

AGENDA ITEM

WILTSHIRE COUNCIL

Overview & Scrutiny – 28 January 2020

Cabinet – 4 February 2020

Council – 25 February 2020

Subject: Wiltshire Council's Budget 2020/21 and Medium Term Financial Strategy 2020/21 – 2024/25

**Cabinet Members: Councillor Philip Whitehead- Leader of the Council
Councillor Simon Jacobs - Cabinet Member for Finance**

Key Decision: Key

EXECUTIVE SUMMARY

The report presents members with the proposed 2020/2021 Budget and Medium Term Financial Strategy 2020/21 to 2024/25.

The report sets out, for approval by cabinet, the budget setting proposals and gives the details that feed into the budget setting reports.

Reasons for Proposals

To enable the Cabinet to recommend to Council to:

- Set its revenue and housing revenue accounts budgets and levels of reserves and Council Tax for the financial year 2020/21;
- Provide the Council with a strong financial plan for sustainable delivery of services in 2020/21;
- Provide the Council with a Medium Term Financial strategy to drive long term financial sustainability and delivery of the business plan; and
- Meet its strategic financial objectives.

PROPOSALS

It is proposed that Cabinet recommends to Council that it:

- a. Agrees the budget for 2020/21;
- b. Approves the growth and savings proposals summarised in the report to provide a net revenue budget for 2020/21 of £344.023 million;

c. Agrees to:

- i. Set the Council's total net expenditure budget for 2020/21 at £344.023 million;
 - ii. Set a Council Tax increase of 1.99% and Social Care Levy increase of 2%;
 - iii. Delegate changes in fees and charges as set out in Section 9;
 - iv. Set a 2.7% increase for social dwelling rents (CPI plus 1%);
 - v. Set the Housing Revenue Account (HRA) Budget for 2020/21 at £30.302 million expenditure; and
 - vi. All service charges related to the HRA being increased to recover costs, capped at increase of £5 per week for those not on housing benefits and garage rents increased by 1.7% (CPI).
- d. Endorse the Medium Term Financial Strategy and receive regular updates on delivery against strategy to Cabinet; and
- e. Notes the budget gap of £69.527 million for MTFS period 2021/22 – 2024/25.

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Purpose of Report & Background

1. This report sets out the Council's budget 2020/21 and Medium Term Financial Strategy 2020/21- 2024/25 (MTFS). It highlights expenditure and income from 2020/21 to 2024/25.
2. This report sets out an updated Financial Strategy that covers the five years 2020-25. It reflects the current Government funding announcements and is attached at Appendix A to this report.
3. This Council's strategic aims and priorities drive the medium term financial planning process, with changes in resource allocation determined in accordance to policies and priorities. A key focus for the Council is to ensure a strong sustainable financial base exists in these challenging times. This report builds on the Update to the Medium Term Financial Strategy that was presented to Cabinet on 10 December 2019 and the Council's Business Plan.
4. The key changes reflect the revised forecast for the increasing demand for care for the vulnerable, including adults and children with complex care needs and special educational needs and the delay in Government determining a new fairer funding settlement.
5. This report considers:
 - Delivering the Council's Business Plan priorities– Section 2
 - The Council's Medium Term Financial Strategy – Section 3
 - Funding Position – Section 4
 - Budget Summary 2020/21 – Section 5
 - Budget Pressures – Section 6
 - Savings – Section 7
 - Other Changes – Section 8
 - Fees & charges, capital, housing and schools' proposals – Section 9
 - Assessment of reserves – Section 10

- Budget Assumptions & Business Risk – Section 11
 - Budget Consultation – Section 12
 - Consideration of other factors and implications – Section 13
6. Due to the lead time to produce the budget setting papers, all reports are presented in the Council structure as at 31 December 2019. As in previous years, budgets will be recast before start of the 2020/21 financial year to reflect any structural changes and include the allocation of growth and savings to individual services.

