllr Baroness Scott of Bybrook OBE, Cllr Toby Sturgis, Cllr John Thomson, Cllr Ian Thorn, Cllr Bridget Wayman, Cllr Philip Whitehead, Cllr Jerry Wickham, Cllr Richard Clewer, Cllr Darren Henry, Cllr Brian Mathew and Cllr Christopher Williams

1 **Apologies**

Apologies for absence were received from Councillors Howard Greenman, Jon Hubbard and Jacqui Lay.

Councillor Greenman was substituted by Councillor Pip Ridout, and Councillor Hubbard was substituted by Councillor Clare Cape.

Councillor Alan Hill also gave apologies he would arrive late to the meeting.

2 **Minutes of the Previous Meeting**

The minutes of the meeting held on 28 November 2017 were presented for consideration and it was,

Resolved:

To approve and sign as a true and correct record.

3 **Declarations of Interest**

There were no declarations.

4 **Chairman's Announcements**

The Chairman advised the Committee of the new camera set up in the meeting room.

5 **Public Participation**

There were no questions submitted or statements received.

6 **Procedure of Meeting**

The procedure for the meeting was noted.

7 **Wiltshire Council's Financial Plan Update 2018/19**

The draft Wiltshire Council Financial Plan Update for 2018/19 was presented by Councillor Philip Whitehead, Cabinet Member for Finance, Procurement, ICT and Operational Assets, and by Michael Hudson, Director of Finance and Section 151 Officer, ahead of its submission to Cabinet on 6 February 2018 and Full Council on 20 February 2018.

The proposals for 2018/19 were considered within the framework of the Medium Term Financial Plan and Efficiency Statement 2017-2020, which had been agreed by Council on 18 October 2016. The budget proposed 2.99% rise in Council Tax and a 3% Social Care Levy. The report from the Financial Planning Task Group in consideration of the budget was also received and considered.

The Committee, along with other members in attendance including all members of the Executive, discussed the proposed budget, and clarification was sought on many issues from the attending Cabinet Members and Corporate Leadership Team, with full details contained in the report as appended to these minutes.

Particular attention was given to savings proposals arising from the transformation of adult social care, reserve levels, commercialism to increase income, reablement to reduce longer term care costs, savings from staff vacancy management and the housing service, how proposed savings would be achieved, impacts upon staffing levels, community grants and adult social care along with other topics as detailed in the appended report.

On the motion of Councillor Graham Wright, seconded by Councillor Alan Hill, it was,

Resolved:

To note the Financial Plan Update 2018/19 and to refer the comments of the Committee to Cabinet and Full Council for consideration on 6 and 20 February respectively.

8 **Commercial Policy**

The Council's Medium Term Financial Plan identified £57.5million as a target for savings or more income, With the removal of central government grants it is expected that council's will become more self-financing. A Commercial Policy and Approach has been drafted to assist the council in developing a new way of working.

Councillor Philip Whitehead, Cabinet Member for Finance, Procurement, ICT and Operational Assets, presented the draft policy and approach. The Financial Planning Task Group's report on the initial draft was also presented, along with details of changes made to the policy arising from the recommendations of the Task Group.

The Committee received the reports and noted their contents. It was emphasised that the new policy would require a cultural change within the organisation, and the Leader of the Council, during the budget discussion, had stated this was being taken into account with the selection and appointment of new Directors. It was also raised the communicating the intent and extent of the new policy to the public would be essential.

At the conclusion of discussion, and on the motion of Councillor Graham Wright, seconded by Councillor Pip Ridout, it was,

Resolved:

- 1) **To endorse the recommendations of the Financial Planning Task Group and note that those pertaining to the Commercial Policy and Approach document have already been reflected in the revised version.**
- 2) **To endorse the Task Group recommendations 5 and 7, which are as follows:**
 5. ***That the Overview and Scrutiny Learning and Development programme gives OS councillors the specific skills and knowledge required to scrutinise the council's commercial ventures effectively.***
 7. ***That the Overview and Scrutiny Learning and Development programme gives OS councillors the specific skills and knowledge required to scrutinise the council's commercial ventures effectively.***

9 **Date of Next Meeting**

The date of the next meeting was confirmed as 9 February 2018 to consider opposition group or other amendments to the proposed budget.

10 **Urgent Items**

There were no urgent items.

(Duration of meeting: 9.35 - 11.15 am)

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Cabinet 5 February 2018

Council 20 February 2018

**Report of the Overview and Scrutiny Management Committee on the Draft
Financial Plan Update 2018/19**

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 held on 5 February 2018.

