

## **Budget & Finance Scrutiny Committee**

### **Response to Service & Financial Planning Strategy 2013/14 – 2015/16**

#### **Introduction**

The Budget & Finance Scrutiny Committee is a politically balanced Committee of eight elected members, one co-opted member of the public and one co-opted Town & Parish Councillor. The Committee has responsibility for scrutiny of the Council's budget strategy.

The Cabinet approved the Service & Financial Planning strategy 2013/14-2015/16 for consultation on 10<sup>th</sup> January 2013. Savings proposals in the previous financial strategy approved in May 2012 were updated and approved by Cabinet for early consultation on 20<sup>th</sup> September 2013 and included in the current budget strategy.

The Committee met on 16<sup>th</sup> October and 19<sup>th</sup> December 2012 to consider the savings proposals approved in September, and on 9<sup>th</sup>, 15<sup>th</sup>, 22<sup>nd</sup> January and 5<sup>th</sup> February 2013 to consider the proposed Service & Financial Planning strategy 2013/14-2015/16.

As part of its consideration of the proposals, the Committee met with:

- Cabinet Member Resources & Service Delivery
- Cabinet Member Children, Young People & Families
- Cabinet Member Adult & Social Care
- Cabinet Member Neighbourhood Services & Co-operative Council
- Cabinet Member Leisure & Wellbeing
- Cabinet Member Transport & Community Protection
- Chief Financial Officer
- Director Adult Social Care
- Assistant Director Care & Support
- Assistant Director Children's Safeguarding
- Assistant Director Family & Cohesion Services
- Assistant Director Environmental & Leisure Services
- Community Engagement & Equalities Manager
- Equalities Officer

Written answers to a range of questions on further issues were also provided. The Committee would like to extend thanks to Members and officers that assisted them during their consideration of the proposals.

As part of their work, Members considered:

- The national funding picture and key points in the Autumn Statement for local government and the changes to local government finance
- The December grant settlement and projected budget gap/required savings for the period of the strategy
- The capital programme, levels of borrowing and impact on the revenue budget
- The use of one-off resources and the level of balances and contingencies

- Savings proposals approved for consultation in September 2012 and additional proposals published in January 2013
- The budget consultation process
- The impact analysis overview of the overall strategy
- The proposed Council Tax increase
- Assumptions in the medium term financial planning strategy.

Much of the Committee's work was focused on the higher spending services in children's safeguarding, adult social care and environmental and leisure services.

There were no alternative budget proposals put forward for scrutiny.

The Cabinet's final proposals are due to be discussed at Cabinet on 28<sup>th</sup> February with the Council Tax for 2013/14 being set at Council on 7<sup>th</sup> March.

Members acknowledged the unprecedented cuts to local government funding announced in, and after, the Comprehensive Spending Review in October 2010. The changes to local government finance, the 10% reduction of the grant paid to Councils for localised Council Tax Support Schemes, the transfer of responsibility for Public Health from PCTs to local authorities and the grant settlement announced on 19<sup>th</sup> December all impact on the amount of money the Council has available to spend on services.

Whilst the forecast for the future, as with other local authorities, looks gloomy, the Committee found much to welcome in the strategy. Members gave credit to the efforts of the Council and its staff in achieving savings equivalent to more than £600 per household and with limited impact on front-line services, although acknowledged that as the cuts deepen this may not continue to be possible. The Committee supports the commitment to prioritise continued economic and housing growth, both of which are key to the future prosperity and wellbeing of the borough and to maintaining and growing the Council's funding as part of the business rates retention and New Homes Bonus schemes. Members noted that balances are lower than ever before, but credited staff for reducing the use of contingencies in 2012/13 to enable more to be rolled over to 2013/14 for one-off contingencies or to supplement other balances. The Committee heard many excellent examples of Co-operative working, some of which are mentioned in the comments following, and support this approach to involving partners, the voluntary sector and local people in decisions about the delivery of services which may otherwise be under threat.

Below are a number of specific comments and recommendations that the Committee have made about the budget strategy. These may not affect specific savings proposals for 2013/14, but are issues that the Committee will follow up over the year to scrutinise how they are being addressed.

## **Comments of the Committee**

1. The Committee agrees that the strategy sets a balanced budget but is concerned that there is no room for manoeuvre and a high risk of slipping into deficit early in the year because of the risk of the non-achievement of savings targets, particularly in children's safeguarding.

