

## **Wiltshire Council**

### **Overview and Scrutiny Management Committee**

**25 January 2022**

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#### **Financial Planning Task Group Update**

##### **Purpose**

1. To update Overview and Scrutiny Management Committee on the work of the Financial Planning Task Group since November 2021. A separate report outlines the task group's work on the budget process 2022/23.

##### **Background**

2. The Financial Planning Task Group (FPTG) is a standing task group reporting to the Overview and Scrutiny Management Committee.

##### **Membership**

3. The membership of the task group is as follows:

Cllr Gavin Grant (Vice-chair)  
Cllr George Jeans  
Cllr Gordon King  
Cllr Charles McGrath  
Cllr Bill Parks  
Cllr Pip Ridout (Chair)  
Cllr Elizabeth Threlfall  
Cllr Derek Walters

##### **Terms of Reference:**

4. The task group's terms of reference are below:
  1. To review the Medium-Term Financial Strategy (4-year financial model);
  2. To review the approach and robustness of the council's capital, debt and revenue financial planning regime;
  3. To help develop the approach to the annual budget setting cycle;
  4. To review the specific contribution of overview and scrutiny in the annual budget setting cycle with a focus upon outcomes;

5. To undertake periodic budget monitoring including reviews of key midyear trends and developments and to ensure that these are considered when updating the Financial Plan;
6. To, where it materially affects the council's overall financial position, to consider the council's:
  - a) approach to strategic procurement
  - b) major or financially significant contracts
  - c) financial investment in, and liability to, its wholly owned subsidiaries.
7. To work under the direction and guidance of the Management Committee and report regularly to the Cabinet Member, Management Committee and select committees (as appropriate) on its work and findings and to make any necessary referrals.

## **Recent activity**

**26 November 2021**

### **Procurement of the Planned and Reactive Maintenance Contracts for Housing and General Fund Assets**

5. The task group considered the financial aspects of this report because of the total value of the contracts involved. After being given an overview of the current maintenance arrangements covering the types of assets involved and the contracts required the task group considered the reasons for re-shaping the contract arrangements. The task group looked closely at the detail of the report to be reassured about internal costs when some aspects of the contracts come in-house.

### **Financial Year 2021/2022 – Quarter Two Revenue Budget Monitoring**

6. Overall, the Q2 position is positive, though there are still areas of overspend in adult and children's social care, this is balanced by underspends across the council. The task group looked at the current budget gap and noted the additional pressures such as utilities inflation. It discussed the continuing effects of the pandemic but were reassured that the local economy was (in November 2021) recovering and that there were still reserves to cover potential latent demand. The task group also considered whether the removal of some government business reliefs might adversely affect council incomes and were happy that this is being closely monitored.
7. The task group also looked at the savings targets and how savings not realised would be integrated into the budget. Given the overall positive position at Q2 the task group did not consider there was a need, as in previous years, to investigate specific budgets in further detail.
8. There is still concern about the Designated Schools Grant (DSG) deficit but a realisation that this has been a long running issue and that the council is being proactive with government to find a way forward.

## **Financial Year 2021/2022 - Quarter Two Capital Budget**

9. The task recognised that the capital budget is important to the transformation of services. The group looked at the reprofiling of this budget and the moving of £56m of spend into future years. The task group whilst welcoming greater clarity within the capital report, particularly the removing of the line for 'other capital' projects, asked for a separate breakdown of grants from government and funds raised by the council. The task group was reassured that the council was managing its capital budget appropriately and raised no significant issues.

## **Treasury Management Strategy 2021/22 Half Year ended 30 September 2021**

10. The task group considered the role the council's treasury management advisors in investment decisions and were updated about the council's return on investment being lower than expected. However, the task group was reassured that this was primarily due to the currently poor state of the investment market. Consequently, other (safer) investment vehicles were being explored.

## **10 December 2021**

### **Water and wastewater supply services from June 2022**

11. The task group was brought up to date about the reasons for the procurement process – and agreed with the need to find a new supplier. The task group also considered particular issues within the proposed new framework arrangement. These included:
  - The annual fees and how they compared with the current arrangements
  - How the flat rate fee might be offset by savings and efficiencies
  - The length of the proposed new contract – in particular how any contract extension would be determined
12. The task group will continue to track the performance of any new contract through the quarterly financial updates

### **Procurement of Microsoft licencing and support**

13. The task group recognised that the council needs to procure Microsoft licencing and support and considered the benefits of using a Crown Commercial Services aggregated tender – particularly in comparison with the council tendering itself or dealing directly with Microsoft. The task group also considered whether the two elements of the procurement (licencing and support) could be progressed separately and were reassured that this was the most cost effective way of continuing licencing and support.

### **Melksham House**

14. The task group was brought up to date as to why further capital funds were being drawn down and considered whether further funding would be required (internally or externally) and were reassured that options and estimates of costs were sensible. The task group went through in detail the potential for future capital

receipts to reach the value stated in the report and what that figure was based upon and looked at contingencies within the overall costings.

**7 January 2022**

### **Update on Medium Term Financial Strategy 2022/23**

15. The task group was brought up to date regarding the amendments to the base budget assumptions and the revised budget gap of £27.7m. This included looking at changes to inflation assumptions, demand assumptions and Council tax base growth.
16. The group was also briefed on the local government financial settlement including the financial impacts of the adult social care reforms.
17. The task group sought reassurances regarding the provision for staff pay awards, interest rate changes and levels of council tax income in light of the rise in the cost of living. The task group was satisfied that Medium Term Financial Strategy report is sound.

### **New Term Highways Maintenance Contract**

18. The task group was briefed on the reason for the tender, the options considered, the contract length and potential annual spend.
19. Quality management and the tender methodology was looked at in some detail. The task group asked about the potential risks and the contract mobilisation period; and were reassured that lessons had been learnt from previous highways maintenance contracts. Also covered was how additional council works would be paid for and whether parish and town councils could also draw upon the contract through their own budgets.
20. The task group was reassured about the scope of the contract and responsibilities of the successful tenderer, including the continuation of the parish stewards. The inclusion of carbon reduction within the tender was also welcomed. The task group supports the proposal to proceed to tender

### **Proposals**

- 1. To note the update on Financial Planning Task Group activity provided.**
- 2. To note the task group's forward work plan, Appendix 1.**

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

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## Appendix 1 – FPTG Forward Work Plan

Date	Item	Details	Officers	Members
25 March 2022	Day Opportunities Transformation (tbc)		Helen Jones	Cllr Jane Davies
	Integrated Urgent Care (IUC) contract extension (tbc)		Helen Jones	Cllr Jane Davies
	Home Care (Adults) Recommissioning (tbc)*		Helen Jones	Cllr Jane Davies
22 April 2022	Procurement of Wiltshire Domestic Abuse Support Service (tbc)		Kate Blackburn	Cllr Ashley O'Neill
	Substance Misuse Recommissioning (tbc)		Kate Blackburn	Cllr Ashley O'Neill

**Note:** the task group will work with the relevant select committees to ensure a streamlined scrutiny process avoiding duplication of effort.

### Future Reports

Tbc – Stone Circle Business Plan

Spring 2023 – New Term Highways Maintenance Contract (award)

### Potential Briefings

N/A

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\*This report is going to Health Select Committee on 16 March 2022