SECTION 2 DELIVERING THE COUNCIL'S BUSINESS PLAN PRIORITIES

Service Planning

7. The Business Planning process for 2020/21 and future years is currently being undertaken alongside the development of the MTFs to ensure that the Corporate Priorities are expressed in financial terms in the MTFs and all the priorities are fully resourced. The Business Planning process links service activity from across all council services to the council's Business Plan ensuring that activity is planned against all the Council's stated strategic objectives.
8. Major strategic projects have been mapped against the Council's business and financial plans. Potential national and international developments have also been taken into account and, where appropriate, new risks assessed.
9. Recent cross-council work has identified the outcomes that will help deliver the council's priorities in the next three to five years. Work is ongoing to define the actions, projects and changes that will be required. These actions, once defined, can be used as the base for building outcome/activity based budgets for 2021/22 and beyond.
10. Over the last decade the council, in collaboration with its public and voluntary sector partners, has improved people's lives, strengthened communities and helped businesses to develop and relocate in Wiltshire. Looking ahead to the next decade, we plan to continue that success.
11. The Council's 2017-27 Business Plan sets out our priorities and how we will deliver them working closely with local communities and partners; as well as investing in technology to make it easier for residents and businesses to engage with us and resolve matters more quickly. The Council's key priorities are:
- Growing the economy
 - Strong communities
 - Protecting those who are most vulnerable
 - An innovative and effective council

SECTION 3 THE COUNCIL'S MEDIUM TERM FINANCIAL STRATEGY

Medium Term Financial Strategy

12. As part of our strong financial management the Council has a Medium Term Financial Strategy that is updated annually as part of the process of setting the Council Tax levels. The Medium Term Financial Strategy (MTFS) sets out both the process and assumptions in aligning the council's financial resources with its business plan.
13. Movements and forecasts in future years can be summarised in the table below:

	2020/21	2021/22	2022/23	2023/24	2024/25	Total 2020/21 - 2024/25
	£m	£m	£m	£m	£m	£m
Opening Position	332.378	344.023	353.436	364.011	374.902	332.378
Budget Pressures (Section 6)	34.214	29.219	24.959	24.705	26.644	139.741
Savings Required (Section 7)	(14.683)	(26.196)	(15.384)	(14.814)	(16.428)	(87.505)
Other Changes (Section 8)	(7.886)	6.390	1.000	1.000	1.000	1.504
Closing Position/ Forecast Funding available (Section 4)	344.023	353.436	364.011	374.902	386.118	386.118

14. A detailed MTFS is attached at Appendix A, with a 2020/21 high level summary in Appendix B and below.

SECTION 4 FUNDING POSITION

Level of Funding

15. The Council draws its funding from two main sources – local taxation and Government grants. The Council no longer receive any Revenue Support Grant (RSG). The main areas of Government grant are:
- Baseline Funding - Business Rates Retention Scheme (BRRS);
 - Additional ring fenced grants, such as Public Health;
 - New Homes Bonus; and
 - Other one off grants, such as social care, rural support grant etc.

16. The local taxation funding expected in 2020-25 is as follows:

	2020/21	2021/22	2022/23	2023/24	2024/25
	£m	£m	£m	£m	£m
Income / Funding					
Recurring Funding					
Council Tax (1.99% increase and 1% demographic growth)	(260.830)	(269.288)	(278.055)	(287.084)	(296.382)
Social Care Levy (2% growth 2020/21 only)	(23.893)	(23.893)	(23.893)	(23.893)	(23.893)
Business Rates Retention (3% growth)	(56.600)	(60.255)	(62.063)	(63.925)	(65.843)
Collection Fund	(2.700)	0.000	0.000	0.000	0.000
Total Forecast Funding	(344.023)	(353.436)	(364.011)	(374.902)	(386.118)

