

Wiltshire Council

Management Overview & Scrutiny Committee

5 February 2014

Subject: Wiltshire Council's Financial Plan Update 2014/15

**Cabinet Members: Councillor Jane Scott, OBE - Leader of the Council
Councillor Richard Tonge - Cabinet Member for Finance,
Performance and Risk**

Key Decision: Yes

EXECUTIVE SUMMARY

This is a covering report, providing an assessment in advance of draft proposals going to Council to set a budget for 2014/15 and the impact on Council Tax, rents, fees and charges, the capital programme, school budgets as well as reserves.

The Management Overview and Scrutiny Committee is asked to appraise and scrutinise the proposals and plan, as well as officers' conclusions, and feedback comments to Cabinet for consideration as appropriate.

Cabinet will then consider the findings from the Management Overview and Scrutiny Committee, as well as findings from public consultation and recommend approval of the plan and consequences flowing from it to the Council. Council will then be asked to debate and approve the budget, Council Tax, rents fees and charges, capital programme and reserves.

The budget for 2014/15 will redirect and invest £18.085 million of resources in line with the Business Plan, with £3.633 million net more for Vulnerable Adults and Older People and £1.994 million net to safeguard vulnerable Children. We have also provided for £2.548 million before savings to increase pay by 1%, the first pay rise for staff in five years. The proposals also protect ongoing investment in building more homes and campuses (£45 million and £59 million respectively), both of which help stimulate the local economy. £10.481 million of new capital money will be invested in Highways in 2014/15 and £45 million over the next four years. Aligned to the Business Plan the budget safeguards the commitment to Military Civil Integration and creating / protecting jobs.

Against a background of ongoing central Government cuts and a commitment to freeze Council Tax in 2014/15 this requires tough decisions on how to save money. The proposals set out in the report are for £25.540 million of savings from services. The majority of these come from our continued efforts to work differently and more efficiently whilst minimising the direct impact on front line service levels and performance or targeting the impact to areas of lower community and political priority. The savings are set out fully in the Budget Book at Appendix 1D for each service, and there are £2.912 million of decisions at Appendix 1C of strategic and policy changes that are included within these savings.

Over the last four years the Council has already delivered over £90 million of savings without significant impact on front line outcomes and has seen performance improve overall. Continuing to do this is very difficult and delivery of the 2014/15 savings will need continued monitoring and analysis to ensure the Business Plan focus is driven forward. This will be achieved through ongoing budget and performance reporting throughout 2014/15.

PROPOSAL

Management Overview & Scrutiny Committee:

Are asked to appraise the budget process and detail of this report and raise points to Cabinet for them to consider before recommending it to Full Council on 25th February 2014.

Reasons for Proposal

To enable Council to:

- Set its revenue, capital, housing revenue accounts, fees and charges, levels of reserves and resultant Council Tax for 2014/15 to then issue Council Tax and rent bills.
- Provide the Council with a strong business and financial plan for sustainable delivery for the remaining years of those plans.

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WILTSHIRE COUNCIL

Management Overview & Scrutiny Committee – 5th February 2014

Subject: Wiltshire Council's Business and Financial Plan Update 2014/15

**Cabinet Members: Councillor Jane Scott, OBE - Leader of the Council
Councillor Richard Tonge - Cabinet Member for Finance,
Performance and Risk**

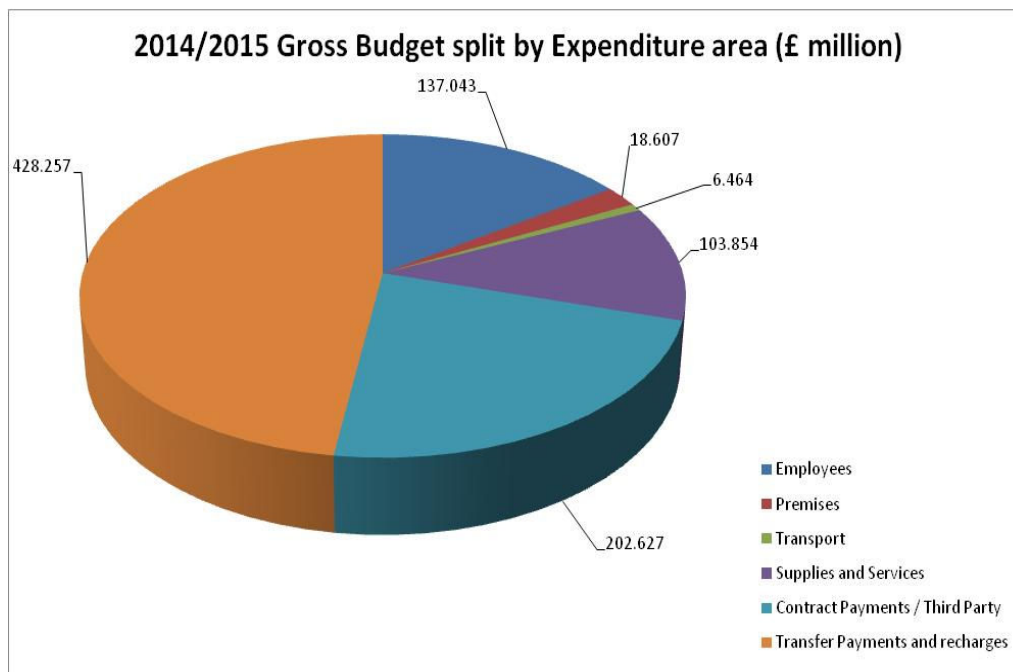
Key Decision: Yes

1. Purpose of Report

- 1.1. This is a covering report, providing an assessment of draft proposals to Council to set a budget for 2014/15 and the impact on Council Tax, rents, fees and charges, the capital programme, school budgets as well as reserves.
- 1.2 The Council's Management Overview and Scrutiny Committee are asked to appraise and scrutinise the proposals and plan, as well as officers' conclusions, and feedback to Cabinet for consideration as appropriate. The minutes from that meeting will be attached at Appendix 4 of this report when it is taken to Cabinet and then Council.
- 1.3 Cabinet will then be asked to consider the findings from the Management Overview and Scrutiny Committee, as well as findings from public and Trade Union consultations and recommend approval of the plan and consequences flowing from it to the Council. Minutes of these meetings will be attached at Appendix 4.
- 1.4 Council will then be asked to debate and approve the budget, Council Tax, rents fees and charges, capital programme and reserves.

2. Background

- 2.1 In February 2011 Wiltshire Council approved a four year Business and Financial Plans, (the Plans). The Council is obliged by legislation to set a balanced budget and resultant Council Tax, plus related fees and charges. As a result, Members and officers have been updating the Plans to present to Council an updated Financial Plan in order to set its element of the 2014/15 Council Tax. This includes updating for the new Business Plan approved by Council in September 2013.
- 2.2 The total gross budget for the Council is close to £1 billion as shown below:



- 2.3 Last year the Council faced a continued increase in demand for services to the most vulnerable, as well as inflationary pressures and changes in Government policy and funding. The Council has worked hard to deliver the second year performance, savings and investment proposals of its plans. Latest projections reported to Cabinet 11th February 2014 (see [Link](#)) identify a net overspend of £0.449 million at Period 9, and thus overall with action a balanced budget for 2013/14 is forecast.
- 2.4 The national and local changes have been appraised against the new Business and Financial Plans, and given the Business Plan was only updated in September 2013 there are no changes proposed to that plan. There are some revisions arising from funding changes to the four year financial plan first reported alongside the Business Plan, and these are shown in Section 4 and at Appendix 1 of this report.

2.5 Cabinet are assessing any changes and feedback from ongoing public engagement and, attached to this report at Appendix 1, has issued an update to the Financial Plan. This report is an assessment to inform members in their decision making process of the adequacy and ability to deliver the proposals made by Cabinet, and the resultant impact on the Council's financial standing.

2.6 This report therefore considers:

- a) The current financial position of the Council for 2013/14 – **Section 3**
- b) Changes to the financial plan assumption reported to Council last year – **Section 4**
- c) The feedback from public and other consultation – **Section 5**
- d) The level of Government funding available for 2014/15 – **Section 6**
- e) The level of investment required for delivering the Business Plan in 2014/15 – **Section 7**
- f) The consequences of charges, capital, housing and schools proposals – **Section 8**
- g) The level of savings required – **Section 9**
- h) The resultant Council Tax calculation – **Section 10**
- i) An assessment of reserves – **Section 11 and Appendix 2**
- j) The impact on 2015/16 and future years – **Section 12**
- k) Consideration of other factors and professional advice – **Sections 13 to 18**

3. 2013/14 Forecast Outturns

3.1 The Council has received regular updates on its revenue, capital, schools and housing budgets. The timing and level of transparency of these reports has again significantly improved throughout the year. The latest forecast at Period 9 (December 2013) as set out in Cabinet 11th February agenda ([Link](#)), reports an overspend of £0.449 million, before action and thus a projected year-end balanced budget. Management action and Member decisions throughout the year have been taken to deliver this position. This included a drawdown of £1.4 million from General Fund reserves as planned in support of additional funding for safeguarding vulnerable children.

3.2 As a result of action it is forecast that the 2013/14 revised revenue budget of £340.518 million will be balanced and that there will be no need to draw further on reserves.

3.3 Budget monitoring of the capital, housing and schools budgets also show they are on target and forecast to be have small surpluses to transfer to reserves above what was planned in those areas.

4. Changes to the 2012-15 Financial Plan

- 4.1 When Council approved the 2012-15 Business and Financial Plan in February 2011 it then, in February 2013, updated this to set out a detailed budget for 2013/14, which as noted in Section 3 is on schedule to be delivered. The following year was projected based upon certain assumptions and plans. This report focuses on 2014/15 and the detailed proposals.
- 4.2 In line with the priorities flowing from the new Business Plan approved by Council in September 2013 ([Link](#)) (note Section 12 of this report assesses 2015/16 and future years) the Financial Plan was reassessed in May and September 2013. This identifies that Cabinet did not propose to change the goals and objectives of the Business Plan, however this identified a number of minor changes to the Financial Plan agreed in February 2013. Since the Business Plan was approved by Council the Financial Plan has again been updated to reflect further changes in assumptions and funding announcements and is attached at Appendix 1 to this report.
- 4.3 The key changes have been to align the investment to the 12 Key actions within the Business Plan, reflect further increased demographic pressures, inflation, and new Government funding schemes for local authorities, for example the Better Care Fund.
- 4.4 The specific changes to the Financial Plan also reflect decisions that the Council is already progressing and the plan thus confirms the commitments to resource the 12 key actions in order to ensure delivery. They are:
- **Action 1 – Highways:** £0.200 million revenue initially invested in Highways in 2014/15, rising to £1.687 million by 2018/19 to fund the capital financing in order to improve Wiltshire's roads. This will be a six year programme of additional works increasing annual expenditure on structural road maintenance from £10.500 million to £21.000 million per year for six years from 2014/15. This was approved by Cabinet in October 2013 ([Link](#)).
 - **Action 2 - Stimulate economic growth:** The Budget continues the commitment to invest £1 million in growing and protecting our economy. We also have a continued commitment to the Local Enterprise Partnership, City Deal, Strategic Economic Plan (SEP) and working with partners to deliver growth and more jobs. We also have a significant capital programme with a focus on ensuring local trade benefits from our campus and housing programmes. This also includes £16 million investing in improving broadband speed and access in Wiltshire. We think this will bring in over £0.3 million more of council tax and NNDR income next year.

- **Action 3 – Area Boards & working with communities:** The budget retains the £1 million grant commitment, and proposals such as Youth and speeding look to engage with local communities further to direct more spending. £0.921 million will be passported as a grant to Wiltshire’s Town and Parish Councils and will be reviewed in following years. Some councils across the country have not done this, but in November ([Link](#)) the Cabinet approved this investment due to the importance of local councils to the effective delivery of public services throughout the County.
- **Action 4 - Opportunities for every child:** The Council is working closely with academies, maintained schools and colleges to promote school improvement within the self governing system set out by Government.
- **Action 5 – Protecting the vulnerable:** £3.633 million invested net of savings (£4.300 million gross) in Adult front line care (plus £0.397 million in a 1% increase in staff pay) – this will support the ongoing increase in demand and changes in patterns and needs of care. We are working with the Clinical Commissioning Group (CCG) and other partners to develop and implement an Integrated Health Plan set and monitored by the Health and Well Being Board. This growth includes £1.800 million of additional Health Monies to protect the ability to maintain social care at a level that meets the requirements of Wiltshire resident’s needs. Going forward we are working with the CCG to introduce preventative approaches to manage these costs across the County. £1.994 million invested net in Children’s frontline Safeguarding (£5.188 million gross before savings and including £0.405 million 1% increase in staff pay). This is largely to fund ongoing cost and demand pressures, as well as investing in an innovative cross sector preventative Multi Agency Safeguarding Hub (MASH) agreed by Cabinet in December 2013 ([Link](#)).
- **Action 6 – Investing in Housing:** £44.9 million investment in modernisation of housing over 4 years through the Housing Revenue Account. In addition contribution towards the Housing PFI providing around 260 additional properties. There is also £2m per annum allocation from the Housing Revenue Account towards providing new build affordable housing.
- **Action 7 – Military Civilian Integration:** The Council is working in partnership with the MOD to ensure the successful army rebasing programme. This includes integration around housing, school and infrastructure developments, alongside other community initiatives. Progress on this was reported to Cabinet in September 2013 ([Link](#)).
- **Action 8 – Delegate Land and services:** The council has a strategy agreed with our local partners and continues to commit to and deliver on this policy.