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 Director for Finance on the draft 2018/19 Financial Plan before it is considered at Cabinet on 6 February 2018 and Full Council on 20 February 2018.
3. The Cabinet Member for Finance, Procurement, ICT and Operational Assets, Councillor Philip Whitehead, supported by the Director of Finance, Michael Hudson, was in attendance along with the Leader of the Council, Councillor Baroness Scott of Bybrook OBE and all 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 available on the website a briefing from the Cabinet Member open to all members was held on 30 January 2018.
5. Details had included:
 - Council Tax to be increased by 2.99%, plus a 3% Social Care Levy.
 - That 2018/19 would be the final year the council would receive a Revenue Support Grant from central government.
 - Details of the £25.956m savings proposed.
 - Increases in investment to protect vulnerable children and adults, with an overall increase in the budget of 1.9%.

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 proposals was received and noted. The report would be forwarded for attention at Cabinet and Full Council along with the report of the Management Committee itself.

Health Select Committee

8. Details were sought of the £6.900m of savings that would be required within Adult Social Care in order to maintain a sustainable service with the increasing demand as detailed in the papers. It was also noted in the budget papers that with a 3% Social Care Levy taken for 2017/18 and 2018/19, there could be no levy in 2019/20.
9. It was stated in response that the transformation of Adult Social Care had now been underway for approximately 12 months, and that this would now be delivering significant savings, though at 5% of the overall Adult Social Care budget, this was not enough to cover the entirety of savings required to allow for increased investment for other aspects of the service.
10. Particular mention was made of a new reablement service that was in the process of being set up, which would seek to provide support for adults at an early stage following hospital visits avoiding further care for several years. There was also a new charging policy that would increase income, and a new 'front door' policy was being implemented to reduce the level of unnecessary council involvement for people self-funding their care, though the council would still know who was receiving care.
11. In summary, it was confirmed that the savings proposed were deliverable, though exact numbers might depend on negotiations with external providers. It was highlighted that the Chair and Vice-Chair of the Health Select Committee were both representatives on the Adult Social Care Transformation Programme Board. This presented a valuable opportunity for timely monitoring, by overview and scrutiny, of the delivery of the transformation programme and of the expected savings.

Children's Select Committee

12. A series of questions from the Chairman and Vice-Chairman of the Children's Select Committee, who were not able to be present, was presented to the Cabinet Member for response.
13. It was confirmed there would be a £0.600m increase in costs of children with Learning Disabilities transitioning into adult care, which reflected the budgetary impact this transition had.
14. It was confirmed that the £0.516m apprenticeship levy cost had now been built into the base budget, and that the same amount would be paid in 2018/19, and that £0.165m savings in Education and Skills related specifically to deletion of 2 currently vacant posts.
15. In response to other queries there was a saving of £0.035m relating to utilising an EU grant for management charges, and that a review of Youth Area Grants to achieve a saving of £0.200m would be funded from the Public Health budget.
16. It was also detailed in response to the questions that around 1% of the £1.155m that was to be saved through raising of the vacancy factor would come from Children's services. The vacancy factor, at 6%, was explained as being below the council's actual vacancy level, and would allow services to review their four-year operational workforce plans and ensure effective management.

17. Other issues raised included mention of funding for young people from central government for the National Citizens Service, and how this could be encouraged further.
18. In summary, it was confirmed the budget and proposed savings within children's services? were deliverable and would enable the council to deliver its services.

Environment Select Committee

19. Confirmation was sought around the Council's Housing budget, specifically in relation to the increase in pressure on the service as a result of the rise in individuals registered on Homes4Wiltshire, impacts arising from implementation of Universal Credit, and new regulations.
20. In response it was stated that the council was only responsible for approximately 20% of the social housing in Wiltshire, and that no budgetary concerns had been raised from the Housing Associations. It was also stated that the council house building programme was progressing, however, at present, demand was still outstripping supply.
21. In relation to Universal Credit it was stated a briefing note had been circulated on how any financial impacts might be mitigated. The Cabinet Member for Finance confirmed that Housing would be receiving additional funding of £368,000; which would help with any added pressures.
22. Details were sought on the Council's duty to combat homelessness and whether the budget was sufficient to meet this priority. The Cabinet Member for Corporate Services, Housing, Heritage, Arts and Tourism detailed that Wiltshire had relatively low levels of homelessness; for example there were 32 individuals who were classed as homeless in Wiltshire, with 10% of this figure relating to those moving through the county.
23. Clarification was also sought on the Campus Programme, and it was confirmed the £23.8m listed was the end of the monies to be available for the programme, and that the £30m leisure funding was separate to the Campus funding.

General Enquiries and Observations

24. It was noted that in order for the council to adopt a more commercial approach effectively and appropriately both officers and councillors needed the appropriate skills and knowledge, and it was stated that a commercial skillset had been a factor in the recent recruitment programme for new council Directors.
25. It was also raised that there was significant public concern regarding social care, housing, and other issues discussed, and that it was important that communicating the changing way the council was working was essential both internally to staff and to members of the public, and it was confirmed appropriate communications formed part of planning for council policy implantation.