17. The Government confirmed there will be no real changes to the current one-year financial settlement 2020-21 in the settlement announcement on 19 December 2019.
18. The projected increase in Council Tax is set just below the government referendum limit of 2%. Additionally, the overall Council tax base has seen another increase, as set out in the December report to Cabinet. It is assumed these growth streams continue for the length of the MTFs.
19. The Government announced the Council could raise an additional levy of 2% this year in order to contribute towards the continued increasing costs of adult social care.
20. Business Rates are collected from local businesses, calculated based on the Valuation Office value of the businesses multiplied by the annual rate set by Government. The business rate increase is based on an increase in both numbers of local businesses and the annual Government multiplier.
21. The Government is currently undertaking a Fairer Funding reviewing of local government funding and a review of the localisation of Business Rates. The delayed consultations are expected this year. The aim of the review is to recognise that the way local authorities receive government funding is over a decade old, and a new baseline for funding allocations to local authorities based on an up-to-date assessment of relative needs and resources, using the best available evidence is needed. At this stage no change has been made to the Medium Term Financial Strategy given the uncertainty of the outcome of Government's review however there is an assumption that the additional funding for social care will remain within on-going funding regardless of any changes that might be seen from any Fair Funding review. The Council will continue to be updated of any changes, which are forecast to be announced in 2020.

SECTION 5 BUDGET SUMMARY 2020/21

2020/21 Council Tax calculation

22. The overall net budget position for 2020/21 is reflected in this report:

2020/21 Revised Base Budget	332.378
Plus Budget pressures (Section 6)	34.214
Less Savings (Section 7)	(14.683)
Less Other changes (Section 8)	(7.886)
Net budget requirement	344.023
Financed by	
Amount funded through Council Tax	(260.830)
Social Care Levy	(23.893)
Business Rates Retention	(56.600)
Collection Fund Surplus	(2.700)
Total Financing (Section 4)	(344.023)
Gap remaining	0.000

Medium Term Financial Strategy by Directorate for 2020/21

23. This is shown by directorate in the table below

	Adult Care & Public Health Services	Children & Education Services	Growth, Investment & Place Services	Corporate	Total
2019/20 Revised base Budget	155.929	78.621	100.852	(3.024)	332.378
Budget Pressures	13.035	6.596	4.646	9.937	34.214
Savings	(8.861)	(1.820)	(1.547)	(2.455)	(14.683)
Other Changes	0.000	0.000	0.000	(7.886)	(7.886)
2020/21 Budget	160.103	83.397	103.951	(3.428)	344.023
% Change	2.68%	6.07%	3.07%	13.36%	3.50%

SECTION 6 BUDGET PRESSURES

Growth and challenges to our spending

24. At present, the scale of cost pressures facing the Council is more than the projected increase in income.
25. The reason we recognise investment, growth and pressures is so that we understand the scale of the task. If a service had the same cash budget as the previous year, that service would still have to make savings to standstill as pay costs or contract prices may have risen.
26. There are significant cost pressures arising from changing demographics and a growing population. These lead to an increase in demand and costs for adult and children services, as well as other services across the Council.
27. This results in a gross funding requirement in 2020/21 to meet all of these challenges of £34.214 million. Looking ahead the growth and pressures on spend will continue at similar levels, however, as set out below the adult and children's transformation programmes are designed deliver efficiencies. Other programmes around community responsibility, digital and commercial will address need to address the other pressures.
28. The breakdown of budget pressures and growth is below. A full list and detail is included at Appendix C. This growth table shows the forecast increase required in each year.

	2020/21	2021/22	2022/23	2023/24	2024/25
	£m	£m	£m	£m	£m
Budget pressures & growth					
Adult Care & Public Health	10.275	8.988	9.697	10.638	10.638
ICT	2.448	0.661	0.718	0.366	0.383
Legal & Elections (one off growth)	0.312	1.000	(1.000)		
Children & Families	6.596	3.870	4.244	4.728	5.211
Economy & Development	0.500				
Highways & car parks	0.830	0.472	0.592	0.599	0.611
Waste (including increased demand)	2.045	1.286	1.325	1.366	1.409
Strategic Assets & Facility Management	0.250	0.351	0.366	0.385	0.401
Communities & Neighbourhood	1.021	0.384	0.398	0.462	0.476
Corporate growth					
Pay growth	5.013	4.928	5.057	5.192	5.192
Climate Change Team	0.350				
Economic Development South Wiltshire	0.200				
External footpaths and cycle paths	0.100				
Capital Financing to fund capital programme	4.274	7.279	3.562	0.969	2.323
Total Budget Pressures	34.214	29.219	24.959	24.705	26.644

