

Committee and DatePerformance Management
Scrutiny Committee

24 October 2018

ItemPublic**Interim Report of the Financial Strategy and Innovation and Income Task and Finish Group**

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Summary

This report presents Performance Management Scrutiny Committee with the interim report of the Financial Strategy and Innovation and Income Task and Finish group. The interim report sets out the observations and recommendations arising from the work of the group so far which can inform discussions on the development of the Budget 2019/20. Further work will continue through November, December and January alongside the development of the Budget.

Recommendations

Members are asked to confirm the following recommendations:

- A. Greater clarity on the deliverability of the savings attributed to the transformation of the Council (including through Digital Transformation Programme) should be reported back to the Task and Finish group by the end of November 2018.
- B. The Task and Finish Group should consider in more detail the pressure on Children's Social Care
- C. The Task and Finish group should consider in greater detail plans for Investment, in particular the links to delivering economic growth across Shropshire including affordable and key worker housing, and housing that can contribute to reducing demand on the Council's services and associated budgets such as Adult Social Care.
- D. The Task and Finish group would like to receive more developed plans to deliver the 2018/19 and 2019/20 savings related to Public Health in November 2018.

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 2019/20 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 and the Budget 2019/20.

Report

1. 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 Task and Finish group was established. This new group should work alongside the development of the Budget for 2019/20, and would also take account of the whole Financial Strategy (2018/19 to 2022/23), but also have particular view on innovation and income generation.
2. Objectives of the Task and Finish Group
 - 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 for the whole Financial Strategy and 2019/20 Budget, including how they align to the four pillars. This will be through their development and their implementation, in particular for innovation and raising income.
 - To consider the alignment of the Financial Strategy and the new Corporate Plan being developed autumn 2018.
 - To consider the recommendations and areas for action identified in the Corporate Peer Challenge report relating to the Financial Strategy, and how they are being addressed.
 - 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.

3. Who the Task and Finish group heard from

- James Walton – Head Of Finance Governance and Assurance
- Rod Thomson – Director of Public Health
- Michele Leith – Head of Workforce and Transformation
- Tim Smith – Head of Business Enterprise and Commercial Services
- Cllr Steve Charmley – Portfolio Holder for Corporate and Commercial Support
- Cllr Lee Chapman – Portfolio Holder for Adult Services, Health and Social Housing

4. What the Task and Finish Group have taken into account

- Learning from the Northamptonshire County Council Best Value Inspection
- Fair Funding Review
- Chartered Instituted Public Finance and Accountancy (CIPFA) Financial Resilience Index
- Financial Strategy (report to Cabinet 4 July 2018) and RAG rated savings
- Q1 2018/19 Financial Monitoring Report
- Digital Transformation Programme
- The Council's approach to investment

5. Key topic areas

- 5.1 To inform their planning and consideration of the particular issues they focused on, the Task and Finish Group were also brought up to date on the Government's Fairer Funding review, the CIPFA Financial Resilience Index, and the Northamptonshire County Council Best Value Inspection. They recognised that there was a clear contrast between the way that Shropshire Council approaches this work and the way that Northamptonshire County Council operated. These updates were used by the Task and Finish group to inform their consideration of the Financial Strategy and the particular issues they focused their work on.
- 5.2 The Task and Finish Group reviewed the Financial Strategy Paper to Cabinet on the 4 July 2018 and identified that their focus would be on

the larger savings for 2019/20, including the new savings set out in appendix 1 of the report. Particular areas of focus were:

- 5.3 Savings in Public Health. The Task and Finish group were informed that the level of Public Health Grant per head received by Shropshire Council is below the national average, and substantially lower than most local authorities. They also heard that the Government's austerity measures have included year on year reductions in the grant of around 2.5%. The Public Health Grant is ring fenced and must be spent on programmes that address the 32 public health outcomes identified by the Department of Health. Work is underway focussing on areas where it may be possible to disinvest so that these resources could then be re-invested in programmes that will address activities that will still achieve public health outcomes, but will help to reduce demand in adult and children's social care.
- 5.4 Progress with the Digital Transformation Programme. The Task and Finish group considered the progress with the four DTP workstreams, understanding how the delivery of the new systems was progressing, exploring any issues in terms of quality, the impact of any slippage, and whether delivery of the individual programmes and the overall programme were within budget.
- 5.6 Investment/Commercial Strategy. The Task and Finish group were updated progress with investments and the commercial strategy, being informed about the work to evaluate investment risks and investment consolidation built around the proposed purpose for the investment. Members also explored how ideas for investment would be evaluated, taking account of criteria including yield, net present value, payback, revenue implications, available funding, housing created, jobs created and strategic fit.
- 5.7 The Task and Finish group also considered the impact on planned savings caused by the delay to nationally driven programmes outside of the control of the council such as the delayed roll-out of Universal Credit across the whole of Shropshire which links to the inability to deliver almost £400,000.
- 5.8 Through reviewing the Q1 Financial Monitoring report the Task and Finish group also identified the pressure on the Children's Social Care which was highlighted by the projected overspend. This was an area that they would like to discuss with the Director of Children's Services and Portfolio Holder to better understand the growth in LAC and demand for the services.
6. Conclusions of the group
- 6.1 Public Health Grant. The Task and Finish group supported the view taken by the Health and Adult Social Care Overview and Scrutiny

Committee (HASCOSC) that work on the plans for the use of the PH Grant is incomplete at this stage and more detail is required. The Task and Finish Group noted that there were red rated savings in the paper to Health and Adult Social Care Overview and Scrutiny Committee (24.9.2018) and would like to receive a further report in November which provides greater clarity. The group support seeking funding from other commissioning organisations who use services, but haven't been contributing to the costs.

- 6.2 Digital Transformation Programme (DTP). Having received updates on progress and next steps the Task and Finish group members did not feel able to draw conclusions at this stage, about whether DTP savings will be delivered. However, they are clear about the importance of these savings being delivered. They would expect there to be more clarity on the deliverability towards the end of the calendar year.
- 6.3 The Task and Finish group believe that the Council working with partner such as Hitachi on the Customer Experience workstream is positive. However, whilst they recognised and valued the positives that were being achieved and expected from the delivery of the DTP, the Members emphasised the importance of the Council maintaining a close eye on the delivery of the contracts.
- 6.4 Investment. The Task and Finish group were pleased to see the balanced investment portfolio.
- 6.5 In relation to the investment projects, Members have identified that at this stage there is a geographical disparity on the projects which were shared with them, with nothing in the south of the county, and some projects in the east of the county. They have posed the following questions:
- How can these be areas be included?
 - How are local members being enabled to bring forward economic development needs in their areas?
 - What plans or structures are in place for local areas to bring forward investment opportunities?
 - How are decisions made on investments e.g. for rural v. urban?
 - How can the pipeline be kept smooth and agreed projects delivered?
 - How are Members and other stakeholders kept informed on progress through the process?
 - How are decisions on go/no-go for proposed projects transparently fed back to those who need to know?
- 6.6 The Task and Finish group also discussed how the investment by the Council could contribute to tackling some of the challenges of providing services in a large rural county. They fully supported investment by the Council in the provision of affordable homes and homes for keyworkers in areas across the County to ensure that workers can live close to where they work.

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

- Financial Strategy 2018/19 to 2021/22,
- Financial Strategy Cabinet Report July 2018,
- Q1 2018/19 Financial Monitoring Report,
- Corporate Peer Challenge report,
- Northamptonshire County Council Best Value Inspection Report
- CIPFA Financial Resilience Index
- Public Health Budget and Service Provision – Report to Health and Adult Social Care Overview and Scrutiny Committee 24.9.2018
- Public Health Outcomes for Shropshire

Cabinet Member (Portfolio Holder)

Cllr David Minnery

Local Member

All

Appendices