

# **Overview and Scrutiny Management Committee**

**January 2018**

## **Report to Cabinet on Draft 2018/19 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 2018/19 budget.

### **2. INTRODUCTION**

- 2.1 Overview and Scrutiny Management Committee has the lead role in terms of budget scrutiny. It produces a response to the Cabinet's draft budget on behalf of the scrutiny function as a whole. A 'Budget Scrutiny' day was held on 10 January 2018, where sessions were held 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 draws out the key observations and comments made in response to the draft Medium Term Financial Strategy which goes to Cabinet on 31 January and is to be approved at full Council on 14 February 2018.

### **3. BACKGROUND**

- 3.1 Cabinet on 13 December 2017 approved for consultation and scrutiny the detailed draft budgets for 2018/19, the Medium Term Financial Strategy (MTFS), which includes the Treasury Management Strategy.
- 3.2 Members recognise that the draft MTFS proposes a budget totalling £407.16 million and is based on a 1.99% Council Tax increase plus the continuation of the 'social care precept' of 2% specifically to fund Adult Social Care services.
- 3.3 The proposed revenue budget for 2018/19 is a net reduction of £0.54 million from 2017/18. Investment of £28.72 million is included, offset by savings and efficiencies of £29.26 million.

### **4. OBSERVATIONS**

- 4.1 Scrutiny Members were provided with background regarding funding announcements since the publication of the draft budget. There were a number of headlines:

- Increased council tax referendum principle from 2% to 3% for 2018-19, with the maximum £5 increase maintained for district councils. 1% for GCC = £2.7m
- New Homes Bonus confirmed, £0.431 million higher
- Confirmation of other funding streams – in line with assumptions, which include no continuation of Transition Grant
- Gloucestershire was announced as one of the ten successful pilots for 100% Business Rate Retention.
- Announcement of the Government’s “aim” to localise 75% of business rates from 2020-21 and implementation of the new needs assessment.

## **4.2 Adults & Public Health**

- 4.2.1 The Adult Social Care budget is the single biggest area of expenditure of the County Council. Members understood that the proposed budget included 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 also be used in part to address the impact of demographic changes and costs pressure including the National Living Wage. Alongside this, demographic changes indicated a rising demand for support from people with increasingly complex needs that requires the Council to better manage and respond to demand.
- 4.2.2 The focus on Demand Management was a key theme expressed throughout the day. It was suggested that over time, the Council was becoming more demand led in many service areas particularly Adult Social Care. Members understand that a Members Seminar will be held which will provide an outline of the work taking place to manage demand. Scrutiny Members welcome that and ask that this seminar is arranged as a priority.
- 4.2.3 One member expressed the importance of the Council prioritising early intervention for vulnerable adults and children. He suggested that by ‘nipping issues in the bud’ this could prevent more acute services being required in the future and help prevent costs from rising uncontrollably.
- 4.2.4 In response to questions, Cabinet Members stated that they were confident that the budget was sufficient, recognising that demand can be difficult to predict. A significant amount of work had taken place to look to analyse the factors involved and to ensure resources were best allocated to meet that demand.
- 4.2.5 Members understand that at the heart of the work taking place to deliver change in Adult services there is a focus on culture change. This takes the form of a three-tier conversation at the frontline that gives a simple focus on helping people to help themselves:

Tier one – Help to help yourself

Tier two – Help when you need it

Tier three – Ongoing support for those that need it

One member explained that for this to be successful there needs to be the community support in place, otherwise people will immediately resort to 'Tier three'. It was important for the Council to engage with communities to help stimulate the services provided by voluntary organisations. This engagement with the community would help individuals to make good choices around their wellbeing.

4.2.6 In considering the importance of looking to invest at an earlier stage, as well as helping individuals to make good decisions, members highlighted the importance of Public Health and in particular Mental Health Services. Members welcomed the continued investment in Adult Social Care as identified within the budget, but some members expressed concern about the £32,000 reduction in the Mental Health budget within Public Health. Those members suggested that the budget should not be reduced. Members were informed that it had been felt that this level of saving would not have a significant impact as services were also provided within other areas of the Council as well as by partners.