SECTION 7 SAVINGS

Level of savings

29. The Council's financial plan identifies a need to find £14.683 million of savings in 2020/21. £3.849 million of savings were approved at budget setting in 2019/20. This leaves £10.834 million of new savings identified in the 2020/21 budget setting process.
30. A full list of savings is included at Appendix D.
31. 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 could need to be found from other areas.
32. The Council has introduced a saving delivery group to monitoring and track savings proposals to ensure that they are delivered and review impact on services.
33. In future years of the MTFs (2021/22-2024/25) a budget gap of £69.527million remains with savings that will need to be identified to address this gap. Actions to address the budget gap are being assessed and will include such actions as service transformation, commercialisation, and income generation alongside service efficiencies.

SECTION 8 OTHER CHANGES

34. As well as budget pressures and savings, the Council also forecasts some changes in grants and draw from reserves. These mainly reflect changes in grants the Council has received from Central Government. A summary is included below:

Changes in Grants	2020/21	2021/22	2022/23	2023/24	2024/25
	£m	£m	£m	£m	£m
Changes in New Homes Bonus Received	(0.380)	1.000	1.000	1.000	1.000
Additional Adult Grant Received	(6.457)				
Additional top up of General Reserves		1.400			
One off Draw from Earmarked reserves	0.851	0.674			
Removal of Rural Support Grant		3.316			
Additional Business Rate Grants	(1.900)				
Total	(7.886)	(6.390)	1.000	1.000	1.000

SECTION 9 FEES & CHARGES, CAPITAL, HOUSING AND SCHOOLS' PROPOSALS

Fees and charges

35. As part of budget setting, it is assumed that most discretionary fees and charges will be increased on average by +5%. Other fees have been based on statutory national levels (where set by statute) or individual agreements.
36. As per 2019/20, it is proposed that detailed individual fees & charges are delegated to appropriate budget managers. The detailed fees and charges booklet will be updated before the beginning of the new financial year.
37. Demand is mostly assumed to remain unchanged as the increase in the fees and charges have been assessed as tolerable. All other fees and charges proposal are assessed as deliverable at this stage but will also be monitored throughout the year.

Capital

38. This reports show significant additional revenue costs to fund capital financing. This reflects the additional investment in capital schemes arising from the Capital Strategy report, which is elsewhere on the agenda.

Dedicated Schools Grant (DSG)

39. The DfE issued the revenue funding settlement for schools on the 19 December 2019. The provisional Dedicated Schools Grant (DSG) allocation for Wiltshire Council is £374.503 million. This is an increase of £22.857 million compared with 2019/20. The increase reflects the impact of the increase to schools' block funding for the national funding formula (NFF) incorporating the additional funding pledged by the government, the overall increase in the numbers of pupils to be funded from the schools' block, and the impact of the funding uplift through the NFF for the High Needs Block.
40. The split of funding between the blocks is as follows:

	<u>2019-20</u>	<u>2020-21</u>	<u>Increase</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>
Schools Block	275.215	293.143	17.928
Central Services Block	2.570	2.480	(0.090)
High Needs Block	47.092	51.996	4.904
Early Years Block	26.769	26.884	0.115
Total Funding	351.646	374.503	22.857

