

# **Overview and Scrutiny Management Committee**

**January 2019**

## **Report to Cabinet on Draft 2019/20 Budget**

### **1. PURPOSE**

To report observations from the committee following its process of gathering evidence in order to advise Cabinet on council and budget priorities for the draft 2019/20 budget.

### **2. INTRODUCTION**

- 2.1 Overview and Scrutiny Management Committee has the lead role in terms of budget scrutiny and produced a response on the draft budget on behalf of the scrutiny function as a whole. A 'Budget Scrutiny' day was held on 10 January 2019. This included sessions with Cabinet Members and Directors for each scrutiny committee to discuss the budget. OSMC members were in attendance throughout the day in order to identify any recurring themes and trends.
- 2.2 This response outlines the key observations and comments made in response to the draft Medium Term Financial Strategy which goes to Cabinet on 30 January and is to be approved at full Council on 13 February 2019.

### **3. BACKGROUND**

- 3.1 Cabinet on 19 December 2018 approved for consultation and scrutiny the detailed draft budgets for 2019/20, the Medium Term Financial Strategy (MTFS), which includes the Treasury Management Strategy.
- 3.2 Members recognise that the draft MTFS proposes a budget totalling £428.356 million and is based on a 2.99% Council Tax increase. In addition there is the final year of the Adult Social Care levy which allows the Council to increase council tax levels by 2% specifically to fund Adult Social Care. This 2% levy raises an additional £5.6 million for Adult Social Care services.

## **4. OBSERVATIONS**

4.1 Scrutiny Members were provided with background regarding developments since the consultation budget had been issued. The Financial Settlement is due in late January/early February, the provisional settlement included:

- The flexibility to increase general council tax up to 3% confirmed
- Confirmation that Gloucestershire was unsuccessful in its application to be a Business Rate Retention Pilot in 2019/20
- £0.272 million new decrease in funding as a result of the reduction in New Homes Bonus of £0.422 million offset by an increase in Section 31 grants of £0.150 million.
- Confirmation of additional Social Care Funding
  - £2.53 million to manage winter pressures and reduce burden on NHS
  - £4.32 million to improve social care for older people, people with disabilities and children. This amount is split evenly between Adults and Children.
- Fair Funding Review consultation launches as part of provisional settlement
- Updated tax base information was due from the district councils by end of January 2019.

### **4.2 Communities and Infrastructure & Economic Growth**

4.2.1 Members recognise the strategic direction outlined in the Medium Term Financial Strategy, its reliance upon embracing technological enhancement and the importance of taking action to enable planned growth and change.

4.2.2 Members sought assurances that fast broadband would be made available to everyone in Gloucestershire. It is recognised that this depends upon the market being able to deliver this and that the focus is on trying to deliver superfast broadband to the final 2.5%. This will become increasingly difficult due to the physical barriers in place and so bespoke options will be provided where possible. Members emphasised the importance on universal broadband and how critical it is to delivering our services. The example was

given of the objectives of the health service in terms of diagnostic and monitoring work that could only be achieved through broadband.

- 4.2.3 It was explained that investment had been made into Highways and in particular the investment in the resurfacing programme. Alongside this investment, Highways Local equates to £10,000 per member within the base budget. Members emphasised the importance of the local councillor having the ability to use this money in a flexible way. Some members felt that this figure should be increased to match the amounts that had been provided in previous years of up to £30,000 per member. It was recognised that this had been achieved through one off additions to the previous budget made at full Council.
- 4.2.4 It was clarified that the previous Lengthsmen Scheme which had been available to members had been incorporated within the Highways Contract with a change of name. This is now called Community Maintenance Gangs and is aimed at better reflecting their role in the 21<sup>st</sup> Century. Scrutiny Members queried the amount that was now available for members to call upon as part of this and emphasised the importance of allowing the prioritisation of work to remain with the local Councillor.
- 4.2.5 Some members expressed concern about the ability for interested groups to access the 'Big Community Offer'. It was explained that this offer provided communities with the information and guidance to decide on the priorities for their area on Highways and to put forward an expression of interest for match funding. It had been acknowledged that there had not been a high take up of the offer. Some members feel that it is unclear how this offer can be accessed for areas that do not have parishes. Scrutiny members wish to emphasise the importance of ensuring that there are mechanisms in place that would allow the offer to be accessed by all communities.
- 4.2.6 There was a question asked on the investment in a health hub which included investment in a car park. It was suggested that rather than encourage cars into the city that investment should be made in public transport in order to support these developments. Members understood that discussions were underway with students about what improvements might be made in the area and that a business case would need to be drawn up if this was to be developed further.
- 4.2.7 Scrutiny members recognise the savings programme within the Fire and Rescue Service aimed at improving the efficiency of the service without being detrimental to communities and firefighter safety. The Cabinet Member was comfortable with the year 1 savings of £160,000 but scrutiny members feel that there is less certainty going forward and have expressed concern about