26. Details were also sought regarding the level of council reserves and whether these were too low. It was stated in response that risks were carefully calculated and that Section 151 officers have a legal duty to set appropriate levels of reserves, which would differ from council to council, and that it was felt Wiltshire's were set appropriately.

Conclusion

27. To note the Financial Plan Update 2018/19 and to refer the comments of the Committee to Cabinet and Full Council for consideration on 6 and 20 February 2018 respectively.

Councillor Graham Wright

Chairman of the Overview and Scrutiny Management Committee

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5 February 2018

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Overview and Scrutiny Management Committee

5 February 2018

**Report of the Financial Planning Task Group – 1 February 2018:
Financial Plan Update 2018/19**

Issue (page and paragraphs numbers refer to the Budget Papers)	Further information / Comments
Revenue Budget Monitoring 2017/18	
Overall the period 9 report identifies potential cost pressures of £2.276 million. However, action has been identified to address the Period 9 forecast and it is expected that the budget will be delivered balanced by 31 March 2018.	The Task Group will scrutinise the final outturn figures once available.
Specific budget areas 2018/19	
(page 21, para 6.3) Central Government Grant reductions	2019/20 will be the final year the council will receive any Revenue Support Grant (RSG)*. Although this reduction has presented significant challenges, it also now provides the opportunity of becoming financially independent from central government, giving the council the ability to manage growth within Wiltshire locally. *The Business Rates Retention Grant remains, pending the conclusion of National Non Domestic Rates Reform (NNDR).
(page 18) Commercial (saving 34, page 63)	The projected savings/income of £7.580M from 'Commercial' includes a variety of savings areas and income streams. Some are simple to implement and low risk, such as increasing fees for garden waste collections (£0.410M) (though a reduction of take-up has been accounted for).

<p>(saving 48, page 66)</p> <p>(savings 14, 28 and 32)</p> <p>(saving 69, page 69 and page 117)</p>	<p>A smaller proportion require new approaches, such as generating greater income from advertising and sponsorship (£0.150M). Therefore the income is profiled to increase in later years.</p> <p>Just over £1M come from procurement savings, such as on SEND Transport and major waste and environment contracts.</p> <p>£3M comes from a commercial review of debt management, reducing the council's Minimum Revenue Contribution from 4% to 2% (see below).</p>
<p>(page 69, Appendix 1C, saving 69)</p> <p>Minimum Revenue Provision</p>	<p>In previous years the Council has selected an MRP rate of 4%. However, in line with CIPFA rules, the Council is seeking in 2018/19 to reduce its MRP rate from 4% to 2%. This will reduce the annual financial calculation of debt repayment levels, releasing £3M of revenue funds in 2018/19.</p> <p>It is expected that the council will return the MRP rate to 4% in future years as it becomes able to re-profile debt. Although prudent in the short term, the decrease to the MRP needs to be temporary in order to avoid shifting excessive debt to future years.</p>
<p>(from page 60, Appendix 1C)</p> <p>Reviews of structures and job design</p>	<p>Some services will be able to achieve their savings through deleting vacant posts. Others will restructure teams, having identified potential inefficiencies and duplication. The savings projected take account of the timescales within which savings can be identified and delivered.</p>
<p>(page 60, Appendix 1C, saving 1)</p> <p>Transformation of Adult Social Care</p>	<p>The savings target of £6.600M is significant, but only represents approximately 5% of the overall adult social care budget.</p>
<p>(page 67, Appendix 1C, saving 52)</p> <p>Review Youth Area grants to ensure a focus on health and prevention of poor health, and fund from Public Health</p>	<p>This £0.200M saving does not represent a decrease in spend, but a new way of funding youth area grants through the ringfenced Public Health grant. Area Boards can therefore award these funds, taking account of JSA data, to address local young</p>

	people's health needs, reducing future costs to the health and care system.
(page 69, Appendix 1C, saving 70) Additional 1% staff vacancy factor	The council's current overall vacancy factor is above 6%. Services will be asked to review their structures (as a result of budget savings proposals or transformation), then produce a 4 year operational workforce plan within that envelope. Services demonstrating effective management and transformation will be rewarded with reduced vacancy factors.
Future scrutiny of the Financial Plan 2018/19	
Tracking delivery of savings and income generation	Undertaken by the task group, focusing on the key savings/income areas and monitoring how any slippage is balanced elsewhere.
Monitoring impacts on services and outcomes for residents	Undertaken by the select committees, with the focus recommended as being on areas of significant transformation and savings.

Cllr Ian Thorn, Chairman of the Financial Planning Task Group

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Report date 2 February 2018

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