41. The High Needs block has been allocated as per the baselines notified to local authorities in September 2019. These baselines are calculated according to the national funding formula for high needs, the greatest percentage of which is allocated according to historic spend. The basic entitlement amount reflects the numbers of pupils in special schools has been updated to reflect the October 2019 census and the import/export adjustment.
42. The uplifted funding reflects Wiltshire's share of the additional 2020-21 funding announced in August 2019 for High Needs pupils; £4.441 million awarded to Wiltshire as part of the additional £680m distributed to local authorities to acknowledge and go some way towards closing the gap between demand and funding levels. Wiltshire's demand however remains in excess of the high needs block allocation. This reflects the experience of the majority of other local authorities. On 16th January 2020, Schools Forum agreed a transfer of 0.7% (£2.065 million) from Schools Block to support high needs pupils. Transfers over 0.5% require a disapplication to the Secretary of State. This was submitted immediately following schools forum and the decision is awaited but it is anticipated this will be approved. In addition to this, Schools Forum have set the growth fund at the DfE calculated level of £2.6 million. This is £1.6 million more than the estimated requirement. Therefore, the underspend is available to offset high needs block overspends in 2020-21 financial year whilst limiting transfers from Schools block.
43. Following the SEN restructure in November 2019, a wide range of challenging recovery plans are proposed and will be taken forward in partnership with heads through a high needs block recovery group. Key to this is successfully implementing the inclusion agenda in mainstream schools. Schools Forum continue to work with officers on monitoring progress moving forward and national lobbying for increased funding continues.

Housing Revenue Account

44. The Housing Revenue Account (HRA) is a separate account that all local authorities with housing stock are required to maintain by law. This account accumulates and reports all transactions relating to, or associated with, local authority-owned housing. It is ring fenced which means that money cannot be paid into or out of it from the General Fund. In addition, it is not legal to run a deficit on the account.
45. The 30-year business plan aims to deliver a substantial increase in the amount of money available to be invested in capital works on existing dwellings and to deliver new housing to replace properties that have been sold under the Government's Right to Buy scheme and to address housing need.

Rent setting 2020/21

46. 2020/21 will be the first year when the rent setting process will revert to increasing by CPI plus 1%. For September 2019 this increase will be for 1.7% CPI plus 1%age point – totalling 2.7% increase. Previously the Chancellor of the Exchequer's announcement from Autumn 2015 was followed which reduced the rent by 1% for each year from April 2016 to March 2020.

47. For 2-bedroom properties, the average 2019/20 rent (social and sheltered) was £86.88 per week which will increase to an average of £89.25 for 2020/21. For 3-bedroom properties, the increase would be from £94.53 to £97.08.

Garage rents and service charges 2020/21

48. It is proposed to increase garage rents by 1.7% (CPI as at September 2019).
49. It is proposed that service charges are increased to recover costs but capped at no more than £5 per week increase for those not receiving housing benefits. This will be the last year of this cap and it will not be applied for subsequent years.

Budget impact

50. Details of the revised budget are shown in Appendix E.

Council Tax Setting

51. The council is required to set a Council Tax sufficient to balance the Collection Fund account it maintains. Details are included in Appendix F, which sets out the Section 151 Officer's assessment of the major areas of risk in the 2020/21 budget.
52. The precept for Wiltshire Police and Dorset and Wiltshire Fire and Rescue Service has yet to be finalised and approved for 2020/21, and as such no change to the Council Tax element for these precepts has yet been made in this report. These figures will be tabled at Full Council.
53. There are 252 parishes and town councils in Wiltshire. 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 effect for each will be set out in an appendix to Full Council to show the movement for each parish and town on top of that for Wiltshire Council, the fire and police organisations.

SECTION 10 ASSESSMENT OF RESERVES

General Fund Reserves

54. A key part of the Council's Medium Term Financial Strategy is holding a minimum levels of reserves to minimise risk of unmanageable overspends and deal with unexpected events, without tying up funds unnecessarily.
55. The Council's general Fund reserves are currently at £15.100 million (4.3% of net spend). This level has been recognised as just adequate. The Medium Term Financial Strategy includes the maintenance of reserves for 2020/21 and an increase to 5% in the MTFS period.
56. Wiltshire Council has a low level of reserves compared to other Councils.
57. As part of the budget setting process, the levels of balances and reserves are reviewed and determined ensuring that the level is justifiable in the context of local

circumstances. The Section 151 officer (Director of Finance) has reviewed the level in order to ensure a prudent level of balances that reflects a full risk assessment commensurate with the risks that the Council faces and the context within which the authority operates. Further details are included in Section 25 report in Appendix F.

