



Date: Wednesday, 31 January 2018

Time: 2.00 pm

Venue: Shrewsbury Room, Shirehall, Abbey Foregate, Shrewsbury, Shropshire, SY2 6ND

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PERFORMANCE MANAGEMENT SCRUTINY COMMITTEE

TO FOLLOW REPORT (S)

- 6 Report of the Financial Strategy Task and Finish Group (Pages 1 - 4)**
Report attached marked: 6
- 7 Establishment of Task and Finish Group (Pages 5 - 6)**
To agree that a Task and Finish Group is established to work alongside the development of plans for the 2019/20 Budget and to maintain an overview of progress and performance in relation to innovation and raising income.
- 8 Workprogramme (Pages 7 - 10)**
To consider the future work programme of the Committee

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<u>Committee and Date</u>	<u>Item</u>
Performance Management Scrutiny Committee	
31 January 2018	
Cabinet	<u>Public</u>
14 February 2018	

Financial Strategy and Budget 2018/19 Task and Finish Group

Responsible Officer Tom Dodds, Commissioning Support Manager
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Summary

This report presents the Performance Management Scrutiny Committee with the report of the Financial Strategy and Budget 2018/19 Task and Finish Group following their consideration of the Budget Proposals for 2018/19 and the proposed Financial Strategy 2018/19 – 2022/23.

The Task and Finish Group identified that their focus would be structured around the four pillars of the Financial Strategy: Innovate; Raise income; Cut services; and Use reserves. They held four meetings over a 2 week period and heard from and asked questions of Senior Managers, Portfolio Holders and the Chief Executive.

Recommendations

- A. That a Task and Finish Group is established to work alongside the development of plans for the 2019/20 Budget and to maintain an overview of progress and performance in relation to innovation and raising income.
- B. That a review is completed to identify whether the Council has the skills, experience and capacity in house to deliver the innovation and income delivery through the Council's assets that is required to close the budget deficit, and agreed recommendations are implemented.
- C. That consultation on future Budgets and Financial Strategies is accompanied with clear information and examples that help to illustrate the potential impacts of proposed changes, to inform people's responses.

Opportunity Risk Assessment

The delivery of the Financial Strategy is key to the Council having a balanced budget whilst meeting the highest priority needs and protecting and supporting vulnerable people.

The Task and Finish group provides the opportunity to identify any immediate questions with the proposed 2018/19 budget and the Financial Strategy, and identify areas of focus for a longer term overview of the plans and progress to innovate and raise income, as well as understand the impact of any proposed service cuts and the use of reserves to smooth savings over a period of time

Financial Assessment

Although there are no direct financial impacts from this report and the work of the Task and Finish Group, their recommendations will be made to Cabinet and if accepted, could inform the Financial Strategy.

Report

1. Areas of focus for the Task and Finish Group

- 1.1 The Task and Finish Group identified that the four pillars of the Financial Strategy would be the structure for their consideration of the budget proposals and the Financial Strategy: Innovate; Raise income; Cut services; and Use reserves. In particular the innovating and raising income were recognised as being the most significant areas to focus on as the means for the Council to be able to have a sustainable budget in the future.

2. Findings from the Task and Finish Group work

2.1 Budget 2018/19

- 2.1.1 The task and finish group highlighted that there was little time to identify any alternative suggestions to the proposed budget. They focused on understanding the impact changes to budgets in 2018/19 and what that could mean for how services will be provided and for those who use them. Key areas that were part of this included:
 - Home to school transport looking at opportunities to enable transport in a different way for non-statutory provision for post 16 and nursery age children, or encourage provision such as nursery provision for SEND children in their communities, reducing the need to travel.
 - Placements for Looked After Children which provide the right services in the right place and keep them safe. Improving and strengthening foster caring and therapeutic preventative support which would enabling children with challenging behaviours to avoid being placed in residential care, where this was not the best option.
 - Generation of income by Help2Change (Public Health) by continuing to provide services that other organisations pay for.

- Developing appropriate homes for adult social care service users [with a learning disability] which would help to reduce reliance on residential care.
- Changes to the nicotine replacement therapy which would focus on target groups such as expectant Mums. [This will be the subject of further consideration at the Health and Adult Social Care Overview and Scrutiny Committee].
- The generation of income from within Highways and Transport during 2018/19 and the expected impact of the reduction of £5million from the Highways Maintenance contract and the scenario where this could be repaid in 2020/21.
- The Budget Consultation was also discussed. The Task and Finish group were interested to understand whether the information available to inform those responding to the Budget Consultation described the savings being made and what this might mean for the services people currently receive.

2.1.2 The Performance Management Overview and Scrutiny Committee will monitor the impact and progress of the savings identified for 2018/19 through its review of Corporate Performance and Financial Reporting. Emerging issues will be considered and may be the subject of further exploration.