- **Action 9 – Campuses:** £54.474 million is being invested between 2014/15 and 2017/18 into the Campus programme to improve the community of Wiltshire, in 2014/15 the current schemes approved and commencing are forecast to require £37.939 million of borrowing. This equates to an increase on the capital financing budget of around £2.4 million by the end of 2017/18. These increases have been factored into the Medium Term Financial Strategy. Corsham Campus is under construction and expected to open in late 2014, followed by Salisbury phase 1 in 2015, the remaining agreed Campuses (Melksham, Calne, Cricklade, Pewsey and Tisbury) are then phased to be completed during 2015 or 2016.
- **Action 10 – Public Health:** An additional £1.326 million of Public Health monies is being used to improve health outcomes for the Wiltshire population. The additional money will be used to target the prevention of ill health through early intervention and reducing health inequalities across Wiltshire. There will be increased demand on Public Health services due to population changes which will be resourced from the Public Health growth. The way these monies are to be allocated is shown in Appendix 11.
- **Action 11 – Realigning Resources:** This report identifies that a gross £18.085 million is being realigned to key Business Plan actions and priorities with savings being found to deliver this realignment and continued reduction in Government funding.
- **Action 12 – Developing our workforce:** £2.548 million to fund a 1% increase in pay, assuming this is the agreement at a national level, and incremental increases. Discussion between employers and trade unions are ongoing. The investment also covers the cost of pensions arising out of the 2013 actuarial revaluation of Wiltshire’s Pension Fund to ensure the scheme remains viable. We are also investing £0.1 million in an on line learning and development system that will improve staff’s access to training at a reduced cost.

4.5 These investments and realignment of funds have been assessed by Finance and Services and are endorsed as an appropriate level based on current information and necessary to reflect the ability to deliver the Business Plan in 2014/15.

5. Public Consultation

5.1 Public consultation has been carried out in a number of ways:

- Specific consultation as part of Cabinet decision making process throughout the year, such as Waste and Recycling Collection rounds or the Multi Agency Safeguarding Hub (M.A.S.H.), and where appropriate this will be carried on in 2015/16 and beyond arising from Cabinet’s proposals;
- A consultation will be held at County Hall on 10th February 2014 with feedback provided at Cabinet and Council; and
- Household surveys.

Alongside this other consultation has taken place with Trade Unions.

5.2 The Household Survey report findings are based on an overall survey return of 5,959. The findings from the Survey were:

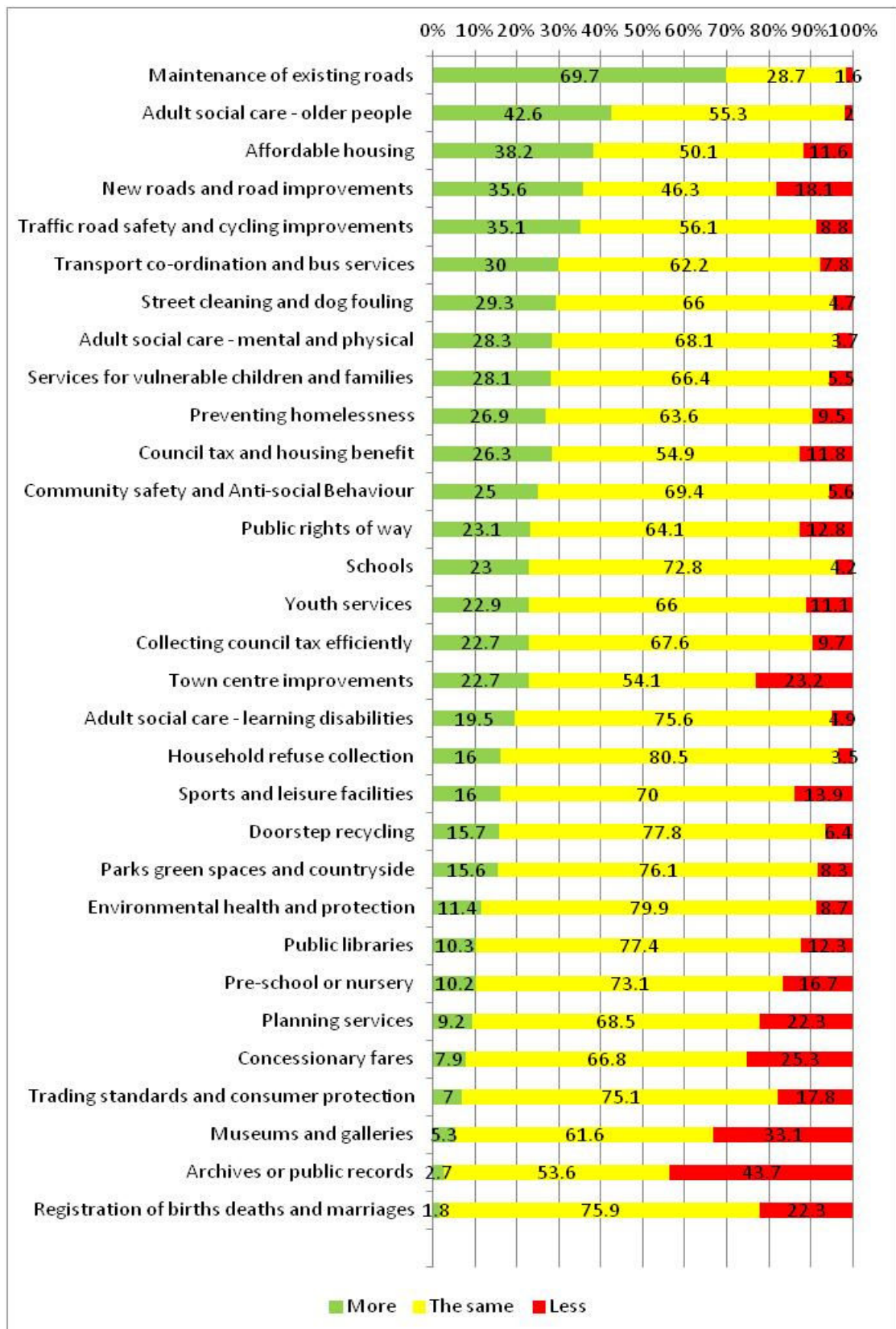
	Household Survey
Top 3 areas to invest monies	<ol style="list-style-type: none">1. Maintenance of existing roads (69.7%)2. Adult social care services for older people (42.6%)3. Provision of affordable housing (38.2%)
Top 3 areas to take money from	<ol style="list-style-type: none">1. Archives or public records (43.7%)2. Museums and galleries (33.1%)3. Concessionary fares (25.3%)

5.3 To date in response to the consultation responses received, investment as set out at Section 7, supports money being directed into these priority areas:

- **Maintenance of roads** - £10.5 million more has been committed in the capital programme in 2014/15 than was spent in 2012/13, with £13.5 million in revenue also going into this service. Over the next 6 years £21 million of capital will be invested in Wiltshire’s structural maintenance of highways, this was approved by Cabinet in October 2013 ([Link](#)).
- **Older people and adult social care** - £3.633 million net is proposed to be invested in 2014/15 broadly in line with the original plan last February; and
- **Affordable Housing** – £44.9 million is being invested in modernising social housing and towards providing new build affordable housing over 4 years through the Housing Revenue Account.

5.4 In relation to the areas where responders favoured taking money out of, proposals at section 9 include removing the concessionary fare before 9.30am.

5.5 The overall findings were as follows:



- 5.6 Consultations with Trade Unions, local businesses and with staff as appropriate to restructure proposals are ongoing. Trade Union feedback is to be sought at the overall budget at Group Leaders meeting with all Unions on 6th February and feedback given at Cabinet.
- 5.7 The debate and actions from the Management Overview and Scrutiny Committee will also be appended and any issues raised considered at that meeting before proposals are recommended to Full Council.

6. Level of Funding

6.1 The Council's Government funding for 2014/15 comprises of three elements, the first two making up what is referred to as Wiltshire's Revenue Support Grant (RSG), that is the Department's calculation of what the Council's spending should be compared with other councils across the country:

- Settlement Funding Allocation (SFA);
- Business Rates Retention Scheme (BRRS); and
- Ring fenced grants, such as Public Health and Better Care Fund.

6.2 This and the impact for Wiltshire are set out in more detail in the following paragraphs. Section 10 of this report notes the level of Council Tax, and Section 8 assesses the assumptions on fees and charges plus the funding for capital, housing and schools.

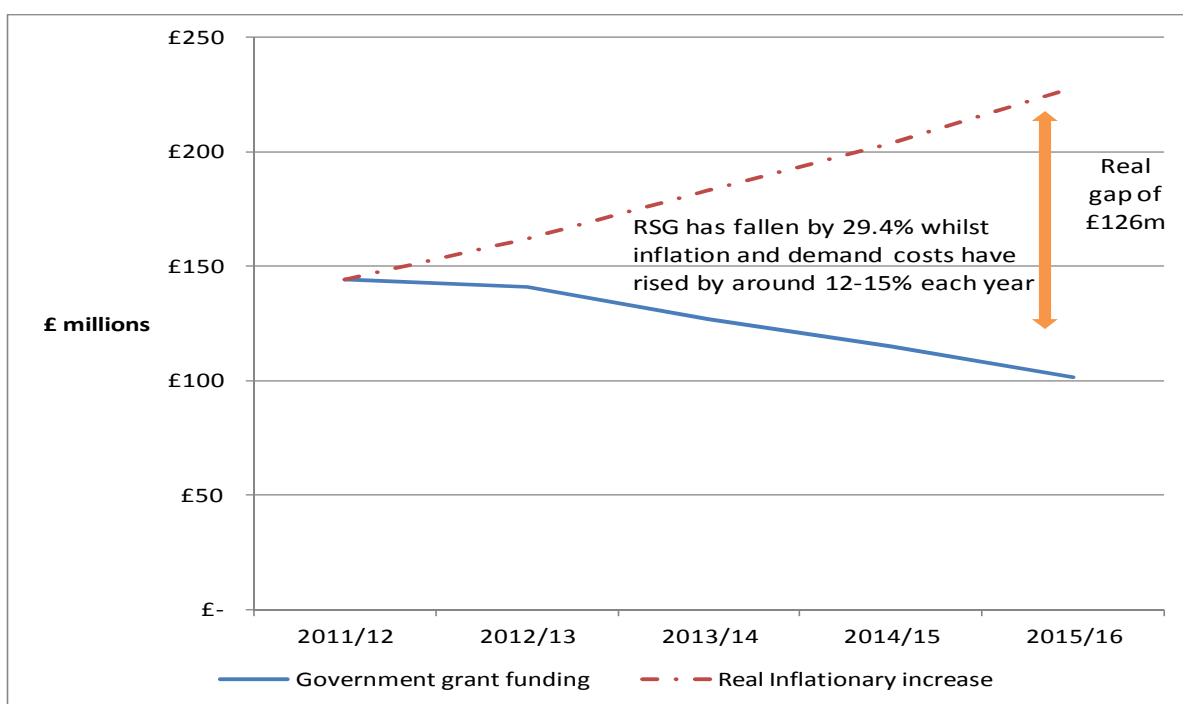
- ***Government Grant***

6.3 In 2010, the Government simplified the funding for local authorities to one main grant – the formula grant, and 9 separate core grants. At the same time it announced a review of the funding formula and system with the aim of introducing a more transparent and simplified scheme that also support the localism agenda. These changes took effect from 2013/14, and as such this is the second year of the current funding scheme. Wiltshire's allocation is derived thus from the funding baseline set last year for each authority. Government have adjusted the SFA based on a percentage reduction rather than a need assessment, and increased the BRRS to reflect growth in the money retained through the Business Rates Retention Scheme.

6.4 For 2014/15 the Government announced on 18th December a draft settlement as follows:

	2014/15 £m	2015/16 £m	Change £m
SFA (including 2013/14 Council Tax Freeze Grant but excluding 2014/15)	65.456	48.622	-16.834
BRRS	51.557	52.980	+ 1.423
Total	117.013	101.602	-15.411

6.5 This continued reduction in the RSG reflects a ‘real’ pressure to fund the Council since 2011 of £126 million if we had not made any savings and could fund all of the demographic and inflationary costs as shown by the following graph:



6.6 In addition to this if the Council passes the proposals for no increase in Council Tax in 2014/15 then there will be a further grant of circa £2.218 million added to the SFA, this is assumed in the financial model at Appendix 1B. Government have also confirmed that this and previous Council Tax Freeze Grants have now been included in the base funding for future years. This avoids the potential need to find c£18 million in 2016/17. If the Council did not accept the proposal to freeze Wiltshire’s Council Tax for 2014/15 then this grant would not be capable of being counted to the Financial Plan under pinning this report.