58. The base budget is forecast to increase each year, so Council will need to increase reserves each year to maintain level of general fund reserves as a percentage of net spend. As shown below, this would mean contribution to reserves of £1.400 million in years 2021/22 to 2024/25 to ensure that the general fund reserve is maintained to at least the 5% threshold recommended by the Director of Finance. Scenario modelling is included below. This budget papers assume Scenario 3.

General Fund Reserves. Absolute position as at:	31 March 2021 £ million	31 March 2022 £ million	31 March 2023 £ million	31 March 2024 £ million	31 March 2025 £ million
Net budget	344.023	353.436	364.011	374.902	386.118
Scenario 1					
Opening General Fund Reserve	15.100	15.100	15.100	15.100	15.100
Contribution to general fund reserves	0.000	0.000	0.000	0.000	0.000
Closing General Fund Reserve	15.100	15.100	15.100	15.100	15.100
General Reserves as % net budget	4.39%	4.27%	4.15%	4.03%	3.91%
Scenario 2					
Opening General Fund Reserve	15.100	15.100	15.550	16.000	16.475
Contribution to general fund reserves	0.000	0.450	0.450	0.475	0.475
Closing General Fund Reserve	15.100	15.550	16.000	16.475	16.950
General Reserves as % net budget	4.39%	4.40%	4.40%	4.39%	4.39%
Scenario 3					
Opening General Fund Reserve	15.100	15.100	16.500	17.900	19.300
Contribution to general fund reserves	0.000	1.400	1.400	1.400	1.400
Closing General Fund Reserve	15.100	16.500	17.900	19.300	20.700
General Reserves as % net budget	4.39%	4.67%	4.92%	5.15%	5.36%

59. A significant reliance on reserves would not be a sustainable strategy as reserves are one off funding and when used are gone forever.

60. Our earmarked reserves including items such as schools and PFI are fully committed.

61. The forecast levels of ear marked reserves are set out below as at March 2019 and the forecast for future years over the period of the MTFS.

Earmarked Reserves. Absolute position as at:	31March 2021	31 March 2022	31 March 2023	31 March 2024
Locally Managed Schools Balances	(5,778)	(4,778)	(4,778)	(4,778)
Insurance Reserve	(3,414)	(3,414)	(3,414)	(3,414)
PFI Reserve	(2,900)	(2,600)	(2,300)	(2,000)
Revenue Grants Earmarked Reserve	(1,675)	(1,675)	(1,675)	(1,675)
PFI Housing Scheme Earmarked Reserve	(2,550)	(2,450)	(2,350)	(2,250)
Gain share income	(3,100)	(3,100)	(3,100)	(3,100)
Total	(19,417)	(18,017)	(17,617)	(17,217)

SECTION 11 BUDGET ASSUMPTION & BUSINESS RISK

Interest Rates

62. Investment income returns are budgeted at 0.75% for 2020/2021. The cost of borrowing for Wiltshire Council is 3.74%, however the average cost of new borrowing would be 3.12% (assume 25 year PWLB rates).

Inflation

63. The Consumer Price Index (CPI) has been hovering around the Bank of England's target of 2% during 2019, but fell again in October 2019 to 1.5%. It is likely to remain close to or under 2% over the next two years and so it does not pose any immediate concern to the MPC at the current time. However, if there was a no deal Brexit, inflation could rise towards 4%, primarily because of imported inflation on the back of a weakening pound. Additionally, the Government recently announced a 6.2% increase in the national living wage (NLW), which will increase cost pressures, especially in social care.

Pay and related costs

64. The cost of implementing the new pay and grading model together with the anticipated incremental progression is estimated to be £5.013 million. As a result of the completion of negotiations last year with the trade unions the additional estimated cost of implementing the new national pay and grading model has been built into the 2020/21 budget plan. There is also a financial impact for schools.

