



**ITEM 2**

**Wiltshire**  
COUNTY COUNCIL

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**BUDGET SCRUTINY TASK GROUP**

**REPORT OF A MEETING HELD ON THURSDAY 12 OCTOBER 2006  
AT COUNTY HALL, TROWBRIDGE**

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**Present:**

Members: Patrick Coleman, Brigadier Hall, Bill Moss, Jeff Osborn

Officers: Keith Hillman (Assistant Director, Finance & Performance, DACS),  
Karen Linaker (Scrutiny Support Officer), Dr Robinson (Chief Executive), Ian Burbidge (Financial Accounting Manager), and  
Sandra Schofield (Acting County Treasurer)

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**ELECTION OF CHAIRMAN**

1. Brigadier Hall was elected as Chairman for the meeting.

**APOLOGIES FOR ABSENCE**

2. Apologies for absence were received from Tony Molland and Ricky Rogers.

**REPORT OF THE PREVIOUS MEETING**

3. Members noted the report of the previous meeting.

**ADULT SOCIAL CARE – CAPITAL DISREGARD**

4. The Assistant Director, Finance & Performance, DACS) presented a report which provided information on the take up, cost and management of Adult Social Care Capital Disregard payments.
5. In considering this report, the following clarifications were given and issues raised:
  - (a) the term “capital disregard” was used to describe adult social care service users who had been funding their own residential or nursing care, but whose financial assets had reduced to a level (£21,000) at which the local authority became liable for this funding;

- (b) the £21,000 threshold was set by central government and was the level applied in all local authorities;
- (c) the task group was concerned over the increasing number and therefore cost of capital disregard, and the implications this had for DACS budgets, particularly as this upward trend was predicted to continue for 2006/07, and noting that this expenditure had contributed to the Department's budget overspend;
- (d) DACS has had varying, but generally little, success in gathering sufficient information from care homes and individual service users when trying to establish future demand for capital disregards;
- (e) it was suggested that an increasing number of service users now had the financial wherewithal to pay for his/her care home fees, but only for a certain period of time, and that, coupled with the fact that people were living longer, these factors were contributing to the take up and growing costs of capital disregard;
- (f) the financial liability which the County Council has to fund varies - being dependant on what recurring income from welfare benefits and occupational pension benefits is available;
- (g) a consequence of Wiltshire's increasingly ageing population, coupled with a significant proportion of that population choosing to live in care homes, as self funders, was leading to a shortage in care home places for local authority assessed users;
- (h) in managing individual cases of capital disregard, DACS had to balance the needs of the service user with those of the Department's need to procure cost-effective care home placements from limited adult social care budgets;
- (i) DACS was taking a number of steps to improve the management of capital disregard, including:
  - reviewing the process for agreeing fees for capital disregards;
  - raising the profile about local authority support when an individual's capital reaches the disregard level, in the Care Homes Directory;
  - advising self funders to seek independent financial advice on how to manage their resources, so that they remained self-funding for the long term;
  - directly advising self funders of the £21,000 threshold so that they were fully informed of the service that was available should they ever need it.
- (j) there was often a gap between the level of care home fee the individual service user was prepared to pay when self-funding, and the level the Council could afford (and considered to be reasonable) to pay when it became liable for the fee;
- (k) in reviewing the process for agreeing fees for capital disregards, the steps that were taken in an attempt to reduce the local authority's commitment, were agreeing a lower fee with the provider, obtaining a financial contribution from the family or, in exceptional cases, moving the service user to a different, less expensive, care home;

