

Wiltshire Council

Overview and Scrutiny Management Committee

31 January 2019

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

Issue (page and paragraphs numbers refer to the Budget report)	Further information / Comments
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.

	<p>All proposed savings have been robustly vetted and challenged. Savings considered to be high-risk are not signed-off.</p> <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

	<p>considered prudent. Wiltshire is 30% below national average for CHC referrals.</p> <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

	<p>one), one of whom should act as chairman, to ensure the necessary independence and expertise.</p> <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</p>

	<p>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

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.

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