Budget pressures and delivery of 2019/20 budget

65. The delivery of the 2019/20 budget is monitored closely, and Cabinet receive 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. Actions to mitigate service pressures have been taken throughout the year.
66. The latest forecast at Period 9 (December 2019) as set out at Cabinet on 4 February agenda reports forecast year-end break even budget, after appropriate action. It remains vitally important that all approved savings plans are delivered as not delivering savings would add to the level of savings required during 2020/21 and future years.

Business Transformation

67. The Council has embarked on an ambitious business transformation to ensure continual improvement on the efficiency of ways of working. This includes digitalisation of services and transforming how we deliver services. It is proposed that these areas will provide significant savings in future years of the Medium Term Financial Strategy.

Business Risks

68. As discussed in the growth section above, there are significant cost pressures arising from changing demographics and a growing population. These leads to increase demand and costs for adult and children services, as well as other services across the Council.
69. The delivery of savings continues to remain a major risk. Regular monitoring and reporting is in place to mitigate against this. The size of the budget savings has increased the risk, and any non achievement would require in year compensating savings to be identified.
70. Many of the saving proposals include service transformation. This will be closely review and monitored to identify both cost and performance implications of the changes
71. The United Kingdom's withdrawal from the European Union, together with other global financial issues, will have financial implications. These will be closely monitored and considered. It is too early to estimate the full extent of any financial impact arising from these changes.
72. There is still uncertainty in the overall Local Government finance position. The government has promised to consult on a fairer funding model from local government. This included business rates retention, changes to new homes bonus, reductions in ring fenced grants and possible new burdens. This means the Council faces a challenging time in balancing the budget and developing the medium term financial strategy.
73. Changes in service provision has meant that in some areas the capacity to deliver future changes will need to be closely monitored.

SECTION 12 BUDGET CONSULTATION

Consultation

74. The council carried out informal consultation inviting the public of Wiltshire to attend a series of public events - Focusing on the Future - that took place throughout January 2020 in Devizes, Chippenham, Trowbridge and Salisbury.
75. Consultations are held in January and February. These include Schools Forum, Housing Board, Business, Overview and Scrutiny Management Committee, and Finance Task Group. Detailed feedback will be taken to Full Council.

SECTION 13 CONSIDERATION OF OTHER FACTORS AND IMPLICATIONS

Fairness, Equality & Diversity

76. The Council's budget planning framework is supported by the development of Equality Impact Assessments (EIAs) for the budget proposals, identifying possible disproportionate impact in relation to the protected characteristics as described within the Equality Act 2010. The EIAs will also identify potential mitigation where applicable
77. The Council maintains its strong commitment to equality, believing that all groups and individuals within the community and its workforce have equal opportunity to benefit from the services and employment it provides. EIAs help the Council to arrive at informed decisions and to make the best judgements about how to target resources.
78. An overall Equality Impact Assessment has been completed for the budget and this is included in Appendix G.

Conclusions

79. The Council's budget for 2020/21 and Medium Term Financial Strategy 2020/21 – 2024/25 sets a clear direction for the coming years, and the budget proposals within that are robust. The Council is assessed as financially viable and resilient with sound and strong financial standing in terms of its current financial management and opportunities for further savings and income generation; albeit with low levels of reserves.
80. However, it should be noted that there are requirements for significant budget savings of £85.500 million in period 2020/21 – 2024/25. £14.700 million will be delivered in 20/21 with £73.000 million still to find in future years. The council needs to begin planning for identification and delivery of these savings as early as possible, ensuring that every penny it spends is matched to its priorities and specific outcomes.

Overview & Scrutiny Engagement

81. The proposals will also be subject to review and scrutiny by a range of stakeholders, including elected members through the scrutiny process, Trade Unions and Business through meetings with them, Housing Panel's consideration of the HRA proposals and Schools Forum consideration of the Dedicated Schools Grant changes.

Safeguarding Implications

82. Safeguarding remains a key priority for the Council and this report reflects the additional investment support the ongoing spend in adult care, looked after children and safeguarding.

