



<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**

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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><b>List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)</b></p>
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<p>FINANCIAL STRATEGY 2018/19 – 2022/23 Cabinet 10th January 2017</p>
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<p><b>Cabinet Member (Portfolio Holder)</b></p>
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<p>Cllr David Minnery</p>
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<p><b>Local Member</b></p>
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<p>All</p>
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<p><b>Appendices</b></p>
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<p>Economic Development Buildings – Base Yield Analysis</p>
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