

Finance & Enterprise Scrutiny Committee**Response to the Service & Financial Planning 2017/18-2018/19**

The Finance & Enterprise Scrutiny Committee is a politically balanced committee of eight non-Executive elected members and two co-opted members. The Committee is the main mechanism by which Cabinet consults annually with scrutiny on the budget proposals.

The Committee held four meetings between 12 January and 1 February 2017 to scrutinise the Service & Financial Planning 2017/18-2018/19 strategy agreed by Cabinet for consultation on 5 January 2017 and the alternative budget proposals put forward by the main opposition group. The Committee has made a separate response to the alternative budget proposals.

In March 2016 the Council had agreed a medium-term budget strategy with savings to be delivered over 2016/17-2017/18. The Finance & Enterprise Scrutiny Committee had scrutinised the savings proposals as part of the consultation in January 2016 and put forward a detailed response to Cabinet. This year, as there were fewer new savings proposals, the Committee decided to focus attention on the adult care budget and the options for setting the adult social care precept as the main proposal in the budget for consultation with local residents. The timing of the publication of the budget proposals meant the scrutiny process started later than usual with one fewer meeting so time was prioritised for this issue.

The Committee would like to thank the Cabinet Members and officers who attended meetings to provide information, answer questions and assist the committee in its deliberations:

Cllr. Lee Carter, Cabinet Member for Council Finance, Partnerships & Commercial Services
Cllr. Arnold England, Cabinet Member for Adult Social Care & Older People
Ken Clarke, Assistant Director Finance & Human Resources
Clive Jones, Director Children & Adult Services
Jonathan Eatough, Assistant Director Governance, Procurement & Commissioning
Debbie Lloyd, Interim Assistant Director Early Help & Support
Tracey Smart, Finance Manager Schools and Care Services

Written responses were also provided to a number of questions and the committee would like to thank officers involved in providing information to the committee often at short notice.

The Committee has agreed the following response for Cabinet to consider. Cllr Burrell declared an interest in the adult care budget and did not take part in any discussion on the adult care budget, or the Adult Social Care precept, or the formulation of any comments on the adult care budget or the precept.

Adult Social Care Precept

The budget proposals set out two options for implementing the Adult Social Care precept - either to apply a 3% increase in Council Tax for two years in 2017/18 and 2018/19; or to apply a 2% increase for three years from 2017/18 to 2019/20.

The committee dedicated one meeting to considering the adult care budget and the implications for the service of accelerating the implementation of the Adult Social Care precept, looking at how the additional one-off funding (if the precept were applied at 3% for 2 years) would be used and how the drop in funding in the third year (2019/20) would be

managed. Members were provided with details of the new delivery model being introduced in adult care, and some of the innovative approaches, designed to deliver better outcomes for people and to bring the service back into budget. It was acknowledged that there were risks and challenges with the new model and that the early funding could help to smooth in the changes and accelerate the delivery of savings.

The committee weighed the arguments for each option for the precept carefully and acknowledged that it was a difficult decision which needed to balance the funding needs of adult care services against any additional burden placed on Council Tax payers.

Members welcomed the additional investments proposed for Early Help and Support services and were in full support of the commitment to protect and support vulnerable adults as far as possible. The further grant reductions for adult care in the order of £15m over 3 years at a time of increasing demand were recognised and that the precept would not go near to making up the shortfall. The committee clearly recognised that an early one-off benefit of £1.77m would be a significant sum of money for the service.

The committee acknowledged that the decision about the precept would depend on the views of the public. An analysis of feedback from the public was not available at the time of the meeting as the consultation was still open.

However, the unanimous view was that on balance the Council should not accelerate the implementation of the Adult Social Care precept and the committee **recommend that the precept should be implemented at a rate of 2% a year for three years (2017/18-2019/20)** for the following reasons:

- Members were concerned by the risks around the pace of delivering savings and felt that collecting the precept over a longer period would give greater certainty and stability to service planning and budget management over a longer term. There was a concern about how the drop in funding in the third year (2019/20) would be managed if the precept was collected over two years and savings were delivered more slowly than expected.
- The committee was concerned about the affordability for some residents of increasing Council Tax bills by 4.2%. The difference in pence per week between a 3.2% and 4.2% increase in Council Tax may seem small amounts but would matter to struggling households already under pressure. It was also noted at a previous meeting that there was a need to be mindful of the potential impact of a steeper increase in Council Tax on collection rates.
- The Council Tax base would be higher by 2019/20 as a result of new development allowing the precept to be levied from more households if applied over three years.

It was acknowledged that the Health & Adult Care Scrutiny Committee would continue to monitor the adult care budget and the delivery of savings and would pick up other points raised by the Finance & Enterprise Scrutiny Committee around the cost of care packages and the risk register.

Other issues

While the main issue for the committee was the adult social care precept, a number of other comments were made, noting that there were differences of opinion on some points:

- Members were provided with details of the net income generated by the Solar Farm (£0.2m in 2016/17) and NuPlace (estimated £0.62m in 2017/18). Some members welcomed the income as essential to help sustain front line services which may otherwise be cut and supported the proposed additional investment in NuPlace to generate further income and continue to add to the stock of good quality rented accommodation in the borough. However some members were concerned about adding to the risks and impact on the revenue budget associated with higher levels of borrowing, and investing in the property market, when there was uncertainty about interest rates and potential downturns in the property market, although a member commented that the auditor had been asked by the Audit Committee about risk with the current level of existing or proposed debt and no concerns had been raised.
- It was agreed that there were many worthy projects in the borough worthy of support but the Council could not afford to fund everything it may wish. However, it was suggested that Cabinet should consider funding for the Street Pastors and ensure they are aware of funding allocated to support volunteer groups.
- There were some concerns about the continued allocation of Local Council Tax Support grant to Town and Parish Councils and the differential between parishes. It was noted that the grant forms part of RSG which is allocated nationally and the amount available is reducing year on year so the Council has to reduce what is passed on to town and parish councils.
- There was a view that the proposal to increase the price of school meals amounting to a 4% increase would hit hardworking families also faced with an increase in Council Tax, and suggested that the increase should be absorbed by the increase in Council Tax or phased in over a longer period in line with inflation. However, it was pointed out that the price of school meals had not increased for three years and that the increase was to cover costs as the service could not run at a loss. It was also pointed out that lower income families could be entitled to free school meals.

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