- 6.7 Also the Government has created a similar Freeze Grant for Business Rates. This has arisen as the original funding announcement in September 2013 assumed an increase in NNDR of 3.4% in line with the Retail Index Price (RPI) at that time. Following lobbying the Chancellor announced the increase would be capped at 2%, but that local authorities would not have to fund this. As such Government have announced a section 31 Grant to provide for this shortfall. In addition, the Government confirmed a continuation of the Small Business Rate Relief Scheme which will see additional funds. At this stage we are still awaiting an announcement on the exact fund and thus an estimate for 2014/15 has been included of £0.5m. At this stage the Government have said the grant will only be available in 2014/15 and 2015/16 and the decision on future years will be left to the Government post the next election.
- 6.8 The final settlement has yet to be confirmed and is not expected until mid to late February 2014. It must also be noted that notification on the final Education Services Grant (ESG) (formerly LACSEG) will not be known until 31st March 2014.
- 6.9 In addition to this the Government is issuing a smaller number of specific grants for Public Health, Dedicated Schools Grant and Public Health Monies. These are as follows:
- **Public Health - £14.587 million:** This is £1.326 million more than 2013/14, and funding is ringfenced to public health and will be subject to external audit and quarterly reporting to the NHS. As such the grant is shown as gross in the Council's financial plan and funding from previous years is assumed within spending in areas such as Children, Leisure and Adults which thus again report a net position. All additional funding will need to be determined going forward. A statement of intended spend is attached at Appendix 11.
 - **Better Care Fund (Previously known as Health Gain Monies / the Integrated Transformation Fund) - £11.58 million:** This funding is a continuation of the specific grant allocated first in 2011/12 to support adult and older people care joint working with the NHS and is allocated by the Health and Well Being Board. The funds include provision for growth in demand and preparing for the Care Bill implications. The fund is £1.800 million more than 2013/14, and of the monies allocated in that year some are committed to fund ongoing schemes and demand such as Step To Active Recovery and Return (STARR). We have assumed £5.651 million allocated in 2013/14 will continue as will other projects and as such only the additional £1.800 million has been assumed in the Council's funding.
 - **Dedicated Schools Grant (DSG) - £303.919 million:** This is set out in more detail in following sections of this report.

6.10 The Government confirmed in the Provisional Funding Announcement that the unringfenced Rural Grant introduced in 2013/14 has been included going forward from 2014/15 in the SFA baseline.

6.11 The assumption is that there will be no changes to the Council's formula grant; consequently we have assumed a SFA for 2014/15, including the 2014/15 Council tax Freeze Grant, of £67.674 million (including an additional 2014/15 Council Tax Freeze grant) and a Business Rates Retention of £51.557 million. This gives an overall RSG of £119.231 million.

7 Level of investment and changes to the original plan

7.1 Cabinet has identified through the Business Plan investment in 12 key priorities as discussed at Section 4.4 of this report. This has resulted in changes in the level of investment across the three areas reported to Council in February 2013. Our forecasts around investing in communities and vulnerable people continue to be excellent. We have managed to reduce the level of investment needed for inflation due to continuing to challenge the level of our spend and contract provisions. As a result, we have seen a favourable reduction in what we had original assumed was needed for general inflation, as shown by the following levels of investments:

2014/15	Original Plan February 2013 £m	Proposals £m	Difference £m
Investing in our communities and priority services	2.000	2.501	0.501
Protecting vulnerable people	9.454	9.488	0.034
Funding inflation and cost pressures	22.396	6.096	-16.300
Total	33.850	18.085	-15.765

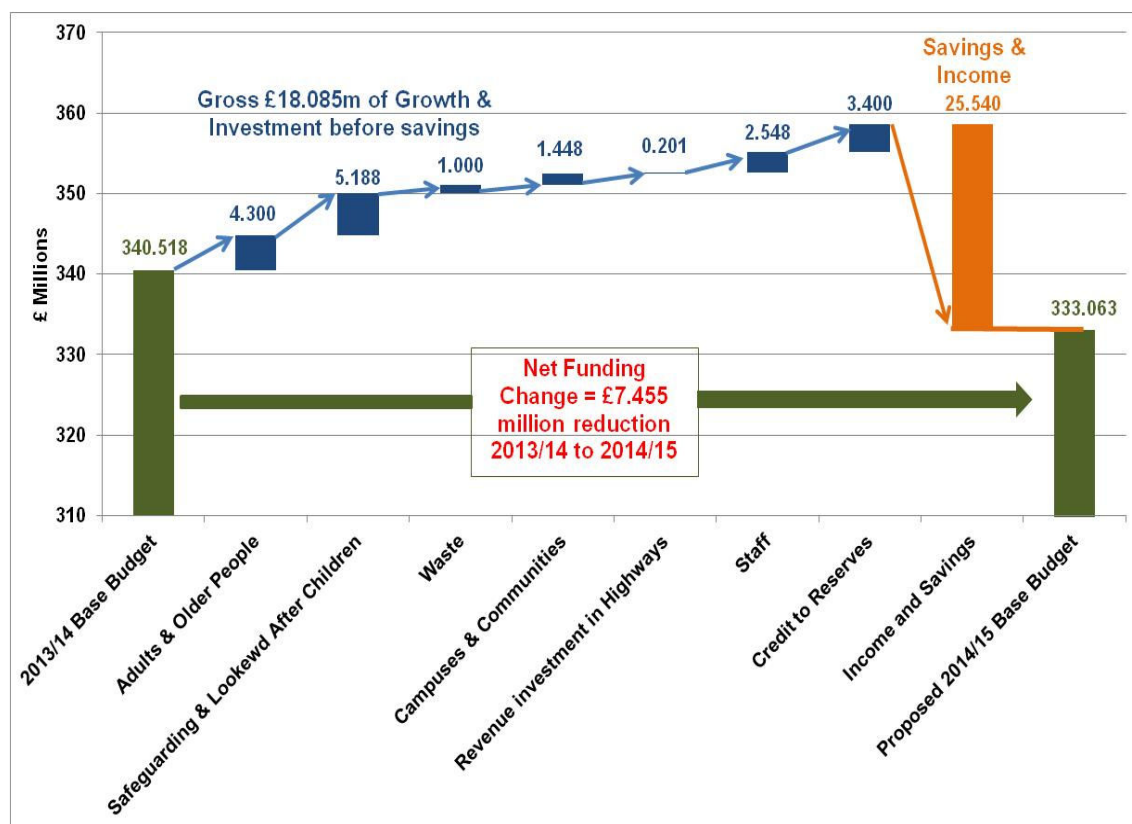
The investments are also discussed at paragraphs 4.4 and 4.5 of this report.

7.2 The key differences between the original and revised Financial Plans are:

- Funding inflation – we had assumed that inflation would be higher in 2014/15 at around £10 million based on the level of inflation at the start of 2012, however signs suggest this has fallen and experience in negotiating contracts has reduced the level of inflation needing to be applied. As such the funding of inflation has been consumed within service budgets.

- Funding for corporate items - £6.947 million was included in the Financial Plan at September 2013 as corporate savings from 2013/14 were still to be identified and as such we took the prudent approach of carrying forward these as though they were not met on a recurring basis. These have been identified in year or in 2014/15 proposals therefore in the updated Financial Plan this line has been removed.
- Funding pay and pensions – a sum of £2.548 million has been allocated to services to fund an assumed 1% increase in pay and the additional 1% contribution to the Wiltshire Pension Fund. The pay award for the majority of our staff is carried out at a national level between employer representatives and trade unions, and whilst no national agreement has been reached we have assumed that pay will rise in line with the Chancellor’s expectations. The original forecast of inflation included another £2.500 million for potential Pension increases which are not now needed following revaluation.
- Capital funding and reserves – continued improvements in profiling of capital and management of our cash reserves over borrowing assumptions has maintained the expected cost of borrowing to a relatively small increase of £1.001 million from 2013/14. That is actually £1.800 million less than we forecast last September 2013 for the Business Plan due largely to the efficient structure of funding agreed by Cabinet for the additional Highways work.
- Protecting Vulnerable – This is broadly in line with Business Plan forecasts with £5.188 million more before savings is needed to invest in the additional cost of supporting the cost of the increased demand and Government expectations over the care for vulnerable children. In Adult care £2.5 million gross has been identified for investment by the Council to fund demography, this is in addition £1.800 million of joint NHS funding to support transformation and preventative care.

7.2 Overall the remaining £18.085 million level of investment and change in the Council's cost base required for 2014/15 is reflected below:



7.3 Looking forward the current economic climate makes the prediction of inflation and demand harder given the wider variation of professional views. Projections around adult and child care demand have been strengthened to reflect better analysis of care data and trends, and higher levels of inflation have been assumed to be prudent. Thus the investments are felt justified and reasonable. More detail is at Appendix 2.

8 The consequences of Charges, Capital, Housing and School budget decisions

- **Fees and Charges**

8.1 Cabinet proposes several changes to fees and charges, however in the main most discretionary fees have been frozen or increased on average by 2% - the Retail Price Index (RPI) at December 2013 that is lower than the 3.4% RPI used by Central Government to inflate certain state benefits and pensions. Other fees set by statute have been based on statutory national levels, and a few fees will remain at 2011/12 levels. A full list of fees and charges is attached at Appendix 1H.

- 8.2 We have sought to harmonise fees and charges across the Wiltshire Council managed leisure centres so the only discrepancies reflect the different services on offer at each leisure centre. This has resulted in many fees and charges being held at 2010 levels with some increases in excess of 2% to bring those fees up to the harmonised level. In addition there are fees and charges that have been reduced as a consequence of the harmonisation process.
- 8.3 In addition, as set out in the following section and Appendix 1C, the Council is looking at carrying out a more detailed review to ensure that we recover a reasonable charge for commercial waste services.
- 8.4 Demand assumptions in the main have remained unchanged. This is felt prudent but will continue to be reviewed in year and an element of reserves has been set aside to cover for this. Other fees and charges proposed are assessed as deliverable at this stage but will also be monitored.
- **Capital**
- 8.5 Cabinet proposed Capital Programme for 2014-18 is attached at Appendix F, along with the indicative sources of funding available. The programme for 2014/2015 proposes a total value of £344 million over the 4 years with £142 million in 2014/2015. The programme is largely built up from Government and other Grants received or due to be received. This amount to around £53 million in 2014/2015. In some cases Grant allocations for 2014/2015 are still to be announced or finalised particularly in the Education and Highways areas, so estimates have been used which will need to be adjusted once grant levels are announced. Additionally other sums often become available during the year from a variety of sources which can be added to the programme during the quarterly reporting of the Capital programme in 2014/2015.
- 8.6 In addition to Government grants, additional Council sums in the form of Capital Receipts from sales of assets and borrowing are able to be added to the programme. Capital receipts assume a total of £35 million received over the next 4 years to fund the planned expenditure. This has assumed that all known receipts are achieved and applied to the current Capital Programme.
- 8.7 The total 4 year programme requires £142 million of borrowing to fund the whole £344 million programme. To fund the £142 million programme in 2014/2015 there is an assumed £71 million increase in borrowing which is largely (£32m) arising from the ongoing Campus programme as added to the programme in previous years. The other major driver of borrowing increases is the Highways budgets which have been increased on previous years budgets by around £6m per annum (raising the budget for Bridges and Structural Maintenance up to £24m per annum and the amount funded from borrowing to around £12m per annum).

- 8.8 These increases have a knock on effect onto general fund expenditure on repaying borrowing. The increase on Capital financing budgets due to the planned 2014/2015 expenditure will hit the Capital financing budget largely in 2015/2016 as the impacts of capital expenditure are lagged. This will require an increase in the revenue capital financing budgets in that year of around £3m and once the programme is complete in 2017/2018, an additional £6m will be required in order to service the new debt. The total capital financing budget in 2017/2018 is anticipated to be around £30m or circa 10% of the Councils Net budget, up from £24m in 2014/2015.
- 8.9 To mitigate the increase in revenue budget, treasury management reviews will continue to be undertaken to take opportunities to reprioritise, re-profile and better manage cash over borrowing to fund schemes. This will allow capital financing costs to be squeezed downwards wherever possible. The effect of reprogramming of the capital programme has the impact of pushing the costs into later years, and an estimate of this has been made within the budgeting. This will prevent the council from borrowing money too early and thus having to pay unnecessary interest repayments.
- ***Housing Revenue Account (HRA)***
- 8.10 In line with Government policy, all councils and registered social landlords are expected to set their rents using the long-standing rent restructuring formula to meet a target rent by 2015/16. The effect in 2014/15 is to increase the average formula or target rent by £3.12 per week (3.7%).
- 8.11 At individual property level, rent increases range from 2.20% to 6.04% more than last year's rent, with no rent increasing by more than the national maximum of RPI (3.2% as at September 2013) plus 0.5% plus £2 per week. Applying the transitional arrangements means that the average rent increase across all dwellings from April 2014 will be £3.54 per week calculated on a 50 week basis or 3.97%.
- 8.12 Whilst we have limited control over the national rent formula we recognise the considerable pressures faced by many of our tenants due to the ongoing economic climate, therefore it is proposed to only increase Service Charges which cover the cost of utilities and other service costs by RPI plus 0.5% which equates to 3.7%, the same increase as charged on dwelling rents. These charges have been frozen for 2 years and the increase in utility costs in the intervening period has risen considerably over recent years. To further alleviate the pressures on tenants, it is also proposed to only increase the charges on Garage rents by 2%. This is following on from a freeze in Garage rents for the past three years.

8.13 The effect on these changes is to increase the amount the HRA returns to reserves by £0.691m to £1.322 million this is an increase from £0.631m in 2013/2014. See detailed budget at Appendix G.

8.14 The Council has already begun investing more heavily in its Council stock through use of HRA reserves and resources available under the new freedoms of the Self Financing regime. This has seen an increase in resources available to spend which has raised the planned expenditure on items such as replacement Kitchens, Bathrooms, Windows, Roofing and Boilers on the Council housing stock in the South of the County. In 2013/2014 the programme is aiming at delivering 192 new Kitchens and 186 new Bathrooms, a substantial increase on previous years. This programme will continue, increasing the average spend per year from under £4 million in 2011/2012 to around £10 million per year available over the next five years. In addition a further £2 million is earmarked for delivery of new council housing.

