

Councillor Tim Barker – Chairman of the Performance and Strategy Scrutiny Committee

**REPORT ON THE SCRUTINY OF THE FINANCIAL STRATEGY - 2012/13 TO 2020/21, INCLUDING PHASE 3 SAVINGS 2012/13 AND 2013/14**

**1.0 Summary**

- 1.1 This report summarises the work carried out by Scrutiny in its examination of the document laid before it on 10th February 2012. This document sets out the Financial Strategy of the Council for the years 2012/13 to 2020/21 and the finalised Phase 3 savings for 2012/13 and 2013/14. It is consistent with that laid before Council for consideration on 23rd February 2012.
- 1.2 The examination of the document took place under the auspices of The Performance and Strategy Scrutiny Committee over two sessions to which all members were invited and encouraged to attend and participate in. Other than members of the committee itself and Cabinet members involved in the subject matter of the document, a disappointingly small number of other members were able to attend these meetings (as well as one co-optee on the Safe and Confident Communities Scrutiny Committee at each of the sessions).

**2.0 Recommendation:**

- 2.1 Members of Council are asked to note the contents of this report and use its contents to inform their debate and deliberations on the Paper before Council.

**REPORT**

**3.0 Performance and Strategy Scrutiny Committee meeting 2 February 2012**

- 3.1 The first session examined in detail the Phase 3 savings with presentations from all the Group Managers responsible for those areas where savings are proposed together with Corporate Directors. This session took place on 2nd February, before the meeting of Cabinet the following week when the savings were formally put forward for Council. A detailed report of the proceedings of that meeting follows as Appendix A.
- 3.2 Members were able to ask detailed questions of Group Managers and gain further insight into the proposals at what was generally considered as a helpful and well-informed session that lasted some 3½ hours. A representative of the Press was in attendance.

#### **4.0 Performance and Strategy Scrutiny Committee meeting 10 February 2012**

- 4.1 The second session looked at the overall financial position of the Authority as set out in the document. The Chief Executive, Leader of the Council, Corporate Directors and Cabinet members were in attendance for this meeting held on 10th February. One question from a member of the public (who did not attend) had been received after the deadline for such questions but was nevertheless put to the Leader and answered. A written answer has been provided to that member of the public.
- 4.2 The Chief Executive gave an overview of the financial position of the Authority drawing on the document itself and updating Members on current matters and expected future funding issues which necessitated attention when considering the financial plans going forward and the state of readiness required to cater for them. A useful and well-informed debate took place with different viewpoints being put and responded to. This session lasted some 2 ½ hours. The Press did not attend. A detailed report of the proceedings follows at Appendix B.

#### **5.0 General Conclusions**

- 5.1 Members will undoubtedly have gained further insight into the background and reasoning behind the Financial Strategy and also be better briefed on detailed matters they may wish to debate at Full Council following these sessions. Because of their nature and timing, no formal resolutions were put to the Committee and no recommendations of a formal nature made to Council. There were however a number of matters which arose which should be put forward for note by Members. Those of a detailed nature are included in the Appendices setting out the matters discussed at the two meetings. There are some more general and strategic issues that also arose to which Members' attention is specifically drawn.

These are set out below.

##### **5.2 The level of Reserves.**

As Members are aware, Shropshire Council currently has a reserves policy which states that we aim to maintain General Fund balances at between 0.5% and 2% of the gross revenue budget. The District Auditor has accepted this policy but has noted in his recent report that the Authority has projected that reserves will only be held at the minimum value (some £3M to £4M) for 2011/12 and 2012/13 despite having a risk assessed preferred level of some £13M. This level is planned to be attained by 2013/14 it is noted.

- 5.3 The Auditor then goes on to say, "Until this is achieved it places the Council at risk of being unable to maintain its financial resilience and could threaten the achievement of planned savings in future years. This is a difficult position....." Several discussions were had during both sessions over the level of reserves and the necessity to build them. Some Members expressed the view that such building of reserves was hard to justify when investments were being made in

the Transformation Programme and some budget savings were being proposed. Others (and Officers) pointed out the necessity of maintaining the financial viability and operational resilience of the Council in the long term, the risk profile that faces us now compared with some years ago when the current 0.5% to 2% policy was set and its acceptance then by the Auditor, together with the likely changes in funding which may well result from the next CSR and the changes arising out of the proposed move to Business Rate funding.

5.4 Consultation and communication with the public on budget matters.

Some Members appeared to be concerned about what they perceive as too little communication being had with the general public over budget, spending and service transformation matters.

5.5 In response it was pointed out by Officers and Portfolio Holders that targeted consultations had been taking place, where appropriate. For example, in the area of Adult Social Care the "Live Life Your Way" consultation process had been aimed at service users and carers and had gained valuable insight into their views which had helped in detailed implementation design and, it was maintained, effectively communicated to participants the purpose and need for the changes in a positive and constructive way. Nevertheless some Members still hold the view that consultation and communication with the wider public could be improved.

**List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)**

Medium Term Financial Plan 2011/12 to 2013/14 - Budget Paper (Council 24 February 2011)

Medium Term Financial Plan - Strategic Framework of priorities for reshaping the role of the council and redesigning service delivery (Council 24 February 2011)

Financial Strategy 20112/13 to 2020/21 - Cabinet 20 July 2011 and Cabinet 8 February 2012

Phase 3 Savings 2012/13 and 2013/14 – Cabinet 8 July 2012

**Cabinet Member:** Councillor Keith Barrow

**Local Member/s:** All Members of Council