2.2 Financial Strategy

2.2.1 The Task and Finish group confirmed that they saw greatest value in focusing on the Financial Strategy and the proposals for future years, and that their work in January 2018 would inform ongoing work by a task and finish group in the future. Areas from the Financial Strategy for 2019/20 onwards which were discussed with senior managers and portfolio holders include:

- The Digital Transformation Programme. This included exploring whether the identified savings would be achievable and whether changes to services and processes to improve efficiency and customer experience may not realise the full benefits if service areas do not have the capacity to respond in a timely manner.
- Raising income through our assets and investment. The discussion here covered whether the Council has the skills and capacity in house to progress the work at the pace required. It also covered whether the Council is looking to draw on external expertise to help inform asset management strategy and investment.
- Understanding how investment in digital health technologies will prevent people progressing to require services and create an overall reduction in the cost of services, and therefore savings, and how telecare and telehealth developments will promote independence and reduce reliance on traditional models of care.

- Changes to key contracts and how these could reduce costs to the Council. Discussions included the £1.5m identified against the Veolia contract.

3. Conclusion

- 3.1 Delivering the savings over the coming year and beyond is a significant challenge. The Financial Strategy has been written with a recognition that there are significant dependencies on developments by Government on the way that Local Government will be funded in the future, such as the completion of the Fair Funding Review and the implementation of what emerges from that work.
- 3.2 Following their consideration of the Financial Strategy the Task and Finish group have concluded that the focus on innovation and raising income is essential to the success of the Council in establishing a sustainable Financial Strategy and delivering balanced budgets in future years.
- 3.3 They recognise that the greatest opportunity for Overview and Scrutiny to add value for the Council and Shropshire Communities is to focus on future years through Financial Strategy as it continues to flex and develop, including plans relating to innovation and raising come. A Task and Finish Group with this as its terms of reference would be able to work alongside the development of plans for the 2019/20 Budget and to maintain an overview of progress and performance in delivering the Financial Strategy.

<p>List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)</p>
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<p>FINANCIAL STRATEGY 2018/19 – 2022/23 Cabinet 10th January 2017</p>

<p>Cabinet Member (Portfolio Holder)</p>

<p>Cllr David Minnery</p>

<p>Local Member</p>

<p>All</p>

<p>Appendices</p>

<p>Economic Development Buildings – Base Yield Analysis</p>

Terms of Reference for the Financial Strategy and Innovation and income generation Task and Finish Group

Context

Following work to consider the draft Financial Strategy (2018/19 to 2022/23) and the Budget 2018/19 the 2017/18 Task and Finish Group recommended that a new group is established. This new Task and Finish Group would begin work in May/June 2018 to work alongside the development of the Budget for 2019/20, and would also take account for the 4 pillars of the Financial Strategy (2018/19 to 2022/23). In particular their recommendation was that the focus on the 4 pillars should be targeted on innovation and income generation.

The draft Financial Strategy 2018/19 to 2022/23 identified the funding gap that the Council faces.

Year	2018/19	2019/20	2020/21	2021/22	2022/23
Funding Gap	£36m	£44m	£49m	£54m	£59M

The draft Financial Strategy sets out an approach being developed by Cabinet and officers which is based around four key pillars which are summarised in the following priority order:

Innovate	Focus on the highest priority areas and those most likely to provide greatest reward including Children's Services, Digital Transformation and Health and Adult Services
Raise income	Focus on investment and commercial activity
Cut services	Reconsider the core services the Council will continue to provide and focus resources on that core offer only. Once decided, make these decisions as quickly as possible.
Use Reserves	In a strategic manner to enable and smooth the delivery of the above.

The proposed Task and Finish Group would identify opportunities and make recommendations in a timely manner which could be taken into account by Cabinet as the Budget 2018/19 is shaped. The focus on innovation and income generation will include providing a critical friend role; challenging delivery and making recommendations that could assist progress.

Objectives

- To understand the process and activity stages for developing the Financial Strategy 2018/19 to 2022/23 and how these translate into the Council's annual budgets
- To consider and scrutinise the proposals and emerging plans aligned to the four pillars as they are being developed and following implementation, in particular for innovation and raising income.

- To consider the direct and indirect impacts, including risks, of 2019/20 Budget proposals on current services and customers.
- To complete specific pieces of work to identify and work up alternatives to emerging plans, including the feasibility of any alternative proposals
- Make evidence based recommendations in relation to plans and approaches for innovation and income generation, and alternative proposals for future budget setting.