- **Schools**

8.15 A one year Dedicated Schools Grant (DSG) settlement has been allocated for 2014-15 and so no indication of future years funding has been received. DSG has been allocated in three separate blocks for 2014-15, the blocks are not ringfenced. The total provisional DSG allocation for Wiltshire is £303.919 million broken down as follows:

	£m
Schools Block – final allocation based on October 2013 school census	248.735
Early Years Block – provisional allocation based on January 2012 census	18.652
High Needs Block – provisional allocation based on baseline data agreed with EFA (final data still to be updated)	36.531
Total	303.919

8.16 The settlement represents a cash increase of £0.805m compared with 2013-14 however there are a number of upward and downward adjustments which have been reported to Schools Forum. The main reason for the increase is additional funding to enable the statutory requirement to provide up to 15 hours free childcare to 40% of two year olds to be delivered.

- 8.17 The Early Years block will be updated after the start of the financial year for the January 2014 census and again after the end of the financial year for the January 2015 census. The final value of the High Needs Block will be confirmed in March 2014. Values will be adjusted for placements in non-maintained special schools (NMSS) and for final numbers of post-16 placements.
- 8.18 A minimum funding guarantee (MFG) of 1.5% is to be applied to the delegated schools budget meaning that no school has a reduction in funding of more than 1.5% per pupil before any pupil premium is added. Schools Forum has previously agreed that the cost of the MFG will be met through limiting the gains for those schools who would receive increases in funding through the new funding model. Limits to gains are also applied on a per pupil basis.
- 8.19 Schools Forum met on 16th January and agreed to use £0.150 million from DSG Reserves to support secondary provision for hard to place pupils, and as such recommend a budget for schools of £304.049 million. Overall therefore there will be a continuation of the Council's policy to not top up the DSG.

9 Level of savings

- 9.1 The Council's Financial Plan identifies that to fund the £18.085 million of investment and increased costs shown in previous sections of this report will require £25.540 million of savings / additional income.
- 9.2 As part of the process of setting the budget managers have been assessing their budgets. After allocation of £5.683 million of specific grants, and accounting for decisions that have already been taken or that are already out for consultation (£0.941 million), that leaves a target of £18.916. Within this the budget books at Appendix 1D to this report identify savings of £9.238 million of officer actions being taken within the existing Council Policy Framework and processes, including £3.4 million repayment of reserves, to both manage costs and deliver savings, as well as accounting for previous years decisions and those currently out for consultation and already reported to Cabinet. There has then been an allocated target of £3.229 million allocated to services and a further £3.537 million to be allocated. Both these items are discussed below (paragraphs 9.6 and 9.7) in more detail.

9.3 In summary the savings are broken down as follows:

Description	£ million
Grants income	5.683
Service decisions (per full list at Appendix 1D)	9.238
Decisions already made / out to consultation	0.941
Strategic decisions (see below & Appendix 1C)	2.912
Corporate targets allocated	3.229
Corporate targets being allocated	3.537
Total	25.540

9.4 After allowing for these management and previous Cabinet decisions the following £2.912 million of savings are left for decision by Cabinet / Council as part of the process of setting the 2014/15 Council Tax. The proposals are set out in detail at Appendix 1C of this report, and service budget books have been included at Appendix 1D. In summary the strategic savings are:

Strategic Savings		£m
1	Review and increase of Commercial / Trade Waste in charges	0.250
2	Reduction in non efficient bus routes	0.176
3	Review application of spare seat policy and comply with existing policy	0.150
4	Review of discretionary and non statutory educational transport to and from schools and colleges	0.200
5	Further reviews alternative bus concessions	0.039
6	Efficiencies from better use and procurement of taxis	0.100
7	Free travel for OAP and disabled bus pass holders after 0930	0.180
8	Bring Family Information Services in-house	0.120
9	Use of earmarked reserves	0.200
10	Transfer Salisbury CCTV to partners	0.025
11	Income (paragraphs 8.1 to 8.4 of this report)	0.636
12	Highways 4.5% contract management and efficiencies	0.761
13	Area Boards fund local Speed Indication Devices	0.075
Total		2.912

9.5 These savings have been assessed and considered realisable, although there may be some further movement in some as work progresses which means a small element will need to be found from other areas or reserves.

9.6 There are four corporate target savings allocated out to services within the Plan. This totals £3.229 million:

- Reduce the use of consultancy and agency staff - £0.750 million. Managers will review current use of agency and consultants with a view to replacing work and / or time with existing staff or reducing numbers.
- Reduce the amount spent of travel and subsistence by smarter working practices such as use of lync - £0.750 million. The Council operates now out of 3 main hubs and has invested heavily in Lync and other initiatives such as pool cars that mean expenditure on travel can be reduced. The Council is also revising the need for and procurement of train fares within this proposal.
- Other corporate savings (overtime, equipment, advertising, catering, utilities, venue hire) - £0.653 million. The Council is undertaking a review of it's spend on overheads with a view to restricting this to essential only.
- Target to continue to reduce non-essential spending - £1.076 million. The Council's spend on goods and supplies will be reduced to only essential requirements.

There are five items to be allocated at the start of the year. These total £3.537 million.

- Management Review - £1.477 million. Following the restructure of Senior Management in 2013 the Council will now enter the next phase of its review of the next tiers down to seek efficiencies. It is estimated this will mean a reduction of around 30 to 35 management posts out of c.4,000.
- Extra income target to be allocate £0.100 million. The Council will continue to review the way it sets its fees and charges in line with a new policy presented to the same Council and remove subsidisation over the coming months and years, unless it is agreed for policy reasons.
- Improve controls and reporting around spending - £1.210 million. The Council will reduce the number of officers able to requisition, buy and approve procurement of items. This will enable more front line staff to spend greater time with clients, improve management information, challenge how we buy things and improve discipline.
- Back office review savings £0.450 million. The Council will review the way it supports the delivery of services in light of the changes in the Business and Financial Plan to remove any unnecessary costs.
- Systems Thinking savings to be allocation £0.300 million. These are savings identified by systems reviews which will be allocated to services after work with the transformation team

- 9.7 In all cases work has begun to deliver these savings, so for example procurement savings have been allocated to service base budgets and work has begun with budget holders to look at the detailed spending and improved controls, purchasing and monitoring to ensure the targets are delivered.
- 9.8 An element of provision for non-delivery has therefore been provided for in the General Fund Reserves discussed in more detail at Section 11 of this report.

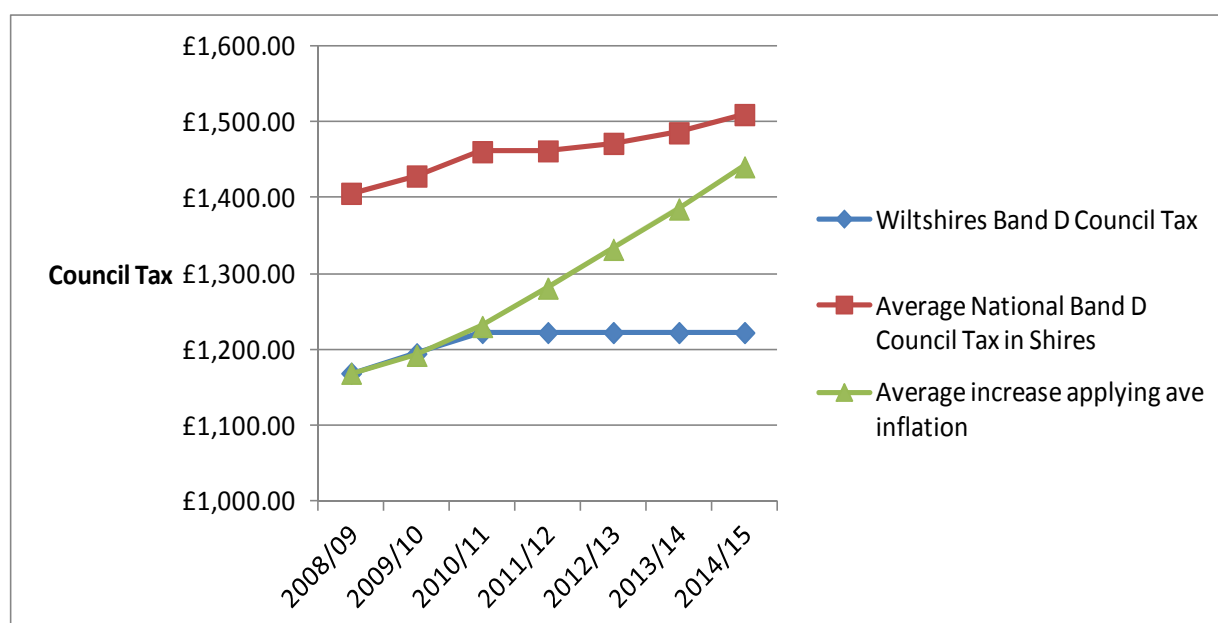
10 Council Tax calculation

- 10.1 The overall position for 2014/15 reflected in this report is therefore:

	<u>£m</u>	<u>£m</u>
2012/13 Revised Base Budget		340.518
Plus		
<i>Investment built into initial medium term financial plan</i>		
- Net demand and inflation (paras 7.1)	18.085	
		<u>358.603</u>
Less		
<i>Savings & Income (as set out at Section 9):</i>		(25.540)
Net budget requirement		333.063
Financed by		
• SFA (paragraphs 6.3 to 6.6) and 2014/15 Council Tax Freeze Grant		(67.674)
• Business Rates Retention (paragraphs 6.3 to 6.6)		(51.557)
• Other Central Grants (e.g. ESG)		(6.311)
• Collection Fund		(2.966)
Amount to be found from the Collection fund through Council Tax		(204.555)

- 10.2 The Local Government Finance Act 1992 (as amended by the 2003 Act) sets out the powers and duties of the Council in setting the annual council Tax. The key requirements under Part IV of the 1972 Act are that:
- Council Tax is set at Full Council – Section 33.
 - Council Tax is set at a sufficient level to meet its proposed budget requirements for the ensuing year – Sections 32 and 33.
 - The level of Council Tax is set before 11th March to enable circulation of Council Tax bills to enable people to pay on and after 1st April- Section 30(6).
 - The Chief Finance Officer must report on the robustness of estimates and the proposed adequacy of reserves – Section 25.

- 10.3 The Government, through the Chancellor of the Exchequer, the Rt Hon George Osborne MP, reiterated in December 2012 that keeping Council Tax low remains a priority for the Government. As such Government has introduced new powers to enable referendums where a council sets its council tax at or greater than 2%. To encourage this, the Secretary of State has announced a further one year Council Tax freeze grant equivalent to a 1% increase. The impact for Wiltshire is set out at Section 7 of this report, and equates based on current estimates to be confirmed to a grant of £2.218 million.
- 10.4 The original assumptions employed in setting the 2011-12 to 2012-15 Financial Plan have been that Council Tax for Wiltshire Council is set as follows:
- 2010-11 0%
 - 2011-12 0%
 - 2012-13 0%
 - 2013-14 0%
 - 2014-15 2.5%
- 10.5 The proposals within Cabinet’s report are that for 2014/15 there will be no increase. This is a reflection of the ongoing economic position. Cabinet has also identified that it wishes to challenge future years. At this stage the Financial Plan has been amended to again reflect no increase in 2015/16.
- 10.6 Overall this means that in the last five years, Wiltshire residents have had one of the lowest national increases in Council Tax. There will have been, if this budget is approved, no increase over the last four years in Council Tax compared to an average national inflation for the same period of nearly 17.1%. That is a saving totalling £382 to the average household in 2014/15 when compared with what the average rate of inflation has been over the last five years.



10.7 Compared with similar and surrounding councils Wiltshire remains one of the lowest council taxes:

	2013/14 Band D Council Tax Levels
Shropshire	£1,488
Northumberland	£1,373
Bristol	£1,365
Dorset (<i>includes District average</i>)	£1,342
Bedfordshire	£1,305
Durham	£1,283
Cheshire West	£1,275
South Gloucester	£1,245
Cornwall	£1,244
Wiltshire	£1,222
BANES	£1,202
Somerset (<i>includes District average</i>)	£1,168
Swindon	£1,146

10.8 The Council is required to set a Council Tax sufficient to balance the Collection Fund account it maintains. Based on the projections at December Wiltshire Council's net surplus is forecast to be £2.966 million and will be used in funding the 2014/15 budget provision. That results in a funding requirement in 2014/15 from Council tax of (£204.555) million.

- 10.9 The Council has agreed that the average Band D tax base of 167,344.47 for 2014/15 ([Link](#)). Given the calculated draw on the Collection Fund, as identified in section 10.1 of this report, to deliver a balanced budget, after assuming a £2.966 million contribution from the Collection Fund surplus is a net £204.555 million, The Band D Council Tax proposed for 2014/15 is thus frozen and is again £1,222.43 (£204.555 million divided by 167,344.47 tax base). That is unchanged from 2010/11 and across the bandings that equates to the following:





Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
£	£	£	£	£	£	£	£
814.95	950.78	1,086.60	1,222.43	1,494.08	1,765.73	2,037.38	2,444.86

- 10.10 The precept for Wiltshire Police Authority and Wiltshire Fire and Rescue Service has yet to be finalised and approved for 2014/15, and as such no change to the council tax element for these precepts has yet been made in this report. It is hoped these figures will be available for Cabinet.
- 10.11 In Wiltshire there are 256 parishes and town councils. Each of these bodies has precepting powers and we are currently waiting to hear back from all of these bodies. Given the scale of the number of such councils, the detailed affect for each will be set out in an appendix to Council to show the movement for each body on top of that for Wiltshire Council, the Fire and Police authorities.
- 10.12 However, with reference to the changes reported to Cabinet 18th December 2012, relating to the local Council Tax Support Scheme, it is necessary to reiterate that as part of setting the budget and council tax requirement for 2014/15 Wiltshire Council has passed through part of its RSG for parish and town councils.
- 10.13 The Government did not announce a specific grant level in 2014/15 for this element of funding, as such consultation with Town and Parish councils took place in the autumn of 2013 with a report to Cabinet in November 2013 ([Link](#)). As such £0.921 million has been allocated as grant to Wiltshire's local councils. We will continue to support the local councils in lobbying for this to be changed.