- (l) in the rare instance where DACS had reason to suspect that service users or their families were deliberately depleting their assets in order to benefit from local authority financial support, it requested to see the bank/savings account details of the service user for the last three years;
  - (m) the task group expressed concern that due legal process should be followed in those cases where DACS suspected, and had reasonable evidence to assert, that deliberate deprivation of capital assets had led to a claim for capital disregard;
  - (n) the task group asked for confirmation on whether or not officers assessing claims for capital disregard made a point of ensuring that the service user was either in receipt of welfare benefits and/or eligible to receive this;
  - (o) the task group was concerned over the robustness of the application process for capital disregard, particularly in those cases where the application was made at the very last minute when the claimant's capital fell below the £21,000 threshold;
  - (p) mindful of DACS' dilemma in not wanting to breach rights of confidentiality with regard to obtaining information when assessing a service users application for capital disregard, members nonetheless felt that, due to the significant impact on adult social care budgets from capital disregard payments, there should be a standard set of questions which all applicants should be asked to respond to. The task group considered that these questions should be sufficiently probing, even to the point of examining bank account statements for the previous three years, but without breaching rights of confidentiality;
  - (q) the task group considered that a more robust assessment process would improve the information available to evaluate each case and overall information for monitoring and management purposes;
  - (r) there were issues of staff capacity for DACS to address with regard to officers having sufficient time and the appropriate skills to ask those types of questions during assessments which were most likely to obtain full and informative answers;
  - (s) the task group felt that DACS should research the best practice of other local authorities in managing the costs, predicting and serving the demand, and in ensuring a robust application process for capital disregard;
6. In conclusion, mindful of the high levels of expenditure which capital disregard incurred upon adult social care budgets, the apparent upward trend in take up and costs, and associated issues such as the need for a robust application process, of procuring the most cost-effective adult social care placements, but also being duly attentive to the service users individual needs, members were tempted to recommend the commissioning of a scrutiny task group review. However, instead, members requested a fuller report, providing answers and information on all of the issues recorded above, to its next meeting. Following consideration of this fuller report, the task group felt that members would be better placed to make recommendations intended to reverse the upward trend in take up and cost of capital disregard.

**AGREED: (1) that officers from DACS be requested to submit a detailed report to the January 2007 meeting of the Budget Scrutiny Task Group, providing information on the following issues;**

**(a) the percentage of service users, out of the total number applying for capital regard, who are successful in their applications;**

**(b) full description of the application process for capital disregard, including reassurance regarding:**

- **robustness in vetting claims**
- **robustness in identifying potentially fraudulent claims**
- **striking the balance between respecting confidentiality yet carrying out full and thorough assessments**
- **the use of information recorded in assessments to assist with predictions for future demand**

**(c) best practice examples from other local authorities who are managing capital disregard claims within service standards and set budgets**

**(2) to request that the most appropriate officers from DACS, attend the January 2007 task group meeting to present the report requested in (1) above, and to respond to members further questions.**

## **CAPITAL, REVENUE BUDGET AND SERVICE STANDARD MONITORING (AUGUST 2006)**

7. The Acting County Treasurer presented a report which had been written for the Cabinet's 17<sup>th</sup> October 2006 meeting, detailing the Council's revenue budget position as at the 31<sup>st</sup> August 2006, and including data on the capital programme and service standard monitoring to the same date.
8. In considering this report, the following clarifications were given and issues raised:
  - (a) officers had made a number of presentational changes to the usual monthly monitoring report to cabinet, in an attempt to make these reports clearer and easier for members to understand;
  - (b) the overall revenue budget position of the Council as at the 31<sup>st</sup> August 2006 had improved from an overspend of £6.455m as at the end of June 2006 to £1.639m, as a consequence of further corporate recovery actions and a contribution from the Revenue Budget Contingency Reserve (RBCR) of £3.961m;

