

## **Clarification of council's financial position following recent media reports**

### **Briefing Note No. 20-22**

**Service :**

**Further Enquiries to:**

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**Executive Office**

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### **Clarification of council's financial position following recent media reports**

In response to recent media reports that Wiltshire Council is facing 'bankruptcy', this briefing is to provide clarification and reassurance that this is not the case.

In response to a media survey sent round to all local authorities two weeks ago, the following answer was supplied by the council:

**Question:** Does your council forecast it will meet the criteria to file a S114 notice?

**Answer:** The estimated financial impact will exhaust the General Fund reserves balance before the end of the 2020/21 financial year and represents a potential section 114 notice situation, however there is much uncertainty within these current estimates that will become clearer as time progresses, such as the impact on Council Tax and Business Rates. We have had internal discussions around the uncertainty and the triggers, implications and timing of a section 114 notice and are aware that this is a possibility, but at this stage we have not considered this course of action to be appropriate.

As you can see, the response provided was measured and stated the council did not believe the issuing of a section 114 notice was appropriate at this stage. Unfortunately, the council's response was rather sensationalised in a manner that was disproportionate to the information provided.

Like all other local authorities during COVID-19, Wiltshire Council has had reduced income due to services such as leisure and car parking halting temporarily, and has had to spend more money to protect the vulnerable, and ensure people have what they need to get through this difficult time. This has included setting up the Wiltshire Wellbeing Hub, which has coordinated supporting thousands of residents with food packages, supporting cares home with the supply of PPE, and working closely with schools as they provide lessons for key worker children and remote learning for other pupils.

Cabinet recently agreed to revise the council's capital programme, originally agreed in February 2020, so that the focus of its capital resources is on the key investment projects during 2020/21 and is aligned with the upcoming recovery. Although there have been

projects deferred into 2021/22, no project or scheme within the programme has been stopped or removed.

It is still too early to say for certain what the true financial impact to the council will be. However, with the total level of funding support from central Government currently estimated at £29.8 million, of which £0.4 million has been allocated to cover costs incurred in the last financial year, a shortfall in our finances is forecast to be in the region of £50 million, which is equivalent to 15% of the council's net budget. However, it's still relatively early in the financial year with time to turn this around.

Wiltshire Council Leader Philip Whitehead conducted a number of local and national media interviews on 25 June to clarify Wiltshire's position and stated that the council has always been efficient, and that with further Government financial support together with the council's cabinet and senior officers continuing to work closely together, he is confident that there will be no need to issue a section 114 notice.

Here's a summary of the interviews carried out by Cllr Whitehead.

- [Radio 4 – starts at 1:09](#)
- [Radio 5 Live – starts at 2:08](#)
- [BBC Lunchtime News reported live from outside County Hall \(no interview with Cllr Whitehead\) – starts at 26:30](#)
- [BBC Points West – starts at 18.43](#)
- ITV West Country (programme not online, [but you can read the news story here](#))

The council has been open and transparent on its financial position throughout this situation and that will continue through the normal democratic process.

For information, here is the definition of a Section 114 Notice:

A Section 114 notice is a legal notice issued by the council's Director of Finance (Section 151 Officer) to the council, warning that the budget will be unbalanced and exhaust all available funding by the end of the financial year. If a notice is issued it immediately puts a stop on all new spending, except on essential statutory services e.g. providing packages of care to vulnerable residents. A report is then presented to a meeting of the council within 21 days of the notice being issued on the setting of a revised balanced budget and the proposals needed to be taken to achieve that.