11 **Assessment of reserves**

- 11.1 The Authority has had for a number of years a Strategic Risk Register and developed a Risk Framework to identify and monitor risks going forward. This register has continued to be updated during 2013/14, and has formed the platform in preparing the Section 151 Officer's assessment of risk. Appendix 3 of this report summarises the significant financial risks arising from this assessment.

11.2 The total potential reserves required from this assessment is as follows:

	31 st March			
	2013 £ million	2014 £ million	2015 £ million	2016 £ million
General Fund Reserve risk assessment	10.0	9.1	9.1	14.3
Current Projections (see para 11.6)	12.6	7.8	11.2	14.7
Reserves sufficient		 See paragraph 11.2 for more detail		

11.2 The Authority's General Fund estimated reserve at 31 March 2014 based on the forecast outturn, at Section 3 of this report from the current forecast outturn is £7.8 million. This is below the recommended level on a technical accounting basis only. There was technical draw down in 2013/14 to fund the recent open voluntary redundancy programme. As the result this exercise delivers over £9 million of full year savings against a target of £4 million. To fund this opportunity for later year savings it was agreed as part of the budget monitoring to draw down from reserves in 2013/14 £3.4m and that would be repaid from the savings in 2014/15 and the full year additional affect of £3.4 million useable in 2015/16. As such the reserves on 1st April will be £11.2 million, in excess of the £9.1 million risk assessment levels.

11.3 A review of the assumptions applied last year and the current level of reserves has resulted in the following changes being recommended:

- Service savings – the risk assessment continues to provide for non-delivery of savings, and the level of risk has been maintained as based on previous years experiences we have again seen 98%+ delivery of savings identified at this stage of year and other savings being found to match those that were not. The risk thus remains around corporate target risks and this has in part been covered thus in this allocation against the General Fund.
- There is still some uncertainty over future years and 2014/15 funding with no announcements yet on small business rate relief, Section 31 Grant and Education Support Grant. As such an element has been included to provide for a shortfall in funding in the coming and future years.
- The new Better Care Fund for 2015/16 is an indicative £27.1 million allocation. This is set by the Health and Well Being Board but at present the expectation is that at least 25% of this will be performance related around a small number of national and one local indicator. The potential joint risk to the CCG and the Council is just over £6 million. As such in 2015/16 an additional risk has been introduced requiring the General Fund to provide for £2 million as a part Council share if these were not delivered.

11.4 As such, based on the assessment at Appendix 3 there is no further call on reserves in 2014/15, but a technical requirement to contribute £3.4 million to the reserves. This technical contribution has been accounted for in the proposals set out within this report. However, Members should note that, as the external environment of both the public sector and Wiltshire itself changes rapidly, so the number of risks being identified and the likelihood of risks occurring is also increasing. The key risk identified this time as noted above is related to changes to care funding and the performance requirements of the Better Care Fund in 2015/16 and beyond.

11.5 The other main risk relates to the Funding changes that introduced gain but also risk of loss of Business Rates. Whilst there is a national scheme that provides for funding if this income falls and there is a sudden loss of above 7.25%. However, any loss on business rates where by less than 100% of the baseline to 92.25% is collected will be borne by the local authority. Also any negative changes in Council Tax Support allowance will be a risk for the Council to bear. As such an element of the General Fund is still required to reflect the ongoing risk of funding volatility.

11.6 As such the reserves for the following years are proposed as:

	31 st March			
	2013 £ million	2014 £ million	2015 £ million	2016 £ million
Opening General Fund Reserve	14.1	12.6	7.8	11.2
Contribution to / (from) general fund reserves	1.5	0.0	3.4	2.5
Contribution (to) / from earmarked reserves from General Fund	(0)	(4.8)	0.0	1.0
Closing General Fund Reserve	12.6	7.8	11.2	14.7

11.7 The “growth” assumption in the General Fund Reserve position in 2015/16 and 2016/17 will be kept under continual review as part of the budget monitoring process.

11.8 An analysis of the other existing earmarked reserves has also been undertaken and the proposed movements and purpose of each is set out below. This identifies a small net change in the total for 2014/15 in line with the Financial Plan set out last year, and a small decrease in 2014 to 2015. This again is provided for in the four year Financial Plan.

Earmarked Revenue Reserves	31 st March						Purpose
	2011 £m	2012 £ m	2013 £ m	2014 £ m	2015 £ m	2016 £m	
PFI	3.2	3.2	3.2	3.1	3.0	3.0	To continue the forecast gap in future funding on the existing schools PFI schemes and to fund set up and bid costs for Housing and Adult Care Homes
Other	1.9	2.2	1.5	1.0	0.8	0.8	Includes operating reserve for Libraries and funding of future Workplace Transformation Project management costs
Insurance	4.5	4.5	4.5	4.5	4.0	4.0	To provide for continued increases in costs arising from claims brought against the Council.

11.9 Following this review and proposed transfer from earmarked reserves plus annual contribution from revenue, the level of reserves overall are considered to be sufficient to meet potential risks and demonstrate a prudent level.

12 The impact on 2015/16 and future years

12.1 In setting a four year financial plan covering 2011-15 the Council took account of the Government's Comprehensive Spending Review (CSR) announcement in October 2010 that planned a 28% 'real' reduction in our central grant funds over that period. Looking forward in the Chancellor's 2013 Spring and Autumn Statements he announced further reductions of 27.1% nationally over 2014-16.

- 12.2 Government's Provisional Settlement Announcement on 18th December sets out an indicative 2015/16 draft funding settlement. This will mean the Council's funding will fall by greater margins in 2015/16 than had been previously assumed. As yet there is still no announcement about funding post the 2015 general election. As such the Financial Plan assumes a continued reduction in line with previous years in RSG.
- 12.3 As such at this stage we have made only minor changes to our assumed longer term financial plan (2015/16) other than to amend it for changes noted in this update. In respect of then extending the Plan to cover 2016/17 and beyond we have taken the decision not to do until the next CSR is announced and consider further any impact a national election may have on subsequent years.

13 Legal advice

- 13.1 The Monitoring Officer considers that the proposals fulfil the statutory requirements set out below with regard to setting the amount of Council Tax for the forthcoming year and to set a balanced budget:-
- S30 (6) Local Government finance Act 1992 (the 1992 Act)
This section requires that Council Tax must be set before 11 March, in the financial year preceding that for which it is set.
 - S32 the 1992 Act
This section sets out the calculations to be made in determining the budget requirements, including contingencies and financial reserves.
 - S33 the 1992 Act
This section requires the Council to set a balanced budget.
 - S25 (1) Local Governance Act 2003 (the 2003 Act)
The Chief Finance Officer of the Authority must report to it on the following matters:-
 - (a) the robustness of the estimates made for the purposes of the calculations; and
 - (b) the adequacy of the proposed financial reserves.
 - S25 (2) the 2003 Act
When the Council is considering calculations under S32, it must have regard to a report of the Chief finance Officer concerning the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves.

- The Local Authorities (Functions & Responsibilities) (England) Regulations 2000 (as amended)

These Regulations set out what are to be the respective functions of Council and of the Cabinet. With regard to the setting of the budget and Council Tax for the forthcoming year, Regulations provide that the Leader formulates the plan or strategy (in relation to the control of the Council's borrowing or capital expenditure) and the preparation of estimates of the amounts to be aggregated in making the calculations under S32 of the 1992 Act. However, the adoption of any such plan or strategy/calculations is the responsibility of (full) Council.

13.2 This report meets those requirements.

13.3 The legislation that governs local Government is changing significantly and the business plan will be kept under review to see if changes are needed as the changes in legislation are made available and clarified.

14 **HR advice**

14.1 The Associate Director, People & Business Services has been involved in the process surrounding savings in the service areas and with human resource implications arising from the proposals. This has included consultations with the trade unions in relation to the restructuring of services to deliver savings. Where restructuring of services proposes more than 20 redundancies an HR1 form for each service review has been completed and sent to both the recognised trade unions and the Insolvency Service. Savings from service reviews are realised once consultation on each review is completed. There are processes in place to carry out further consistent consultations arising from other service saving proposals over the next 12 months where there are human resource implications.

14.2 The Council has had good negotiation and consultation relationships with the Trade Unions and looked at terms and conditions in the first two years of the business plan. The pay increment freeze that has been in place for the last few years will be lifted and this and pay inflation of 1% has been included within the base budget assumptions, although it is noted national pay negotiations have yet to conclude.

15 **Equalities assessment**

- 15.1 The business plan sets out Wiltshire's approach to stronger and more resilient communities, to our customers and access to services and information. It contains specific investment to support vulnerable adults and children in Wiltshire. The equalities implications of the long term strategies already approved were considered as part of the development of those strategies.
- 15.2 In order for the Council to fulfil its legal requirements under the Public Sector Equality Duty, individual Equality Impact Assessments will be done on the delivery plans for the respective budget decisions at the stage when plans for implementation are drawn up. These will be made available to all Councillors during the decision making process so that the full equality implications of proposals are understood, inform final decisions and due regard is paid to the Equality Duty.

16 **Environmental and climate change considerations**

- 16.1 The plan and budget have been developed to support stronger and more resilient communities in Wiltshire.

17 **Risk Assessment**

- 17.1 The financial risk assessment that supports the 2014/15 budget is discussed at Appendix 3. Services have considered risk in developing the proposals for investment and savings shown in the financial plan and these will be reflected in their usual risk management arrangements.
- 17.2 The changes that have been made by the Government since May 2010 are significant, and further changes to the public sector are expected over the next few years. During 2014/15, we will need to consider whether further changes are needed to our structures and arrangements once the full details of legislative changes have been disclosed by the government.
- 17.3 Also, we have only received a two year financial settlement and the business plan may need to change once the settlement for 2016/17 is known.
- 17.4 There is a risk that budget proposals will impact on delivery of the Council's Business Plan. Thematic Plans are being developed as the delivery vehicle for each outcome in the Business Plan and these will be revised to take account of budget decisions and ensure that the Council is able to deliver to deliver the outcomes and key actions of the Business Plan 2013-17.

18 Financial Implications

- 18.1 In accordance with Section 25 of the Local Government Act 2003 and CIPFA Code of Practice, this section of the report sets out the Section 151 Officer's assessment of the major areas of risk in the 2014/15 base budgets / Medium Term Financial Plan, and recommended budget options. It is presented in order to provide Members with assurances about the robustness of assumptions made, and to assist them in discharging their governance and monitoring roles during the forthcoming year.
- 18.2 Members are required under the 2003 Act to have regard to the Chief Financial Officer's report when making decisions about the budget calculations.
- 18.3 Section 25 of the Act also covers budget monitoring and this is a procedure which also helps to confirm the robustness of budgets. Current financial performance is taken into account in assessing the possible impact of existing pressures on the new year budgets. It also provides early indications of potential problems in managing the current year budget so that appropriate action may be taken. Members are asked to note therefore that the balanced budget forecast, has been included in our risk based assessment for balances. Budget monitoring is reinforced through close financial support to managers and services. These processes and controls will continue to be built upon for 2014/15, to maintain tight financial control.
- 18.4 In assessing the assumptions in the setting of the 2014/15 Council Tax I note that the Chief Officers have provided details of their service responsibilities and aims, together with explanations of current pressures and other issues. These narratives were set alongside each Associate Director & Head of Service's base budget calculations, so as to put the figures in context and to help inform the formulation of this budget and the Council's proposed Business Plan. My assessment of all this information, following the risk assessment set out, is that the budget calculations are fair and robust, and reserves are adequate to reflect known circumstances.
- Assumptions around the base budget
- 18.5 2014/15 will be the fifth budget set for the new unitary Wiltshire Council. The economic downturn shows some signs of shallowing and rising, as such the original assumptions around income growth in areas such as car parking have been amended to reflect the latest known position.
- 18.6 The financial assumptions are set out in detail in Appendix 1E to the financial plan 2014-18 update presented by Cabinet. These take account of key factors such as demographic and inflation rates of change.

19 Conclusions

- 19.1 The Council's business plan, supported by its financial plan 2014-18 and the budget for 2014/15 sets a clear direction for the coming years, and the budget proposals within that are robust. The Council is thus assessed as financially viable with sound and strong financial standing to set a frozen Council Tax.