- (c) the projected level of balances at the 1<sup>st</sup> April 2007 was £4.410m, which was below recommended levels, and as a consequence, officers were recommending that cabinet give careful consideration to this matter when setting budgets for 2007/08;
- (d) task group members were still concerned that the style and presentation of revenue budget reports was preventing them from carrying out their newly assigned revenue budget monitoring role. One member in particular expressed frustration over the local authority convention of listing income as a minus figure on Consolidated Budget Monitoring Statements, rather than in brackets. This member suggested that even if this convention could not be altered, the statements should make much better use of footnotes in order that members could be provided with fuller explanations regarding each budget line;
- (e) the task group was not requesting that a separate style of report / form of data should be produced, in addition to that already produced for cabinet, but that the current revenue budget reporting style be amended, to, for example, include a column which transparently accounted for grant income and demonstrated both the gross and net, approved and actual, spending positions. The task group agreed that further work should be done on this;
- (f) the task group also felt that the Appendix detailing the projected year end balances needed further improvement, if only to provide a fuller explanation of budget lines and to realign comments alongside those figures being described;
- (g) whilst DACS had received a further contribution from the RBCR, this was a one off contribution for 2006/07 and not a permanent increase in its base budget. Therefore officers were assuming that, based on current spend and service activity, DACS would face budget pressures of at least £5.6m in 2007/08. In pursuing explanations for this budget position further, the task group was informed that whilst recovery actions were being progressed, due to the level of overspend and the changes in demand upon services provided by DACS, the department was not anticipated to bring its expenditure within current budgets until 2008/2009;
- (h) further detail relating to the virements listed for approval in the report, revealed that departments would no longer be using Service Level Agreements (SLAs) for the formalising of transactions where one department provided a service to another department, i.e. management of the landlords maintenance budget. Members noted that SLAs had not served departments well when being used in this way and that therefore the process for formalising such transactions had been revised;
- (i) the combination of a virement from balances of £0.486m and a transfer from the RBCR of £0.366m to Corporate & Library Services reflected the total costs required for the agreed restructuring of this department.

**AGREED (1) to continue to pursue, in conjunction with the Senior Finance Forum, improvements in the style and presentation of revenue budget reports for future financial years;**

- (2) to note the change in policy that departments will no longer be using SLAs to formalise service transactions between departments; and**
- (3) to invite cabinet to consider, as part of the 2007/08 budget setting process, the suggestion that DACS budgets should be re-based to take account of its current financial position and the changing demands upon its service delivery.**

## **DEVELOPING THE TASK GROUP'S BUDGET MONITORING ROLE**

- 9. The Scrutiny Support Officer presented a report which listed suggestions made by the Chairman of the Budget Scrutiny Task Group for the future development of the task group's budget monitoring role. In doing so, she reminded members that this role had been assigned to them as a consequence of their recommendations and analysis of the 2006/07 budget setting process. She highlighted that these suggestions, and members related comments, would be used as a basis for a budget monitoring protocol, to be agreed at the January 2007 task group meeting.
- 10. In considering this report, the following clarifications were provided and issues raised:
  - (a) the suggestion relating to the sharing of scrutiny responsibilities within the task group, i.e. that one (or two) members take responsibility for focusing on the budgets of one particular department over a set period, was welcomed by both officers and members, who agreed that this could lead to greater focus and, in time, better budget monitoring expertise;
  - (b) in continuing with this suggestion, members also considered that this division of labour could also be extended to the task group's other role of overseeing the revenue budget process, i.e. that those individual members assigned a department's revenue budgets to monitor through the year, could also work with departmental directors during the budget setting process, with a view to reviewing more closely how the Financial Plan was devised and how proposals for budget priorities were formulated;
  - (c) the Chief Executive remarked upon his concern that further work was needed on the content of current budget monitoring reports, both for the sake of cabinet's and the task group's considerations. He requested that scrutiny work as much as it could, in parallel with cabinet when developing its suggestions for improvement in this matter;
  - (d) the Chief Executive also suggested that the task group's remit of only monitoring revenue budgets kept it from taking a broader view of the council's overall financial position, i.e. capital budgets, treasury reports, risk management etc. Instead, he felt that, if starting from this broader position, not only would the task group appreciate the full story behind the council's financial position, it could then focus in on those matters which required real scrutiny;

