

---

**Budget Strategy 2019/20**

---

**Reason for this Report**

1. To provide an opportunity for the Committee to consider the Council's Budget Strategy for 2019/20 and the financial resilience planning underway, specifically focussing on the challenges faced by the Council's Adult Social Services Directorate.

**Background**

2. The Committee's Terms of Reference include scrutiny of the Council's financial policies, and its systems of financial control. Members routinely scrutinise budget proposals and monitor financial performance throughout the year.
3. The Budget Strategy Cabinet report attached at **Appendix A** was discussed at Full Council on 19 July 2018. The report sets out the Council's financial strategy and timetable for developing the 2019/20 capital and revenue budget proposals.
4. The report outlines the National and Welsh Government financial planning context within which the Council is operating; the Council's financial and strategic context and priorities; key risks faced and financial resilience. It clarifies the Budget Reduction Requirements and the Budget Strategy to achieve them; indicates consultation and engagement plans for budget proposals, and outlines the Capital Programme with a view to developing the Council's Investment Plan for 2019/20 to 2023/24.

5. The Council has been dealing with increasing financial constraints for several years, and over the next three years, the pace of change will accelerate. Members need to be an active part of the oversight for these changes and ensure the Council has the finances in place to continue to deliver sustainable local services, particularly in demand-led areas such as adult social care. Scrutiny has a critical role to play in ensuring that councils have realistic plans in place that take account of their financial constraints and challenges.

## **Context**

6. In terms of financial resilience planning, the budget strategy report highlights the following key factors:
  - a. The need to continue to deliver significant levels of savings during a period of prolonged austerity.
  - b. The impact that delays to the delivery of savings proposals has on the budget monitoring position.
  - c. The cumulative impact of achieving 2018/19 savings in addition to the unachieved 2017/18 savings which remain to be realised.
  - d. The increasing ratio of capital financing charges as controllable budgets reduce, which impacts on the relative affordability of the Capital programme.
7. The budget gap is estimated to be £34.2 million in 2019/20 and £91.4 million over the next three years.
8. The Council's budget for the current year is £609m, of which £231m is allocated to schools, £166m to Social Services, £113m to other services, £46m to capital financing and £53m is non-controllable. Given the significant allocation of the total controllable budget to Social Services and the difficult challenges faced by the service, the Committee will consider how the Service is approaching financial resilience planning.

## The Budget Strategy

9. The strategy to address the budget gap of £34.2m in 2019/20 is framed around four assumptions;
  - a. a Council Tax Increase of 4.3% generating £5,785m;
  - b. a cap on schools growth generating £2,796m,
  - c. the use of earmarked reserves generating £1,5m; and
  - d. savings required of £24,117m.
  
10. As Directorate savings form the largest component of the strategy this presents a huge challenge and whilst every effort will be made to identify savings via digitalisation, prevention, early intervention, commissioning, collaborative arrangements, income generation and the use of specific grants, all services with the exception of Schools and Social Services, are required to identify 17% savings.
  
11. The budget strategy report highlights that “the identification and delivery of the required level of savings will be extremely challenging. In recognition of this, there will need to be continued improvement to the challenge and due diligence process to improve savings achievability rates. To increase the deliverability of savings, every opportunity should be taken to accelerate detailed planning and preparatory work to maximise the chances of securing a full year saving in 2019/20.”
  
12. Therefore Directorates have been working on 2019/20 savings proposals in readiness for detailed public consultation in late autumn. To illustrate the financial resilience planning underway, Members will have an opportunity at the meeting to focus specifically on a case study - the challenges faced by the Council’s Social Services Directorate.
  
13. For quick reference, appended to the Cabinet report at **Appendix 2** is an outline budget timetable, and at **Appendix 1** a useful question and answer summary.

## Case Study – Adult Social Services

14. The Social Services Directorate is facing twin pressures of increasing demand due to changing demographics and increasing costs of care at a time of continually shrinking budgets. The service's strategy going forward establishes three key principles:

- **What Matters? (Person- Centred Care)** ensuring information, advice and assistance is easily accessible and tailored to the needs of individuals and their communities; and services build outwards from the strengths of the individual, their family and their community.
- **Home First (Preventative Approach)** ensuring social care packages support people to remain part of their communities and remain close to their social and cultural networks. Services should be planned around an individual with support put into place before crisis point so that their quality of life can be protected for longer.
- **Sustainable Communities & Resources (Localities)** Services should be planned, designed and provided in partnership with individuals and organisations to ensure the most joined up approach possible at point of delivery. Support should be available locally and make the best use of assets in the community.

## Scope of the Scrutiny

15. This item will give Members the opportunity to consider the Council's strategy for developing the 2019/20 budget proposals, and specifically a fuller understanding of the financial resilience work underway to tackle the challenges in the Social Services Directorate.

16. To facilitate the scrutiny the Cabinet Member for Finance, Modernisation & Performance, Councillor Chris Weaver, and Head of Financial Services, Ian Allwood will attend Committee to briefly outline the Strategy and answer Members questions.

17. In a case study to illustrate the financial resilience planning underway Corporate Director People and Communities, Sarah McGill, will give a presentation of Social Services approach to reconfiguring funding streams to deliver service improvement and financial sustainability, whilst taking the opportunity to improve management and monitoring of the budget.

### **Legal Implications**

18. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf of the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Scrutiny Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

### **Financial Implications**

19. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct financial implications at this stage in relation to any of the work programme. However, financial implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision

that goes to Cabinet/Council will set out any financial implications arising from those recommendations.

## **RECOMMENDATIONS**

20. The Committee is recommended to:

- i. note the Budget Strategy for 2019/20;
- ii. consider the financial challenges faced by Adult Social Services;
- iii. consider whether it wishes to relay any comments or observations for consideration by the Cabinet Member for Finance, Modernisation & Performance.

**DAVINA FIORE**

Director, Governance & Legal Services

6 September 2018