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Date of report: 28 January 2014

Background Papers:

The following unpublished documents have been relied on in the preparation of this report:

Various budget working papers in services
Business & Financial plans 2014-18

Appendices

- 1 – Cabinet's Updated Business & Financial plans 2013-15, which includes budget proposals for 2014/15 and budget book**
 - Appendix A – Financial Plan Update**
 - Appendix B – Service Budget summary**
 - Appendix C – Strategic savings**
 - Appendix D – 2014/15 Individual Service Budget Book**
 - Appendix E – Assumptions used to set the budget**
 - Appendix F – Capital Programme**
 - Appendix G – Housing Revenue Account**
 - Appendix H – Fees and Charges**
 - Appendix I – Public Health Grant planned expenditure**
- 2 – Assessment of investment and increased cost pressures**
- 3- General Fund Reserves assessment**
- 4 - Consultations Feedback**
 - I. Tenants Panel – 2nd February 2014**
 - II. Management Overview and Scrutiny – 5th February 2014**
 - III. Group Leaders JCC – 6th February 2014**
 - IV. Public consultation – 10th February 2014**

Cabinet proposed update to the 2014-18 Financial Plan

<i>High Level MTFs 4 Year Financial Model</i>	2013-2014 Approved Financial Plan	Changes 2014-2015	Changes 2015-2016	Changes 2016- 2017	Changes 2017-2018
	£m	£m	£m	£m	£m
Funding Changes					
Council Tax Requirement	(201.182)	(3.373)	(2.034)	(6.204)	(6.391)
Council Tax Freeze Grant 2013/14	(2.229)	0.011	2.229	0.000	0.000
Council Tax Freeze Grant 2014/15		(2.218)	2.229		
RSG/ Formula Grant	(76.018)	12.780	16.698	3.186	2.963
Rates Retention	(50.573)	(0.984)	(1.563)	(1.610)	(1.658)
Collection Fund	(1.700)	(1.266)	1.000	0.000	0.000
Other Central Grants including Educational Service Grant	(8.816)	2.505	2.036	1.996	1.957
Total Funding Changes	(340.518)	7.455	20.595	(2.632)	(3.129)
Other income changes in Plan					
New Homes Bonus Income changes		(3.306)	1.379	(8.474)	1.841
Fees and charges Income		0.000	(0.173)	(0.176)	(0.177)
Parish Council Local Council Tax Support		(0.577)	(0.400)	(0.300)	(0.198)
Proposed ring fenced grant for funding New responsibilities - Adults		(1.800)	(0.450)	(2.250)	(2.250)
Total Savings Changes		(5.683)	0.356	(11.200)	(0.784)
Investment per Business Plan and demand/demography					
Priority 1: Highways		0.200	1.500	2.000	2.700
Priority 5: Support the most vulnerable in our society					
Adult Care		4.300	2.500	2.500	2.500
Children & Families		5.188	1.000	1.000	1.000
Investment carried forward from 2012-2015 Business Plan					
Waste		1.000	0.000	0.000	0.000
Corporate growth					
Staffing - pay		2.548	2.598	3.979	2.731
Inflation - general		0.648	2.000	2.000	2.000
Pension Backfunding		0.000	0.000	0.608	0.669
Additional effect of 2012/13 VR		3.400	(3.400)	0.000	0.000
Capital Financing to fund current capital program, including campuses		0.801	2.725	1.453	1.812
Total Growth Changes		18.085	8.923	13.540	13.412
TOTAL COST REDUCTION PLAN REQUIRED		19.857	29.874	(0.292)	9.499
Priority 12					
Realign our resources and secure VFM		(19.857)	(29.874)	0.000	(9.499)
TOTAL COST REDUCTION PLAN		(19.857)	(29.874)	0.000	(9.499)
DIFFERENCE		0.000	0.000	(0.292)	0.000

Service Budget summary

Appendix 1B

Service Line	Revised 2013-14 Net Base Budget	Growth & Investment	Pay increase	Total Growth	Service Savings / Income	Corporate allocated targets	To be allocated targets	Total Savings / Income	Net Budget after saving 2014-15
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Adult Social Care Operations									
Older People	49.087	1.979	0.179	2.158	0.000	(0.220)		(0.220)	51.025
Other Vulnerable Adults	8.626	0.490	0.000	0.490	0.000	(0.100)		(0.100)	9.016
Learning Disability	38.871	1.120	0.138	1.258	0.000	(0.165)		(0.165)	39.964
Mental Health	20.974	0.711	0.050	0.761	0.000	(0.133)		(0.133)	21.602
Adult Care Commissioning, Housing, Adult Safeguarding									
Resources, Strategy & Commissioning	1.637		0.030	0.030	0.000	(0.049)		(0.049)	1.618
Housing Services	5.040		0.038	0.038	(0.100)	(0.091)		(0.191)	4.887
Public Health & Public Protection									
Public Health Grant (note shown net nil)	0.000		0.000	0.000	0.000	0.000		0.000	0.000
Other Public Health & Public Protection	3.157		0.120	0.120	(0.124)	(0.078)		(0.202)	3.075
Children's Social Care, integrated Youth & Preventative Services									
Children's Social Care	27.980	3.768	0.195	3.963	(1.150)	(0.417)		(1.567)	30.376
0-25 Service: Disabled Children & Adults	12.564	0.820	0.130	0.950	(0.300)	(0.176)		(0.476)	13.038
Integrated Youth	3.438		0.124	0.124	(0.515)	(0.065)		(0.580)	2.982
Quality Assurance, Commissioning & Performance									
School Effectiveness	3.723		0.102	0.102	(0.500)	(0.098)		(0.598)	3.227
Business & Commercial Services	(0.864)		0.004	0.004	0.000	(0.001)		(0.001)	(0.861)
Safeguarding	0.917	0.300	0.019	0.319	0.000	(0.044)		(0.044)	1.192
Commissioning and Performance	8.311	0.300	0.061	0.361	(0.905)	(0.202)		(1.107)	7.565
Economy Development and Planning									
Economy & Regeneration	3.600		0.050	0.050	(0.342)	(0.063)		(0.405)	3.245
Development Services	1.023		0.097	0.097	(0.350)	(0.047)		(0.397)	0.723
Highways and Transport									
Highways Strategic Services	6.136		0.060	0.060	(0.336)	(0.188)		(0.524)	5.672
Public Transport	11.013		0.020	0.020	(0.531)	(0.180)		(0.711)	10.322
Education Transport	8.354		0.002	0.002	(0.365)	(0.129)		(0.494)	7.862
Local Highways and Street Scene	10.650		0.044	0.044	(0.761)	(0.192)		(0.953)	9.741
Car Parking	(5.484)		0.024	0.024	(0.470)	(0.011)		(0.481)	(5.941)
Environment and Leisure									
Waste	31.840	1.000	0.118	1.118	(0.750)	(0.230)		(0.980)	31.978
Environment Services	6.513		0.062	0.062	(0.492)	(0.122)		(0.614)	5.961
Leisure	2.673		0.112	0.112	(0.500)	(0.091)		(0.591)	2.194
Communications, Community Area Boards, Libraries, Arts, Culture, Heritage									
Comms & Branding	1.857		0.021	0.021	(0.225)	(0.009)		(0.234)	1.644
Libraries Heritage & Arts	5.356		0.094	0.094	(0.375)	(0.121)		(0.496)	4.954
Corporate Function & Procurement									
Corporate Function & Procurement	5.269		0.043	0.043	(0.250)	(0.106)		(0.356)	4.956
Community Leadership & Governance									
Corporate Directors	0.712		0.011	0.011	(0.115)	(0.016)		(0.131)	0.592
Finance									
Finance, Revenues & Benefits & Pensions	3.980	0.148	0.144	0.292	(1.050)	(0.044)		(1.094)	3.178
Legal & Governance									
Legal & Democratic	3.132		0.072	0.072	(0.450)	(0.044)		(0.494)	2.710
People & Business Services									
HR & Organisational Development	4.222		0.086	0.086	(0.100)	(0.129)		(0.229)	4.079
Customer Care & Business Services Finance	2.172		0.039	0.039	(0.150)	(0.045)		(0.195)	2.016
Strategic Property Services	15.294		0.037	0.037	(0.297)	(0.519)		(0.816)	14.515
Transformation Programme									
Transformation Programme	3.633	0.500	0.107	0.607	(0.245)	(0.168)		(0.413)	3.827
Information Services	12.825		0.083	0.083	(0.743)	(0.219)		(0.962)	11.946
Councils Net Spend on Services	318.231	11.136	2.516	13.652	(12.491)	(4.512)	0.000	(17.003)	314.880
Corporate Investment & Costs									
Movement To/ From Reserves	0.000	3.400	0.000	3.400	(0.200)			(0.200)	3.200
Capital Financing	23.398	1.001	0.000	1.001	(0.300)			(0.300)	24.099
Corporate Levs	8.211		0.032	0.032				0.000	8.243
Redundancy Costs	3.000			0.000				0.000	3.000
Investment: Economy	0.707			0.000				0.000	0.707
Corporate targets - unallocated	(1.283)			0.000	(3.229)	4.512	(3.637)	(2.354)	(3.637)
Corporate Investment & Costs	34.033	4.401	0.032	4.433	(3.729)	4.512	(3.637)	(2.854)	35.612
Un-ringfenced Specific Grants									
Parish Council Local Council Tax Support	1.498			0.000		(0.577)		(0.577)	0.921
New Homes Bonus	(7.593)			0.000		(3.306)		(3.306)	(10.899)
NHS Funding for social care	(5.651)			0.000		(1.800)		(1.800)	(7.451)
Un-ringfenced Specific Grants	(11.746)	0.000	0.000	0.000	0.000	(5.683)	0.000	(5.683)	(17.429)
Councils Budget Requirement	340.518	15.537	2.548	18.085	(16.220)	(5.683)	(3.637)	(25.540)	333.063
Funding									
	Funding 2013/2014							Funding Movement	Funding 2014/2015
Council Tax Requirement	(201.182)							(3.373)	(204.555)
Council Tax Freeze Grant 2013-14	(2.229)							0.011	(2.218)
Council Tax Freeze Grant 2014-15	0.000							(2.218)	(2.218)
RSG/ Formula Grant	(76.018)							12.780	(63.238)
Rates Retention	(50.573)							(0.984)	(51.557)
Collection Fund	(1.700)							(1.266)	(2.966)
Business Rates Grant	0.000							(0.500)	(0.500)
Unused New Homes Bonus/ NHB top slice	(0.430)							(0.327)	(0.757)
Educational Support Grant	(6.991)							1.937	(5.054)
Returned Damping	(1.395)							1.395	0.000
Total Funding	(340.518)							7.455	(333.063)
GAP (Funding v Budget Requirement)	0.000								0.000

★ **Note – Economy & Regeneration, Development Services and Leisure net budgets from 2013/14 to 2014/15 show a change due to an increase in income not a reduction in expenditure**

Strategic savings

Saving	Comments	£m
1. Review and increase of Commercial / Trade Waste in charges	Due to the rural nature and level of competition in parts of the County the Council provides a larger proportion of trade waste collection. At present this service is subsidised by around £0.5 million. This option proposes increasing fees and seeking options for alternative provision.	0.250
2. Reduction in non efficient bus routes	The Council's Transport team regularly review the usage of bus routes and it is proposed that certain routes are withdrawn based on the levels of usage.	0.176
3. Review application of spare seat policy and comply with existing policy	The Council's policy is that it will not fund transport for children who attend a school other than their local designated establishment through parental choice. However, where spare capacity is available on council-funded transport, non-eligible children are allowed to travel on payment of a fare or a spare seat charge. It is proposed that where a saving could be made by re-planning the transport without the non-eligible children, the policy be enforced and capacity managed to deliver this saving.	0.150
4. Review of discretionary and non statutory educational transport to and from schools and colleges	The Council currently funds discretionary transport for certain educational establishments such as grammar and colleges. This is at a cost of around £0.6 million. It is proposed to review this contribution, including seeking joint funding contributions.	0.200

Saving	Comments	£m
5. Withdraw alternative bus concessions and continuity travel	<p>Withdraw alternative concessions - The Council currently provides funding of 5p / mile to Link schemes to expand their capacity to provide essential transport for older and disabled people who are eligible for a national bus pass but who are not able to use bus services for various reasons. This is discretionary spending, not funded by central government, and is proposed to be withdrawn. The council will continue to provide grants to Link schemes for their general transport activities from the community transport budget.</p> <p>Continuity transport - Where a pupil's family moves out of the designated area of their local school, the council may continue providing transport to that school if it is considered that a change of school would be undesirable for educational reasons (usually where the child is part way through a particular exam course). It is proposed to withdraw this assistance. Individual cases where there are special circumstances may still be considered as potential exceptions to the council's general home to school transport policy.</p>	0.039
6. Efficiencies from better use and procurement of taxis	It is proposed to make savings from ongoing reviews of school and college transport arrangements, including where taxis are used for carrying small numbers of children	0.100
7. Free travel for OAP and disabled bus pass holders after 0930	Current provisions fund free transport for bus pass holders before 9.30am. This is a discretionary provision and is not funded by central government. The Council is now proposing that it will withdraw the money it provides for this extension of the national bus pass scheme. Free travel after 9.30am will still continue.	0.180

Saving	Comments	£m
8. Area Boards fund local Speed Indication Devices	The funding for the local speed initiatives will be for Area Boards to fund based on local needs	0.075
9. Bring Family Information Services In-house	The Family Information Service has been reviewed as one of the actions within the Children's Trust's Family and Parenting Support Commissioning Strategy. The review concluded that the statutory duty to provide a Family Information Service can be met through the Council's existing staff and systems.	0.120
10. Use of earmarked reserves	£0.2 million is proposed to be taken from small earmarked reserves that have had no call on them for the last 18 months, and have been assessed as having no further call on them - such as hub provisions.	0.200
11. Transfer Salisbury CCTV to partners	The Council is considering a number of options regarding this service with partners. These options all involve an investment in the capital infrastructure which will be funded from a mixture of either capital receipts or transferred services. This is a part year saving to reflect the stage of discussions and in 2015/16 this saving could thus increase to £0.188 million.	0.025
12. Income (paragraph 8.1 of this report)	Various fees and charges are proposed in setting the 2014/15 budget and these are set out in detail at Appendix H of this report and at section 8.1 in summary	0.636

Saving	Comments	£m
13. Highways provision	The council recently awarded its contract for Highways and Streetscene to Balfour Beatty. As part of that the contractor committed to a 4.5% (£0.750 million) efficiency saving in 2014/15. On top of that the Council is looking at how it can make further day to day operational realignment of spend to ensure that it is focused in key priority areas. As such the spend for this contract will be reduced by this amount and the Council's client team will monitor and manage spend. Any changes to policy will be reported to councillors to approve if such affect were ever to arise.	0.761
Total		2.912

2014/15 Individual Service Budget Book

See full book in excel spreadsheet attached

Assumptions used to set the budget

The updated four year Financial Plan has been compiled as set out in Section 2 of the report. It includes the following assumptions

- **Pay** – 1 per cent pay award for all groups of employees, unless specifically noted as an exception. 2014/15 also sees the end of the previously agreed assumption of no incremental increases in pay until and as such an estimation of this has been made as it is linked to performance. An adjustment for harmonisation has also been made and accounted for in the relevant base budgets.
- **Demand** – Projections have been based on prior year trends and known or anticipated movement in 2014/15, specifically:
 - Demographic increases for older people of 3.5 per cent and for mental health older adults of 4 per cent in 2013/14 (based on the latest demographic data available)
 - Child care placements 2.5% fall in placements additional spread throughout the year
- **Inflation** – In general an inflation pressure of 0 per cent has been applied to costs unless there is specific evidence of higher/lower increases due to contractual commitments.
- **Interest rates** – the cost of borrowing has been assumed at an average rate of 4 per cent; and investment income at an average of 0.5 per cent.