the Service being asked to make savings at a time when scrutiny and audit are carrying out reviews looking at the culture and governance.

- 4.2.8 Members recognised the uncertainty within the budget around the pay award for Firefighters in the future. This was a long term issue with the role of the firefighter also a subject of discussion with unions. No final decisions had been made nationally and so estimates were included in the budget.
- 4.2.9 Some members have raised concerns about the level of information provided noting that they would welcome more detailed figures beneath the headlines. One member noted the importance of clearly seeing the impact on the change in figures to service delivery.

### **4.3 Adults and Public Health**

- 4.3.1 Members understand that the 2018/19 net budget for Adult Social Care within the draft Medium Term Financial Strategy was £134.6 million which is the biggest area of expenditure of the County Council. This supports approximately 25,000 people who had a disability, are vulnerable, or live with an age-related disorder, as well as commissioning services aimed at addressing social care and health inequalities, promoting health and well being. Members were informed that the focus was on reducing the reliance on long-term residential care and move towards self-directed support.
- 4.3.2 The proposed budget for 2019/20 includes an additional increase of 2% for the National Social Care Levy. In addition to meeting the costs to date of implementing the Care Act, the increase will be used to part address the impact of demographic changes on cost pressures.
- 4.3.3 Members asked questions around the cost reductions outlined within the Medium Term Financial Strategy. Members recognise that the Adult Single Programme with iMPower and the projects within this looking to help manage demand, lead to better outcomes and deliver savings. Members were urged to consider the market position statement which had been released.
- 4.3.4 Some members have highlighted the reliance we have on communities to help provide support for older and vulnerable people. Questions were asked on how the Council would support communities which in turn would help us to reduce costs within the system. It was explained that a number of groups and organisations were grant funded by the Council with the Growing Communities fund provided as an example of how councillors had helped to identify those groups or organisations that could make a difference. It was recognised that there were often a number of service areas competing for members to use that money to support initiatives. Scrutiny members wish to

emphasise the importance of members having oversight and helping shape the direction on spending to help support community groups.

- 4.3.5 Members noted challenges within the domiciliary care market and asked questions as to whether the Council maintained the resilience and budget to be able to step in should providers encounter difficulties. It was explained that the Council understood this as a risk and that there was an allocation in the budget relating to market conditions. The Commercial Team undertook due diligence checks and ensuring that providers were fit for purpose before entering into contractual arrangements.
- 4.3.6 In response to questions, it was explained that the Council was more robust in terms of the recovery of debt, with a particular focus on adult social care. This has to be handled sensitively where there were vulnerable clients. On occasions a legal process has to be followed and this could take time. Very little debt was written off and scrutiny members emphasised the importance of continuing to be robust in the recovery of money owed.
- 4.3.7 Members raised the issue of mental health and wanted assurances around the way in which the Council funded activity in this area. It was explained that a small percentage of overall public sector mental health spending came from the Council but that a large amount of work was carried out on the Public Health side.
- 4.3.8 Members recognise the good working relationship with the Clinical Commissioning Group and the way in which these good relationships helps to maximise opportunities.
- 4.3.9 In response to questions on the reduction in budget around the drugs and alcohol programme, it was explained that this would not have an impact on service as it was related to more accurate estimates around reimbursement of prescriptions. In relation to reductions in spending on health behaviours, this reflected the fact that initially money had been invested in developmental work that had now been completed.
- 4.3.10 Some members raised concerned around the small number of school nurses who not only support physical health but also mental health. Scrutiny Members wished to emphasise the importance of this role in helping to support the work around mental health.
- 4.3.11 Members recognise that while the Public Health budget is a relatively small budget it has a cross cutting impact on other budgets within the County Council and wider. Scrutiny members wish to emphasise the importance of lobbying government to ensure that this budget is maintained going forward.