Information required

- The draft Financial Strategy 2018/19 to 2022/23
- The back ground information and data which has informed the growth modelling exercise
- Proposals and plans related to delivering the four pillars described in the draft Financial Strategy – with a focus on innovation and income generation.
- Learning from other Council's which have made changes to similar service areas and how this has been used to inform plans and the approaches in Shropshire.
- Any available evidence of likely impact of change to services, any related risks and how they might be tolerated, mitigated or removed all together
- Other information and evidence will be identified as the Task and Finish Group progresses and plans become clearer

Methods to be used

- Desktop exploration of contextual data and information – including receiving presentations that explain the process followed and what the data shows
- Review the proposals and plans related to delivering the four pillars described in the draft Financial Strategy
- Identification of any learning and best practice from other Councils
- Hearing from service users, communities, current and potential providers, and partners to understand issues, ideas, innovation and opportunities, as appropriate
- Identification and invitation of specific witnesses

Timescales

- The Task and Finish Group will report to inform key stages in the development of the 2019/20 Budget, and to timescales appropriate to inform decision points related to innovation and raising income.
- Expected reporting dates are September 2018, November 2018 and January 2019.

PERFORMANCE MANAGEMENT SCRUTINY COMMITTEE

PROPOSED WORK PROGRAMME

DATE	ITEM	REASON FOR UNDERTAKING
<p>31 January 2018</p> <p>Deadline for reports: noon 23 January 2018</p>	<ul style="list-style-type: none"> • Report of the Budget 2018/19 and Financial Strategy 2018/19 2022/23 Task and Finish Group • Draft Terms of Reference for the Budget 2019/20 and Financial Strategy (2018/19 to 2020/21) Task and Finish Group • Work Programme 	<p>To receive and consider the findings and report of the Financial Strategy Task and Finish Group and confirm whether the report and recommendations are approved.</p> <p>To consider the draft terms of reference and agree to the Task and Finish Group to be established</p> <p>To consider topics for future consideration by the Committee and potential topics for more detailed work e.g. through Task and Finish Groups. Discussions will include information required and any witnesses to be invited.</p>
<p>28 March 2018</p> <p>Deadline for reports: noon 20 march 18</p>	<ul style="list-style-type: none"> • Assets and Estates • Investments • Work Programme 	<p>To have a clear view of the Council’s assets and how the estate is managed, including as part of the One Public Estate programme. To consider the plans and processes to manage, retain and invest in, and dispose of assets</p> <p>To identify areas of focus for Budget 2019/20 and Financial Strategy (2018/19 to 2020/21) Task and Finish Group</p> <p>To understand the approach to investment by the council, including links to assets and estates</p> <p>To consider the plans for investment and impact to date</p> <p>To identify areas of focus for Budget 2019/20 and Financial Strategy (2018/19 to 2020/21) Task and Finish Group</p> <p>To consider topics for future consideration by the Committee and potential topics for more detailed work e.g. through Task and Finish Groups. Discussions will include information required and any witnesses to be invited.</p>

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PROPOSED WORK PROGRAMME

<p>16 May 2018</p> <p>Deadline for reports: noon 8 May 2018</p>	<ul style="list-style-type: none"> • Joined up strategies? - Adult Health and Fitness • Work Programme 	<p>To take an overview of the council's strategies and identify how/whether they join-up and deliver the Council's outcomes and priorities.</p> <p>To have a focus on adult health and fitness particularly in Market Towns</p> <p>To identify opportunities for joint working with the Communities, Place and People Overview Committees and the Health and Adult Social Care Overview and Scrutiny Committee.</p> <p>To consider topics for future consideration by the Committee and potential topics for more detailed work e.g. through Task and Finish Groups. Discussions will include information required and any witnesses to be invited.</p>
<p>11 July 2018</p> <p>Deadline for reports: noon 3 July 2018</p>	<ul style="list-style-type: none"> • Work Programme 	<p>To consider topics for future consideration by the Committee and potential topics for more detailed work e.g. through Task and Finish Groups. Discussions will include information required and any witnesses to be invited.</p>
<p>12 Sept 2018</p> <p>Deadline for reports: noon 4 September 2018</p>	<ul style="list-style-type: none"> • Work Programme 	<p>To consider topics for future consideration by the Committee and potential topics for more detailed work e.g. through Task and Finish Groups. Discussions will include information required and any witnesses to be invited.</p>
<p>23 January 2019</p> <p>Deadline for reports: noon 15 January 2019</p>	<ul style="list-style-type: none"> • Work Programme 	<p>To consider topics for future consideration by the Committee and potential topics for more detailed work e.g. through Task and Finish Groups. Discussions will include information required and any witnesses to be invited.</p>

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PROPOSED WORK PROGRAMME

6 March 2019 Deadline for reports: noon 30 April 2019	<ul style="list-style-type: none">• Work Programme	To consider topics for future consideration by the Committee and potential topics for more detailed work e.g. through Task and Finish Groups. Discussions will include information required and any witnesses to be invited.

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