

## Wiltshire Council

### Overview and Scrutiny Management Committee

26 January 2021

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#### Report of the Financial Planning Task Group:

#### Wiltshire Council Financial Plan Update 2021/22 and Medium-Term Financial Strategy 2020/21 to 2024/25

The Task Group met with the following guests on 20 January 2021 to discuss the reports:

Cllr Philip Whitehead	Leader of the Council
Cllr Pauline Church	Cabinet Member for Finance, Procurement and Commercial Investment
Andy Brown	Interim Corporate Director Resources (S151 Officer)
Lizzie Watkin	Head of Corporate Finance and Deputy S151 Officer
Leanne Sykes	Head of Finance Growth Investment & Place

Observing:

Cllr Graham Wright	Chairman, OS Management Committee
Cllr Alan Hill	Vice-Chairman, OS Management Committee
Cllr Jon Hubbard	Chairman, Children's Select Committee
Cllr Chuck Berry	Chairman, Health Select Committee

Due to the limited time available, some scrutiny of all of the budget papers has not been possible in advance of OS Management Committee's meeting. However, below are the key issues raised by the Financial Planning Task Group on 20 January 2021 and the responses provided.

<b>Issue</b> (page and paragraphs numbers refer to the <a href="#">Budget Report</a> )	<b>Further information / Comments</b>
<b>Forecast Collection Fund (Council Tax &amp; Business Rates) Balances</b> (para 66-71)	<p>There is a statutory duty to forecast any Council Tax deficit at the end of the financial year. The assumed deficit has reduced since Q2 to £3.75m. Growth (new build figures) estimates 2020/21 have been revised. Officers are confident that the majority of Council Tax will be recovered. From 2022/23 council should see a return to previous levels.</p> <p>Business rates are an area of uncertainty, though the 2020/21 deficit is now forecast as £0.045m. It is difficult to assess the overall impact of COVID-</p>

	<p>19 as there has been limited interaction with businesses in 2020/21. Significant business reliefs and rate holidays may have masked the effects of the pandemic. Any growth in income is unpredictable after 1 April 2021. Uncertainty will begin to be resolved with support from the Government and an overall economic recovery. The council will have a clearer indication of the situation at the end of May 2021.</p> <p>Government has mandated that all councils spread their Council Tax and Business Rate deficit over 3 years. Funds have been set aside to deal with the deficit.</p>
<b>Lower tier services grant</b> (para 41)	This is a new non-ringfenced grant believed to be replacing the local services support grant. Further details are awaited from Government.
<b>Adult social care</b> (para 77-78)	The growth in adult social care funding is part funded by the adult social care levy (£8.522m). There is growth in the budget (£8.6m) to cover forecast demand. Should latent demand exceed the adult social care budget the new latent demand reserve can be drawn upon. Demand will be reviewed regularly.
<b>Children's Services</b> (para 97-98)	<p>The growth in this budget is driven by increasing numbers of children and young people with an Education Health &amp; Care Plan (EHCP) as well as requirement to provide school transport for those with EHCP.</p> <p>Latent demand has been provided for in the increased reserves held against Assessed Financial Risk (see table at para 122)</p>
<b>Medium-Term Financial Strategy 2021/22 to 2024/25</b> (para 127 and table)	There is a challenge ahead in terms of efficiencies and savings with significant budget gaps forecast from 2022/23 (£45.512m). The projected deficit figures reflect the current position without any assumptions built in, therefore the position is likely to change. For example, the council is awaiting the outcome of the fair funding review, which is expected to have an impact upon the deficit, as well as the anticipated White Paper on adult social care reform.
<b>Dedicated Schools Grant (DSG)</b> (para 160)	There is a deficit reserve (£19.933m) in the DSG due to pressures on the high needs block (HNB).

	<p>Funding has not kept pace with demand and the council has been lobbying Government about this situation. There is a management plan at Appendix 12 (to be signed off by SEN Board and Schools Forum on 21 January 2021) to mitigate that deficit.</p>
<p><b>Detail by service savings</b> (Appendix 6)</p>	<p>Many planned savings in the 2020/21 budget could not be realised due to the pandemic. The council will be looking at future savings going into recovery.</p> <p>Some savings from 2019-20 will still need to be delivered as there continues to be financial challenges and a need to deliver efficiencies. For example, £0.2m identified under Corporate Directors and Service Devolution was a procurement saving, which is now a procurement target for 2021/22.</p>
<p><b>General Fund Reserve – Risk Assessed Balance</b> (Appendix 7)</p>	<p>It is the first time that ‘% likelihood of risk’ has been calculated against the General Fund Reserve. These are the assessments of the Interim Corporate Director Resources. They identify risks unique to Wiltshire against the levels of reserves. Higher percentages relate to higher uncertainty and likelihood e.g. in Adult Social Care.</p> <p>Using a comparison with 2019/20 might not have been helpful as 2020/21 is such an atypical budget year. That unusual situation is reflected in the risk assessments.</p> <p>The Financial Planning Task Group (FPTG) is pleased that the issue of reserves has been addressed and the new methodology of assessment is welcomed.</p>
<p><b>General – business grants</b></p>	<p>Staff have been deployed where needed to and where there is a priority.</p>
<p><b>General – budget data</b></p>	<p>This year’s budget has not been approached in a conventional way. A one year holding budget has allowed a more detailed interrogation and re-evaluation of the figures.</p>

**Cllr Pip Ridout, Chairman of the Financial Planning Task Group**

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