Public Health Implications

83. Changes in public health grant are included in this report to set public health base budgets in line with the grant. Delivery plans are currently being developed.

Procurement Implications

84. None have been identified as arising directly from this report.

Environmental and Climate Change Considerations

85. The plan and budget have been developed to support strong, resilient communities in Wiltshire. The budget includes growth for a Climate Change Team and additional footpath & cycle path funding and there is significant investment to reflect the additional revenue cost of Capital schemes. Further detail of specific schemes can be found in the Cabinet October Wiltshire Council Carbon Reduction report.
86. The Council declared a Climate emergency. Following the production of a climate change strategy, all implication, including financial implications, will be considered and reported through the appropriate governance processes.

Financial implications

87. This is the subject of the report. In accordance with Section 25 of the Local Government Act 2003 and CIPFA Code of Practice Appendix F sets out the Section 151 Officer's assessment of the major areas of risk in the 2020/21 base budgets / Medium Term Financial Plan, and recommended budget options. It is presented in order to provide elected members with assurances about the robustness of assumptions made, and to assist them in discharging their governance and monitoring roles during the forthcoming year.

Legal Implications

88. The Monitoring Officer considers that the proposals, together with this report, 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:

- Section 30(6) Local Government Finance Act 1992 ('the 1992 Act') requires that Council Tax must be set before 11 March, in the financial year preceding that for which it is set.
- Section 32 of the 1992 Act sets out the calculations to be made in determining the budget requirements, including contingencies and financial reserves.
- Section 33 of the 1992 Act requires the Council to set a balanced budget.
- Section 25(1) Local Government Act 2003 ('the 2003 Act') requires the Chief Finance Officer of the Council to report to it on (a) the robustness of the estimates made for the purposes of the calculations; and (b) the adequacy of the proposed financial reserves.
- Section 25(2) the 2003 Act requires that when the Council is considering calculations under Section 32, 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) set out the respective functions of Council and of the Cabinet. With regard to the setting of the budget and Council Tax for the forthcoming year, the Regulations provide that the Cabinet 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 Section 32 of the 1992 Act. However, the adoption of any such plan or strategy/calculations is the responsibility of full Council.

89. 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.

HR advice

90. Changes to the national pay spine in Spring 2019 led to local negotiations with trade unions to develop a new pay and grading model for the council. As a result of those negotiations a new pay and grading model was implemented in April 2019. The on-going and additional financial impact of this has been built into the 2020/21 budget plan. There is also a financial impact for schools.

PROPOSALS

91. It is proposed that Cabinet recommends to Full Council that it:
- a. Agrees the budget for 2020/21;
 - b. Approves the growth and savings proposals summarised in the report to provide a net revenue budget for 2020/21 of £344.023 million;
 - c. Agree to:

- i. Set the Council's total net expenditure budget for 2020/21 at £344.023 million;
 - ii. Set a Council Tax increase of 1.99% and Social Care Levy increase of 2%;
 - iii. Delegate changes in fees and charges as set out in Section 9;
 - iv. Set a 2.7% increase for social dwelling rents (CPI plus 1%);
 - v. Set the Housing Revenue Account (HRA) Budget for 2020/21 at £30.302 million expenditure;
 - vi. All service charges related to the HRA being increased to recover costs, capped at increase of £5 per week for those not on housing benefits and garage rents increased by 1.7% (CPI);
- d. Endorse the Medium Term Financial Strategy and receive regular updates on delivery against strategy to Cabinet; and
 - e. Notes the budget gap of £69.527 million for MTFS period 2021/22 – 2024/25.

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Appendices:

Appendix A: MTFS Financial Model 2020-25
Appendix B: 2020/21 High Level Summary
Appendix C: Summary of Budget Pressures
Appendix D: Summary of Savings
Appendix E: Housing Revenue Account (HRA) Budget
Appendix F: Section 151 Officer's assessment – section 25 report
Appendix G: Budget Equality Impact Assessment