

February 2016

Report to Cabinet on Draft 2016/17 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 2016/17 budget.

**2. INTRODUCTION**

2.1 Overview and Scrutiny Management Committee has coordinated a response on behalf of the scrutiny function as a whole. Briefing sessions with Directors have been held across the service specific scrutiny committees in January.

2.2 Members who attended at least one of the sessions:

Cllrs: Phil Awford, Rob Bird, Tony Blackburn, John Cordwell, Doina Cornwell (Stroud), Janet Day (Tewkesbury), Iain Dobie, Bernie Fisher, Colin Guyton, Tim Harman, Joe Harris, Tony Hicks, Paul Hodgkinson, Steve Lydon, Paul McMahon, Tracy Millard, Patrick Molyneux, Nigel Moor, Brian Oosthuysen, Jim Parsons (Cotswold), Shaun Parsons, Mike Sztymiak, Nigel Robbins, Brian Robinson, Pam Tracey, Lesley Williams, Roger Wilson,

**3. BACKGROUND**

3.1 Cabinet on 16 December approved for consultation and scrutiny the detailed draft budgets for 2016/17, the Medium Term Financial Strategy (MTFS) and the Treasury Management Strategy.

3.2 Members recognise that the draft MTFS proposes two budgets, one includes a proposal of 1.99% increase in council tax and the other includes a national social care levy which would amount to an additional 2% on top of that (a 3.99% increase in total). Members felt that the financial settlement which was announced after the draft budget was published on 17 December, was unprecedented in terms of complexity including a different methodology resulting in a reduction in core grant funding of just under £1.5m. This was due to a loss of ring fenced grants, with the Care Act being the most significant; however the increase in tax base and surplus declared by districts was positive.

3.3 Scrutiny has a role to play in examining the proposals as a critical friend and consider how the Council will make the required savings in 2016/17.

## **4. OBSERVATIONS**

- 4.1 Overview and Scrutiny Management Committee met on 25 January 2016 to discuss their observations from the previous scrutiny sessions and to discuss the updated position with regards to funding. Some members have indicated their disappointment regarding the level of detail provided to scrutiny during the budget scrutiny process. Some members indicated that they would have welcomed further detail behind the cost reductions outlined in the MTFs and felt that without it, it was difficult to provide feedback.

The committee recognises the significant pressure placed on the Council by the lateness of the settlement. Working on the information available, and recognising the financial context, members have made the following observations.

### **4.2 National Living Wage**

Members noted that the cost increases outlined across service areas took into account the implications of the Living Wage. Members would like to reiterate the concerns expressed in the Living Wage Task Group report and note the pressures particularly in relation to Adult Social Care.

### **4.3 Children's Social Workers**

Members welcome the increased investment in children's social workers as per the recommendation of the scrutiny task group. Members note that there are challenges here with the national issue around retention.

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

The committee understands that over the next three years it is forecast that there will need to be year on year savings in the Children's budget. There would be a reshaping of the system involving re-commissioning and re-contracting to move away from expensive accommodation, similar to the changes that have taken place in Adults.

### **4.5 Communities and Infrastructure budget**

It was suggested by some members that the draft MTFs demonstrated a 'squeeze' on place based services, including highways, with investment going towards social care. It was commented that this 'squeeze' (with a budget reduction from 15/16 to 16/17 in Communities and Infrastructure budget of close to £4.5m) was approaching an unacceptable level potentially leaving services in an unsustainable position.

#### 4.6 Highways maintenance

During the Environment and Communities scrutiny session it was clarified that the cost reductions in the revenue budget would have no impact on the standstill maintenance of highways. Concern was expressed by some members regarding how severe weather might impact on the standard of the roads and the reliance on specific funding from central government.

#### 4.7 Public Health

Members note that the funding settlement in relation to Public Health had not been confirmed. Due to a transfer of services, there will be an increase in budget, however the Public Health budget had experienced in year cuts and these were expected to continue with further funding reductions also expected until 2019/20.

#### 4.8 Adults budget challenges

The reduced financial settlement leads to challenges across all budget areas. The Adults budget has previously overspent and so some members expressed concern about how further cost reductions could be achieved in this area. A proportion of the cost reductions would be achieved through the continuation of existing programmes and confidence was expressed that these remained the right programmes to deliver change. It was also suggested that if members made the decision to support a budget proposal that included the social care levy, the first priority would be to make up the shortfall based on changes to the care act funding within the settlement, easing the pressure on the budget.

Some members emphasised that the adults budget needed to accurately reflect the demands on this area of responsibility while also maintaining a balance across the Council's budget.

#### 4.9 Social Care Levy

Members discussed the two options provided within the draft MTFs, in particular whether the Council should implement the social care levy. The committee understood that Council Tax has not been raised over the previous five years and noted the positive contribution that would be made to the budget if the 2% levy was included. Some members expressed their support for the levy, while other members felt that they needed to see further detail and discuss more fully at full Council before expressing a view.

## **5. NEXT STEPS**

Overview and Scrutiny Management Committee will continue to monitor the areas of risk identified in the report and will develop its work plan based on the observations made throughout the process. Planning ahead for the budget scrutiny process on the draft 17/18 budget, the following comments will be discussed in more detail by lead members:

- Some members wished to have cabinet members in attendance at the service specific scrutiny committee's budget sessions. They requested that the cabinet member lead the discussion and present their element of the budget under their requirement to attend under the Overview and Scrutiny Procedure Rules within Part 4 of the constitution. .
- Some members reiterated the need for more information to be provided for the sessions, going into more detail below the headline figures to allow members to make more meaningful comments and recommendations.