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2. The Committee notes that a “salami slice” approach has been taken to making savings to avoid cutting services completely, but feels that this is not a sustainable way of making the level of savings that will be required in future years and that the Council must now make strategic decisions about what services will be prioritised for the future, what services may be cut, and how the public’s views will be taken into account
3. The Committee feels that there are many commendable ideas in the Early Help / Safeguarding Cost Improvement Plan and recognises the good work that is going on and agrees that the safety of children is paramount. However, members have genuine concerns that delivering savings of £2.19m in 2013/14 is aspirational, and would like to make several comments about this:
  - a) The direction of travel is good but the Committee feels there is an over-emphasis on budget monitoring rather than budget management. This should not be just a reporting function: senior managers and Cabinet members should have a detailed strategy to achieve the savings which is driven by action, not events, and backed up by detailed forecasting and situational plans (for example for legislative changes). Senior managers should not lose sight of the strategy by getting involved in too much operational detail, and staff at lower levels need to be empowered to make decisions consistent with the strategy.
  - b) The budget should be managed and balanced in-year within the context of the Council’s overall budget on a risk-opportunity basis and with thresholds built into the process to trigger corrective action. A level of contingency should be built into the service budget and beyond this overspend risks should be offset against either opportunities for generating commercial income or from making additional savings in other areas and the service must not continue to rely on one-off contingencies and balances which is no longer a viable option.
  - c) Members are sceptical about being able to achieve some of the targets in the Cost Improvement Plan for example to reduce the number of children in care to 300 by April 2013 and 294 by April 2014 when the trend is upwards and likely to continue so with the economy and welfare benefit changes putting pressure on families. Members recommend that the “number of children in care” should not be used as a performance indicator because this is an uncontrolled number, although number trends should be used for forecasting and financial modelling. The “length of time spent in care” should be a key performance indicator because reducing this would have a significant impact on the budget and because there is an element of control over this. The work of the Resource Allocation Management Panel and particularly the Securing Permanency Group is critical to reducing delays in care planning and the Committee has requested the monthly reports of the SPG.
  - d) Work on reducing the unit cost of residential placements though the framework contract is laudable but the real impact will be made by reducing the number of residential placements. There is some scepticism about achieving the target to

reduce residential placements by 10 but members recognise that this would go along way to making the savings and there should be no let up in pace to achieve this.

- e) Safeguarding is a key budget dependency and the Committee will require the attendance of the Director of Children Services to attend future meetings during 2013/14 to provide a detailed update on progress against the action plan.
4. Linked to the comments above about taking a risk-opportunity approach to managing the budget, the Committee noted that (in line with LGA forecasts for local government finances) the proportion of net General Fund budget available for services other than adult social care, children and young people and environmental services is shrinking (currently £13m of £125m) and that the opportunities to offset over-spend in these areas by cuts to other services is increasingly less viable. The Committee recommends that the Council pursues all ideas for commercial income generation as rigorously and quickly as reasonably prudent, and the Committee may look at this as part of its work programme.
  5. As in previous years, the Committee is concerned about achieving the projected value of Capital Receipts and that if this happens the capital programme should be cut back and gaps should not be made up by increasing borrowing or cutting other services. The cost of interest on borrowing already takes £5m from the revenue budget which accounts for a significant proportion of the £13m revenue for services other than adult social care, children and young people and environmental services.
  6. The Committee is concerned that selling assets to support the budget is not always the right strategy. More consideration should be given to enhancing the value of assets in a way that offers a greater or longer term return to the Council, and/or as a lever for supporting economic development (for example by offering lower or peppercorn start-up rents). Using the sale of assets to bridge budget gaps is not sustainable.
  7. The Committee looked at many examples of co-operative working such as the Street Champions, Rapid Response Teams, Environmental Teams and library services and would like to recognise the valuable contribution of Town & Parish Councils, partners and local people in helping to maintain and deliver services which may not otherwise be affordable. The Committee recommends that in all cases, Town & Parish Councils should be consulted on any services which may be withdrawn so that they have an opportunity to consider taking over delivery of those services.
  8. Business and inward investment is highlighted as a priority in the strategy and the Committee commends the £150k investment in Destination Telford.
  9. Members of the Committee expressed different views about Council Tax. Some members supported the rejection of the freeze grant and the decision to increase Council Tax by 1.9%, below the threshold to trigger a referendum, while other members disagreed with increasing Council Tax and felt that while 2/3 of people responding to the consultation in 2011/12 had supported an increase, only a relatively small proportion of residents had responded.

10. The Committee will require the Managing Director to attend a future meeting to discuss how the points raised in this response are being addressed and to discuss the Council's approach to the future budget strategy.
11. Members were assured that the savings targets in Adult Care & Support are achievable and realistic but noted the Cabinet Member's intention to go back to Council if additional money is needed.
12. The Council should continue to lobby government about the particular pressures for Telford & Wrekin and the under-funding from grant damping and population under-count.
13. The Committee supported the deferment of auto-enrolment of existing staff into the pension fund for three years but staff must be told of their right to join.
14. The Committee heard that the Public Health settlement was better than expected. Members recommend that the Council should take the opportunity created by the surplus (planning had been based on an assumption of a lower amount) to link the funding with other Council services which promote health and healthy activities such as leisure.
15. The Committee applauds the fact that 35% cost savings had been made on back-office functions (which is more than the 20% savings made by many other authorities from shared services) but feels that options for sharing services and outsourcing should be more fully explored and the Committee will be looking at this as part of its work programme.
16. The Committee recognise the work in lobbying for funding and grants, for example the £1.5m government investment in the new facilities in Dawley, and there should be no let up in these activities.

**The Committee would also like to make a number of operational suggestions relating to specific services areas:**

- With regard to the library service, members recommend that in all cases Town & Parish Councils should be approached about joint funding, and that the mobile library (as a second is not affordable) must be used to full potential to reach as many people with mobility problems as possible across the borough.
- Efforts should be made to ensure there is adequate provision of computers in libraries and volunteer support schemes. This is particularly important with the introduction of Universal Credit which requires on-line benefit claims.
- The Council should pursue all avenues for partner funding including the police's fund from the seizure of criminal assets which can fund projects which help reduce crime and anti-social behaviour.

- The use of Oakengates theatre as a meeting venue should be recognised as an opportunity cost for the theatre.

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