The assumptions around future years' figures are set out in the schedule below:

- Service Budgets have been rolled forward and reflect the future year impact of 2014/15 spending requirements and savings proposals as set out in this report. They also include pay award assumed at 1 per cent and 1 per cent per annum for 2014-16 respectively.
- Assumed 1 per cent increase in employer's superannuation rates for 2014/15 following the triennial valuation of the fund in 2013. Recent proposals to change the Local Government Pension Scheme have been built into this assessment. This will continue to be reassessed following national announcements.
- Costs of servicing existing debt and additional borrowing requirement reflect proposed future capital expenditure.
- The running costs arising from the capital schemes, including additional provision for campuses, highways, waste and broadband, have been accounted for based on current profiles within the capital programme
- Increase employer's national insurance rates from April 2014 as announced in 2011 budget report.

Capital Programme budget workings 2014/2015 to 2017/2018 including financing									
Scheme name	Capital Programme budgets					Funding available			
	Current Budget 2014/2015	Current Budget 2015/2016	Current Budget 2016/2017	Current Budget 2017/2018	Total	Grants and Contributions	Capital Receipts	Borrowing	Total Funding
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Education schemes									
Additional Accommodation	8.991	5.430	5.701	5.701	25.823	20.937	0.000	4.886	25.823
NDS Maintenance & Modernisation	10.158	3.500	3.100	2.800	19.558	19.558	0.000	0.000	19.558
Devolved Formula Capital	0.921	0.800	0.750	0.700	3.171	3.171	0.000	0.000	3.171
NEW Universal infant free school meals capital 2014-15	0.786	0.000	0.000	0.000	0.786	0.786	0.000	0.000	0.786
Access and Inclusion	0.100	0.100	0.100	0.100	0.400	0.000	0.300	0.100	0.400
DCSF Targeted Capital 14-19 SEN	0.647	0.000	0.000	0.000	0.647	0.000	0.000	0.647	0.647
Other Projects New Schools	2.384	0.000	0.000	0.000	2.384	0.000	1.000	1.384	2.384
Total Education schemes	23.987	9.830	9.651	9.301	52.769	44.452	1.300	7.017	52.769
Highways schemes									
Integrated Transport	4.002	3.752	3.752	3.752	15.258	15.029	0.000	0.229	15.258
Bridges	3.000	3.000	3.000	3.000	12.000	12.000	0.000	0.000	12.000
Structural Maintenance Grant Funded	10.519	9.262	9.262	9.262	38.305	38.305	0.000	0.000	38.305
Additional Borrowing required to take total Structural Maintenance to £21m	10.481	11.738	11.738	11.738	45.695	0.000	0.000	45.695	45.695
Highway flooding prevention and Land Drainage schemes	0.500	0.500	0.500	0.500	2.000	0.000	0.000	2.000	2.000
Street lighting	0.500	0.000	0.000	0.000	0.500	0.000	0.000	0.500	0.500
Total Highways schemes	29.002	28.252	28.252	28.252	113.758	65.334	0.000	48.424	113.758
Campus and Operational Delivery (CAOD) schemes									
Depot Strategy	5.000	0.000	0.000	0.000	5.000	0.000	0.000	5.000	5.000
Campus Initial 3 sites	21.994	8.135	0.000	0.000	30.129	0.000	16.135	13.994	30.129
Campus New 4 sites	13.820	7.925	2.600	0.000	24.345	0.400	0.000	23.945	24.345
Total CAOD schemes	40.814	16.060	2.600	0.000	59.474	0.400	16.135	42.939	59.474
Other Property schemes									
Buildings Planned Maintenance (non CAOD)	2.500	2.500	2.500	2.500	10.000	0.000	0.000	10.000	10.000
Total Other Property schemes	2.500	2.500	2.500	2.500	10.000	0.000	0.000	10.000	10.000

Scheme name	Capital Programme budgets					Funding available			
	Current Budget 2014/2015	Current Budget 2015/2016	Current Budget 2016/2017	Current Budget 2017/2018	Total	Grants and Contributions	Capital Receipts	Borrowing	Total Funding
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Housing schemes									
Disabled Facilities Grants	2.431	1.000	1.000	1.000	5.431	4.135	0.000	1.296	5.431
Housing Grants (Private Sector e.g. Energy Efficiency)	1.803	0.000	0.000	0.000	1.803	0.000	1.803	0.000	1.803
Gypsy and Traveller sites	0.917	0.000	0.000	0.000	0.917	0.917	0.000	0.000	0.917
HRA - refurbishment of council stock	13.662	10.178	10.556	10.556	44.952	44.952	0.000	0.000	44.952
Total Housing schemes	18.813	11.178	11.556	11.556	53.103	50.004	1.803	1.296	53.103
Other schemes									
Waste Transformation	0.183	0.250	0.000	0.000	0.433	0.000	0.250	0.183	0.433
Waste Vehicles	0.060	0.000	0.000	0.000	0.060	0.000	0.000	0.060	0.060
Carbon Reduction	1.500	0.000	0.000	0.000	1.500	0.000	0.000	1.500	1.500
Adult Social Care	2.672	1.015	1.000	1.000	5.687	4.805	0.882	0.000	5.687
Area Boards grants	1.027	1.027	1.000	1.000	4.054	0.000	1.027	3.027	4.054
Rural Estates	0.400	0.000	0.000	0.000	0.400	0.000	0.000	0.400	0.400
Cross Departmental Initiatives System Developments	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Wiltshire Online	11.643	7.594	0.000	0.000	19.237	1.808	0.000	17.429	19.237
ICT Schemes	5.292	2.610	1.000	1.000	9.902	0.000	9.902	0.000	9.902
Fleet Vehicles	2.500	2.440	2.647	1.500	9.087	0.000	2.440	6.647	9.087
Learning Management System	0.200	0.000	0.000	0.000	0.200	0.000	0.000	0.200	0.200
Fitness Equipment for Leisure Centres	0.707	0.729	0.000	0.000	1.436	0.000	0.000	1.436	1.436
Salisbury CCTV	0.500	0.500	0.000	0.000	1.000	0.000	1.000	0.000	1.000
Whole Life Building and Equipment Refresh	0.000	0.500	0.500	0.500	1.500	0.000	0.000	1.500	1.500
Total Other schemes	26.684	16.665	6.147	5.000	54.496	6.613	15.501	32.382	54.496
Total Capital Programme	141.800	84.485	60.706	56.609	343.600	166.803	34.739	142.058	343.600

Housing Revenue Account

2012/2013		2013/2014	2014/2015
Actual Outturn	Service	Revised Budget	Proposed Budget
£		£	£
	HRA Expenditure		
281,070	Provision for Bad Debts	250,000	250,000
14,382,179	Capital Financing Costs	13,986,000	13,986,000
4,155,832	Repairs and Maintenance	5,842,970	5,559,470
392,090	Supervision & Management Special	422,830	637,830
3,607,703	Supervision & Management General	3,066,928	3,066,928
22,818,874		23,568,728	23,500,228
	Housing Income		
(140,880)	Interest	(140,000)	(140,000)
(23,074,940)	Rents	(24,060,000)	(24,682,600)
(23,215,820)		(24,200,000)	(24,822,600)
(396,946)	Total Housing Revenue Account	(631,272)	(1,322,372)

Appendix 1H – Fees and Charges

See attached spreadsheet

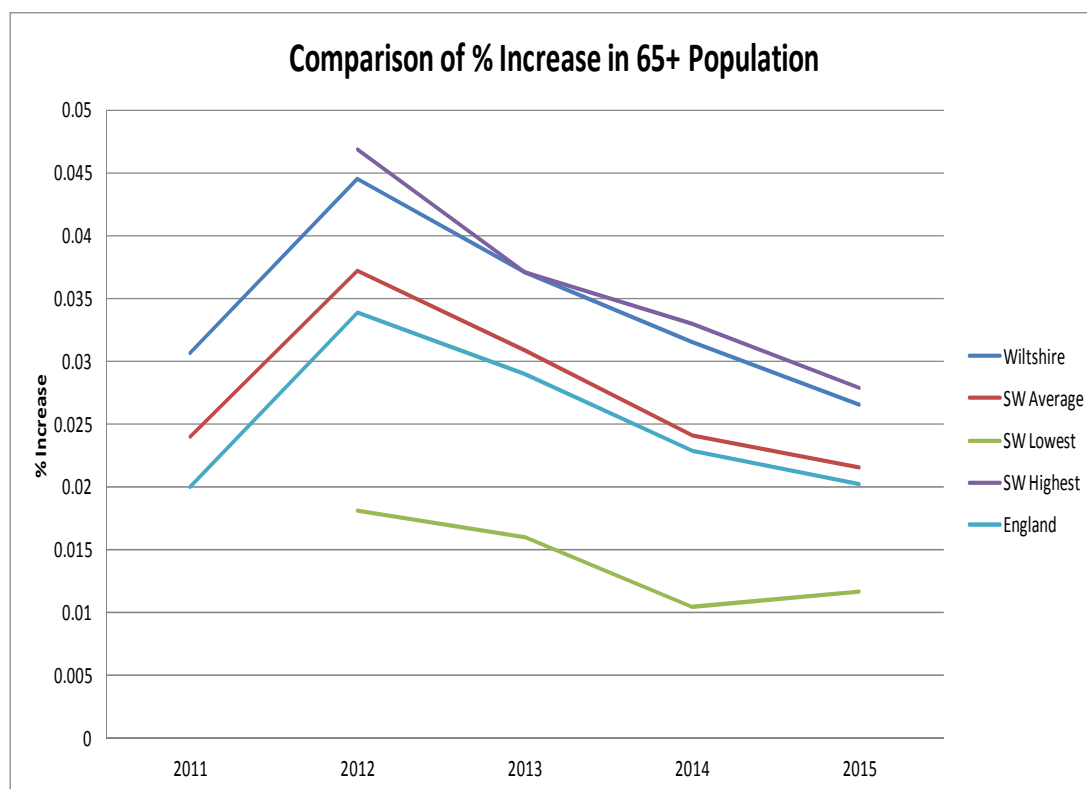
Assessment of investment and increased cost pressures

- Adult and Older People Demand and Demography assumptions

An additional £4.3 million is proposed to be invested before savings (£3.633m net excluding increase in staff costs) in 2014/15. The growth forecasts if current trends continue indicate growth slightly higher at £4.7 million. We will be working with the CCG and health partners in setting a way forward to transform care to make it more joined up and efficient.

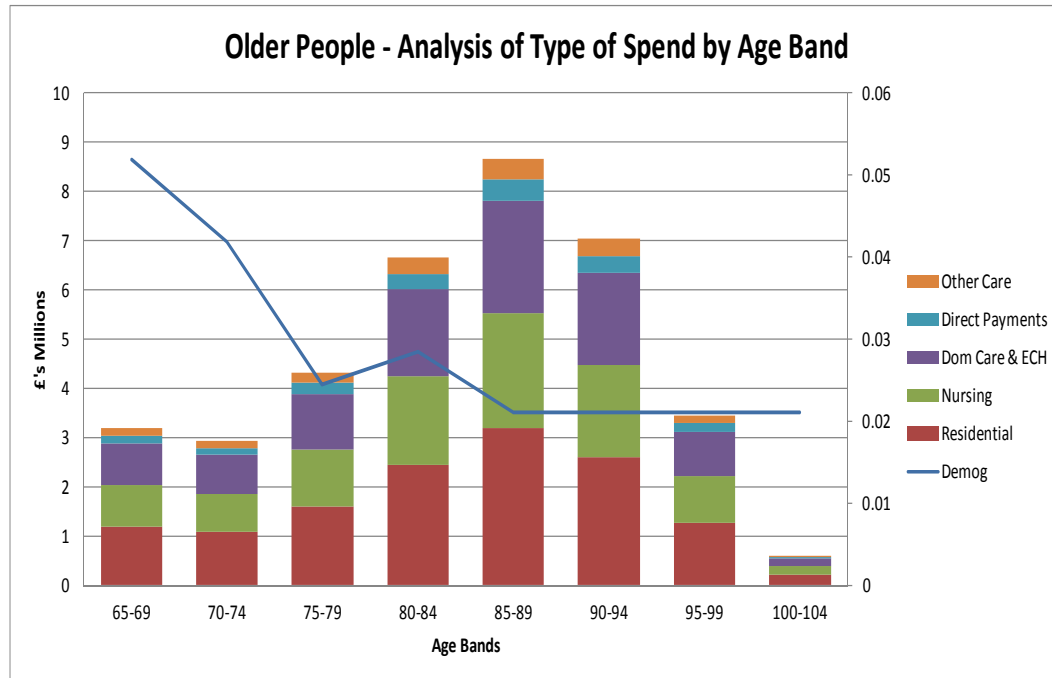
This level of investment is needed as in Wiltshire we continue to have a higher percentage increase forecast in our over 65 and 85 year old population than most of our comparative authorities. It is also significantly higher than the national average.