4.3.12 Recognising the points raised when considering the communities and infrastructure budget, members further discussed the importance of broadband in homes in order to ensure the success of initiatives in adult social care and public health.

#### **4.4 Children and Families**

4.4.1 The Council has wide ranging responsibilities for services for children, young people and families, including leading and co-ordinating all local partners to ensure outcomes for children and young people improve. Members recognise the challenges raised through the March 2017 Ofsted inspection and the subsequent work that has taken place since then. In addition members note the development of the new 'Families' Framework which replaces the old Children and Young Peoples Plan (CYPP) outlining the County's approach to the needs of children, young people and their families for the next 3 years.

4.4.2 Members understand that issues with recruitment and retention of children social workers has led to a large number of agency workers within teams. This has led to pressure on the budget and has led to incidences of young people having three or more changes of social workers over a 12 month period. Work was underway to over-recruit Assessed and Supported Year in Employment (ASYE) Social Workers which would lead to an initial impact on the budget but with the future benefits of a more permanent and stable workforce. It was felt that 8-10% of agency staff was a healthy position.

4.4.3 Members noted the progress being under taken through the IRIS programme, which was helping to provide support at a time when the market was not sufficiently developed locally to meet the needs of young people and to provide good value placements. It was importance that work was carried out to help develop that market because the implications of high cost placements on the budget was substantial.

4.4.4 Exclusions in Gloucestershire are at twice the number of the national average and members asked questions around what kind of early interventions and support with schools could be provided. This recognised both the negative outcome on the young person of an exclusion and the impact on budgets going forward. Some members raised the closure of Children Centres as being a contributory factor to pressures on other areas of the budget. Scrutiny members felt that going forward decisions such as this should be considered carefully with recognition of this wider budgetary impact. Some members questioned whether investment in this area would help ease pressures going forward.

4.4.5 Members felt that the relationship between Councils and schools needed to be strengthened. Some members had suggested considering opportunities

to invest in things that could help schools to support young people who were at risk of exclusion. It was recognised that any work with schools depended on a stronger relationship being developed.

#### **4.5 Core Council**

- 4.5.1 Members recognised the importance in stabilising the Council's ICT and ensuring suitable investment as systems become end of life. Part of this involves transition into 'cloud' based capability. This was an area of the Council's budget that had been underinvested in the past. Some members emphasised the importance of picking up the pace of the ICT transition, noting the use of tablets instead of paper which would help provide more efficient working and savings related to printing costs.
- 4.5.2 There was some discussion around property disposals which was used to reduce debt and for future investment. A measured approach was taken to the way in which the estate was used in terms of reusing assets in new ways or selling to generate a capital receipt.
- 4.5.3 One member sought clarification that the increase in Members' allowances had been budgeted for. It was confirmed that sufficient funds were available.

#### **4.6 Summary**

- 4.6.1 Over the course of the day, members identified a number of key themes for Cabinet to consider going forward alongside the observations outlined in the narrative of this report.
  - a) Members wish to highlight the importance of the Council's budget being inter-connected. Members note the reliance on joined-up thinking between service areas in order to help deliver the Council's strategy and manage the budget appropriately. Savings in one area of the Council's budget will have a direct impact on another area. This extends beyond the County Council to all public sector spending and the way in which we work with partners.
  - b) The Adults and Children budgets are high pressure areas and members have sought assurances that the budget is sufficient to meet the demands in those areas while improving the delivery on the ground.
  - c) Investment into early intervention should be considered a priority in order to achieve better outcomes for the individual and help the Council deliver the savings in a number of budget areas.

- d) Our relationship with partners is vital in ensuring the success of the Council's strategy and working with the budget. The example was given of the need to strengthen relationships with schools and provide support where appropriate.

4.6.2 In addition, members reflected on the budget scrutiny process and how that might be further developed going forward. This will need to be considered by OSMC, but comments included a request for additional information against budget headings as well as benchmarking information and a greater focus on the Council's strategy.

Cllr Patrick Molyneux

Chair of Overview and Scrutiny Management Committee