- (e) finally, the Chief Executive highlighted the need for budget monitoring data, preparation and reporting to be better processed and managed, in order that the most up to date information could be presented in a timely manner to both cabinet and scrutiny bodies;
- (f) in noting these comments, the task group agreed to consider these comments from the Chief Executive at a future meeting and in dialogue with the cabinet and the new Director of Resources;
- (g) initial comments in response to the suggestion that the task group take a broader view of the council's finance position led members to also briefly consider the relationship between service performance, financial planning and risk management. In doing so, members noted that this could have implications for the way in which the Budget Scrutiny Task Group and the Performance Scrutiny Task Group functioned in the future;
- (h) with regard to the suggestion on reporting to cabinet, and the possible method of carrying out informal discussions with cabinet members between task group meetings, members felt that, on each occasion, this should only take place with the agreement of the task group chairman; and
- (i) noting that the budget monitoring protocol would be devised for agreement in January 2007, members noted that it would be sensible to commence meetings and discussions with departmental directors in order to engage in the budget process for 2007/08 (as suggested in (b) above) as soon as possible

**AGREED that the Chairman of the task group and the scrutiny team develop a budget monitoring protocol, based on the task group's earlier comments and those recorded above, and present this to the January 2007 task group meeting for approval.**

## **MEDIUM TERM FINANCIAL STRATEGY 2006-2009**

- 11. The Acting County Treasurer presented a report on the latest revision of the Medium Term Financial Strategy (MTFS), which had previously been adopted by cabinet at its July 2006 meeting.
- 12. She highlighted that officers would try to ensure that future versions of the MTFS were revised and presented for member approval in March each year, so as to facilitate a more co-ordinated approach to service planning, priority setting, annual budget setting and medium term financial planning.
- 13. In considering this report and the revised MTFS 2006-2009, the following clarifications were given and issues raised:
  - (a) noting that the task group had stated that it would focus on the 'eight point programme' (devised in the last MTFS in order that all council activities could be reviewed to ensure better focus on delivering key objectives, efficiently and effectively), members considered that risk management should feature more prominently in this programme;

- (b) mindful of the council's limited resources and anticipated settlement for 2007/08, significant rescheduling and amending of priorities was required;
- (c) report data on service standards and whether or not these were being achieved needed better scrutiny. It was noted that the Performance Scrutiny Task Group currently mainly focused on reviewing progress against 'key performance indicators', rather than general performance compared with service standards set for the year;

- AGREED**
- (1) to recommend to cabinet that the focus on risk management should feature more prominently in the 'eight point programme';**
  - (2) to recommend to the Performance Scrutiny Task Group that it review performance against service standards set annually, in addition to reviewing progress against 'key performance indicators'; and**
  - (2) to request that, where possible, all future revised MTFS documents be submitted to the Budget Scrutiny Task Group in March each year for consideration.**

#### **DRAFT FINANCIAL PLAN AND REVENUE BUDGET PROCESS 2007-2008**

14. The Acting County Treasurer presented a report which detailed the draft Financial Plan for 2007-2008 and explained the key steps involved in the budget setting process, i.e.:
- (i) adoption of the revised MTFS (currently Jul – Mar in future years)
  - (ii) issuing a draft Financial Plan to departments (currently Jul – Mar in future years)
  - (iii) departments plan activity levels / build revenue budgets from draft Financial Plan (Jul – Oct)
  - (iv) cabinet approval of Financial Plan (Oct)
  - (v) debate on budget priorities (Oct – Dec)
  - (v) consolidated budget report prepared (Dec/Jan)
  - (vi) approval of 2007-2008 budget (Feb)
15. In considering this report, the following clarifications were given and issues raised:
- (a) departments would need to consider some radical changes to their service delivery for the coming years, in order to ensure they did not run into overspends, but managed their activities according to the limits of their budgets;
  - (b) it was suggested that a survey of people's perception regarding the council and its services should be conducted soon, perhaps via the People's Voice, in view of the numerous changes made to service delivery in implementing corporate recovery actions;
  - (c) members would like future budget monitoring reports to clearly list the amount, and corresponding explanation, of all corporate recovery actions, taken, or to be taken;