Demographic growth for Older People and Mental Health Older Adults is based on demographic trend and dementia prevalence rates respectively. Demographic trends are analysed by age quintiles from age 65 years upwards.



Growth for adults with learning disabilities and other vulnerable adults is based on historical spend and an analysis of the full year effect of current packages, taking in to account the impact of the establishment of the new SEND 0-25 service which will support young people to stability prior to transition to Adult Care. We also know that in Wiltshire the majority of our spend goes on over 85 year olds.

It is a fact that people live longer in Wiltshire and our profile of costs shows that significant costs are incurred in ensuring the quality of life for our residents. We also know that the current 65 to 75 year olds will continue to need our services. We need to invest significant sums for that future care.



Growth is allowed within the budget for Mental Health for Adults of Working Age as a result of Ministry of Justice cases (estimated numbers).

Further investment is thus inevitable to maintain a service that protects the most vulnerable older people

- **Looked After Children and Safeguarding Demand and Demography assumptions**

Demand assumptions based on demographics have been included for Children's Social Care placement budgets for looked after children (LAC). Population projections provided by the Corporate Research Team have been used, picking up indicators which are recognised as having a direct impact on the numbers of LAC:

- Numbers of lone parent households
- Low maternal Education -
- Job Seekers Allowance claimant count

It has also been assumed that initiatives including early help strategies and Gateway Panels will reduce the numbers of LAC by 2.5% per annum compared with the average for 2013-14. Numbers are assumed as follows and reflect the anticipated balance between in house and external placements:

Budgeted Nights Care - Looked After Children

		Budget 2013-14	Budget 2014-15
In house (Foster Care)		95,952	90,837
External Placements (IFA)		33,910	37,233
External Placements (Other)		14,386	16,951
External Placements (Block Contract)		2,555	2,976
		146,803	147,997
0-25 Disability Placements		14,682	14,372
Total Nights Care		161,485	162,369

- Waste

This relates to ongoing investment in the Waste service to improve recycling and divert waste from landfill. This equates to an investment of £1.000 million as follows:

- £0.800 million, commencement of operations at the MBT plant in Westbury:
and
- £0.200 million for contract inflation.

Both contractual commitment and the likely landfill tax have been calculated by Finance in conjunction with the service. Whilst Landfill Tax has again increased by £8 per tonne to £80, due to the fact that the tonnage sent to landfill has reduced the budget for this has been reduced.

- Highways

£0.200 million revenue initially invested in Highways in 2014/15, rising to £1.687 million by 2018/19 to fund the capital financing in order to improve Wiltshire's roads. This will be a six year programme of additional works increasing annual expenditure on road maintenance to £21.000 million for six years from 2014/15. This was approved by Cabinet in October 2013 ([Link](#)).

General Fund Reserve Risk Assessment

No.	Year	Risk Event	Low = 0% - 25%	Risk %	Potential Net Financial Impact £000	Reserve Requirement			
			Medium = 26% - 50%			High = 51% - 100%	2013- 14 £000	2014- 15 £000	2015- 16 £000
1	2013-14	Potential use of reserves in previous year based on this risk assessment	Low	0%	-	-			
	2014-15		Low	0%	-	-			
	2015-16		Low	20%	2,000			400	
	2016-17		Low	20%	2,000				400
2	2013-14	The future years funding settlement is even worse than anticipated	Low	0%	-	-			
	2014-15		Low	0%	-	-			
	2015-16		Low	20%	2,000			400	
	2016-17		Medium	50%	5,000				2,500

No.	Year	Risk Event	Low = 0% - 25%	Risk %	Potential Net Financial Impact £000	Reserve Requirement				
			Medium = 26% - 50%			High = 51% - 100%	2013-14 £000	2014-15 £000	2015-16 £000	2016-17 £000
3	2013-14	System thinking transformational savings not delivered	Low	10%	500	50				
	2014-15		Low	10%	4,000					400
	2015-16		Medium	30%	300					90
	2016-17		Medium	30%	2,000					600
3	2013-14	Procurement savings not delivered	Low	15%	6,400	960				
	2014-15		Low	25%	3,785					950
	2015-16		Low	25%	2,000					500
	2016-17		Medium	30%	3,000					900

No.	Year	Risk Event	Low = 0% - 25%	Risk %	Potential Net Financial Impact £000	Reserve Requirement			
			Medium = 26% - 50%			High = 51% - 100%	2013-14 £000	2014-15 £000	2015-16 £000
4	2013-14	Above assumed inflationary increases in non-pay and utilities greater than already provided for in the medium term plan	Low	10%	1,000	100			
	2014-15		Low/Medium	25%	2,000		500		
	2015-16		Medium	30%	1,000			300	
	2016-17		Medium	30%	1,000				300
5	2013-14	Increase in pay costs above pay settlement / assumptions	Low	10%	1,600	160			
	2014-15		Low	5%	1,600		80		
	2015-16		Low	10%	1,600			160	
	2016-17		Low	20%	1,600				320

No.	Year	Risk Event	Low = 0% - 25%	Risk %	Potential Net Financial Impact £000	Reserve Requirement			
			Medium = 26% - 50%			High = 51% - 100%	2013-14 £000	2014-15 £000	2015-16 £000
6	2013-14	Adult Social care costs increase due to greater than forecast demand or complexity	Low	25%	2,000	500			
	2014-15		Medium	40%	3,000		1,200		
	2015-16		Medium	40%	2,000			800	
	2016-17		Low	20%	2,000				400
7	2013-14	Harmonisation costs insufficient / fund harmonisation team	Medium	30%	2,000	600			
	2014-15		Low	0%	-		-		
	2015-16		Low	0%	-			-	
	2016-17		Low	0%	-				-

No.	Year	Risk Event	Low = 0% - 25%	Risk %	Potential Net Financial Impact £000	Reserve Requirement			
			Medium = 26% - 50%			High = 51% - 100%	2013-14 £000	2014-15 £000	2015-16 £000
8	2013-14	Service savings not delivered / identified	Medium	26%	14,757	3,837			
	2014-15		Medium	35%	6,000		2,100		
	2015-16		Medium	26%	6,000			1,560	
	2016-17		Medium	26%	6,000				1,560
9	2013-14	Partnership liability gives rise to grant clawback guarantees	Low	5%	1,000	50			
	2014-15		Low	10%	1,000		100		
	2015-16		Low	10%	1,000			100	
	2016-17		Low	5%	1,000				50

No.	Year	Risk Event	Low = 0% - 25%	Risk %	Potential Net Financial Impact £000	Reserve Requirement			
			Medium = 26% - 50%			2013-14 £000	2014-15 £000	2015-16 £000	2016-17 £000
			High = 51% - 100%						
10	2013-14	Insurance liability/claims premiums /level of deductibles rise above provision	Medium	26%	500	130			
	2014-15		Low	10%	2,000		200		
	2015-16		Low	10%	1,000			100	
	2016-17		Low	10%	1,000				100
11	2013-14	The level of funds within the self insurance fund is unable to cover a catastrophic incident affecting our buildings, including schools.	Medium	30%	2,500	750			
	2014-15		Medium	30%	2,500		750		
	2015-16		Medium	30%	2,500			750	
	2016-17		Low	15%	2,500				375

No.	Year	Risk Event	Low = 0% - 25%	Risk %	Potential Net Financial Impact £000	Reserve Requirement			
			Medium = 26% - 50%			2013-14 £000	2014-15 £000	2015-16 £000	2016-17 £000
			High = 51% - 100%						
12	2013-14	H & S breaches resulting in legal action. New legislation means increased monitoring and requirements. A new reporting system will help identify trends.	Low	10%	200	20			
	2014-15		Low	10%	200		20		
	2015-16		Low	10%	200			20	
	2016-17		Low	10%	200				20
13	2013-14	Employment tribunal action	Medium	30%	1,000	300			
	2014-15		Medium	30%	1,000		300		
	2015-16		low – 20%	15%	1,000			150	
	2016-17		low – 20%	15%	1,000				150

No.	Year	Risk Event	Low = 0% - 25%	Risk %	Potential Net Financial Impact £000	Reserve Requirement				
			Medium = 26% - 50%			2013-14 £000	2014-15 £000	2015-16 £000	2016-17 £000	
			High = 51% - 100%							
14	2013-14	Levies from partner organisations could exceed increases in matched funding	Low	10%	400	40				
	2014-15		Low	10%	450		45			
	2015-16		Low	10%	500			50		
	2016-17		Low	10%	550				55	
15	2013-14	MTFP provides for additional revenue funding to meet additional costs arising from capital investment but costs may be understated	Low	2%	1,500	23				
	2014-15		Low	15%	1,500		225			
	2015-16		Low	20%	3,000			600		
	2016-17		Medium	30%	5,000				1,500	

No.	Year	Risk Event	Low = 0% - 25% Medium = 26% - 50% High = 51% - 100%	Risk %	Potential Net Financial Impact £000	Reserve Requirement			
						2013-14 £000	2014-15 £000	2015-16 £000	2016-17 £000
16	2013-14	Major fraud	Low	5%	100	5			
	2014-15		Low	5%	100		5		
	2015-16		Low	5%	100			5	
	2016-17		Low	5%	100				5
17	2013-14	LG Pension Scheme – employer contribution increase above budget	Low	0%	2,000	-			
	2014-15		Low	0%	2,000		-		
	2015-16		Low	0%	2,000			-	
	2016-17		Low	0%	2,000				-

No.	Year	Risk Event	Low = 0% - 25%	Risk %	Potential Net Financial Impact £000	Reserve Requirement			
			Medium = 26% - 50%			2013-14 £000	2014-15 £000	2015-16 £000	2016-17 £000
			High = 51% - 100%						
18	2013-14	Failure to collect debt beyond provision	Low	10%	1,000	100			
	2014-15		Low	10%	1,000		100		
	2015-16		Low	10%	1,000			100	
	2016-17		Low	10%	1,000				100
19	2013-14	Adverse winter increases call on operational costs	Medium	30%	2,000	600			
	2014-15		Medium	30%	2,000		600		
	2015-16		Medium	30%	2,000			600	
	2016-17		Medium	30%	2,000				600

No.	Year	Risk Event	Low = 0% - 25%	Risk %	Potential Net Financial Impact £000	Reserve Requirement			
			Medium = 26% - 50%			High = 51% - 100%	2013-14 £000	2014-15 £000	2015-16 £000
20	2013-14	Unforeseen events / contingency	Low	10%	2,000	200			
	2014-15		Low	25%	2,000		500		
	2015-16		Medium	50%	3,000			1,500	
	2016-17		Medium	75%	2,000				1,500
21	2013-14	Fluctuation in borrowing costs/interest receipts.	Low	10%	-1,000	-100			
	2014-15		Low	50%	-1,000		-500		
	2015-16		Medium	50%	-1,000			-500	
	2016-17		Medium	50%	-1,000				-500

No.	Year	Risk Event	Low = 0% - 25%	Risk %	Potential Net Financial Impact £000	Reserve Requirement			
			Medium = 26% - 50%			High = 51% - 100%	2013-14 £000	2014-15 £000	2015-16 £000
22	2013-14	Waste recycling performance does not improve resulting in Landfill Tax liabilities above budget	Low	15%	1,000	150			
	2014-15		Low	10%	1,000		100		
	2015-16		Low	5%	2,000			100	
	2016-17		Low	5%	2,000				100
23	2012-13	Equal Pay claims required to settle around 'unlawful' protection payments.	Low	10%	-	0			

No.	Year	Risk Event	Low = 0% - 25%	Risk %	Potential Net Financial Impact £000	Reserve Requirement			
			Medium = 26% - 50%			High = 51% - 100%	2013-14 £000	2014-15 £000	2015-16 £000
24	2013-14	Sensitivity for safeguarding and looked after children additional costs incurred.	Medium	50%	3,000	1,500			
	2014-15		Medium	30%	2,000		600		
	2015-16		Low	10%	1,000			100	
	2016-17		Low	10%	1,000				100

No.	Year	Risk Event	Low = 0% - 25%	Risk %	Potential Net Financial Impact £000	Reserve Requirement			
			Medium = 26% - 50%			High = 51% - 100%	2013-14 £000	2014-15 £000	2015-16 £000
25	2013-14	Partnerships and contractors adversely affected by the economic client that affects the viability of an existing contract.	Low	0%	0	0			
	2014-15		Medium	40%	2,000		800		
	2015-16		Medium	10%	2,000			200	
	2016-17		Low	10%	2,000				200
26	2014-15	Performance risk associated with Better Care Fund	-	-	-	-			
			-	-	-				
	2015-16								
	2016-17		Medium	10%	10,000			1,000	
	2016-17	Medium	30%	10,000				3,000	
TOTALS						9,975	9,075	9,085	14,335

Consultation Minutes and notes

To follow