- (d) members were concerned that the timetables included in the Guidance Notes, issued to departments to assist them in devising budget proposals for 2007/08, did not make reference to the holding of a joint scrutiny committee meeting on the 6<sup>th</sup> February 2007 for the consideration of cabinet's recommendations on the draft budget, prior to the council's setting of the budget on the 13<sup>th</sup> February; and
- (e) members also noted with concern from these Guidance Notes that, should Advisory Panels not be meeting in the future, the only forum listed in the budget process setting timetables for member discussion of budget priorities between October and December, was via Cabinet Liaison meetings.

**AGREED (1) to recommend to Cabinet that the budget process timetables in the Guidance Notes issued to departments be amended to more accurately record the stages through which it has been agreed that budget proposals will be taken to members, i.e. that there will be a Joint Meeting of the three Overview & Scrutiny Committees on the 6<sup>th</sup> February 2007 to consider the draft budget, prior to the setting of the 2007/08 budget by Council on the 13<sup>th</sup> February 2007; and**

**(2) to inform cabinet of the task group's concern that, from the timetables included in the Guidance Notes to departments on the Revenue Budget 2007/08, the only forum listed for member discussion of budget priorities between October and December 2006 would be via Cabinet Liaison meetings.**

## **BUDGET CONSULTATION**

- 16. The Scrutiny Support Officer presented a report on research carried out into the best practices of other local authorities with regard to budget consultation.
- 17. The task group considered these findings and noted the update on how Wiltshire County Council intended to carry out budget consultation for 2007/08. In doing so, the following clarifications were given and issues raised:
  - (a) with budget consultation being a major part of the annual budget setting process, the research findings into other local authority best practice in this regard was a good reference document to inform members' future recommendations;
  - (b) noting that, of the local authorities surveyed, most focussed their budget consultation activities on engaging members of the public rather than members of the business community, members suggested that, subject to there being sufficient cause for improved consultation with the latter, further research on this subject might be justified;
  - (c) the participation consultancy organisation – Delib's report "Budget Consultation: A Survey of Public Sector Organisations" provided useful findings, including the suggestion that, if designed to be engaging and promoted well, budget simulator online games could prove to be an effective consultation method;

- (d) the Delib report also suggested that, from its survey, there seemed to be little correlation between the amount of money spent on budget consultation and the number of responses received;
- (e) consultation on plans for Wiltshire County Council's 2007/08 budget were timetabled to take place earlier than in previous years – in November 2006, with a series of five meetings across the county, the first primarily aimed at the business community; and
- (f) the cost of budget consultation in Wiltshire County Council would need to be contained within existing revenue budgets. Currently, there was no specific budget allocated to these activities.

**AGREED (1) subject to their being sufficient cause for improvements in budget consultation with members of the business community, to request that the Scrutiny Support Officer carry out further research into how other best practice authorities conduct this type of consultation; and**

**(2) to include the following recommendations in the task group's final report on the 2007/08 budget process:**

**(a) that budget consultation exercises in the future also engage with 6<sup>th</sup> form students, perhaps through the Wiltshire Assembly of Youth, in a similar way to that practiced by Cheshire County Council, mindful that this would contribute to students' citizenship and education democracy learning, and begin to engage the potential young voter;**

**(b) that more investment be put into the building of a more appealing and better promoted online budget game for the purposes of capturing consultation feedback on the setting of the annual budget from those members of the public preferring to engage in such matters via the internet; and**

**(c) that a reasonable, but specifically allocated, budget be agreed for future years budget consultation exercises.**

## **WORK PROGRAMME**

- 18. Members noted the task group's revised work programme.

## **DATE OF NEXT MEETING**

- 19. The Task Group noted that the date of its next scheduled meeting was the 17<sup>th</sup> January 2006.

*(Duration of meeting: 10.30 am to 1.35 pm)*