4.2.7 Members noted the reduction in the sexual health budget of 13.1%. In response to questions it was explained that this was about updating the model to take advantage of technology and positioning the service at those with the most need. In addition there was close working with partners who carried out a lot of work in this area. Some members commented that given the reduction in the budget this was an area that needed monitoring.

### **4.3 Communities and Infrastructure**

4.3.1 Members were informed that there was a real focus on investing in the future of Gloucestershire. Infrastructure relates to social, economic and environmental systems to support growth and communities. The key drivers behind this are the changing demographics within the council and the technological changes that can allow for greater connectivity.

4.3.2 Members note the one off investments planned for 2018/19 involving the introduction of a Member led communities grant programme at a cost of £1.59m which would provide for £30,000 per councillor over a three year period. This would be in addition to the £10,000 per member Highways Local allocation which had been retained at its base budget position. In addition the Lengthsmen Scheme would continue for a further year before being incorporated into the new Highways Contract.

- 4.3.3 Some members felt that the Highways Local allocation needed to be higher and that members had used this money in positive ways in the past. One off additions to the 2017/18 budget at full Council had led to a £30,000 allocation per member for that year and some members would welcome a return to that amount. One member suggested that Cabinet should consider the views of all members when evaluating the future of Highways Local, while other members suggested that a review could be undertaken at scrutiny as to the effectiveness of the work that had been carried out under the Highways Local scheme.
- 4.3.4 Some members commented on the Lengthsmen scheme, stating that while some members saw the benefit of the scheme in their area, results were inconsistent in other areas. It was recognised that there were opportunities to feedback on the scheme ahead of it being incorporated into the new contract.
- 4.3.5 Clarification was sought regarding the commitment from the Administration to invest £150m over a 5 year period. It was explained that this included grants from government and £40m of additional funding from the Council. This longer time horizon provided greater stability and security around funding on maintenance on the County's roads over that period.
- 4.3.6 Some members raised questions regarding employment and skills in places of high need. It was suggested that some areas of the County were disconnected and didn't have the same access to services and opportunities. It was suggested that support needed to be targeted in those areas, perhaps through adult education and training, to ensure vulnerable people have the help and support they need to get into employment.

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

- 4.4.1 In setting the budget for Children and Families there are a number of key considerations. The headline issues included the impact of the Ofsted inspection and the importance of the improvement plan alongside the rising number of children in care. In addition changes in legislation including the requirement to support care leavers until the age of 25, ensuring the local education system is meeting the needs of children and young people and the management of the high needs budget is all putting pressure on this service area's budget. As well as reflecting on the considerations above, members discussed the challenges relating to the recruitment and retention of children's social workers.
- 4.4.2 In considering the Council's budget as a whole over the course of the day, members felt that the area exposed to greatest risk was the Children and Families Budget.

- 4.4.3 Members welcomed the additional investment of £10.985m for vulnerable children particularly within the external placement budget to meet cost and demand pressures, but discussed whether this was enough given the increased demand.
- 4.4.4 Members note the in year overspend within the service and highlighted how important it is that the budget is sufficient to take into account these risks and ensure we are delivering for children in Gloucestershire. Members were assured by the Cabinet Member that at the end of the budget process there would be a budget which would be sufficient to deliver the services required for children going forward. Members anticipate that this is a budget area that will be further amended in order to mitigate the risks.

## **4.5 Core Council**

- 4.5.1 One member asked that in future a more detailed budget (MTFS) was produced for consultation and scrutiny that provided further details into specific services. Importantly as the Council looks to generate income and establishes traded services, it would be useful to have the income projections identified within the MTFS against the individual budgets so that members could understand how significantly this affected budgets and how reliant budget areas were on income.
- 4.5.2 Another member suggested that the draft budget did not easily identify the areas in which the council were looking to invest to save and how that would impact budgets over the longer term. Members recognised that this was an area where the council had been successful in the past and that these projects needed to be more visible within the budget.
- 4.5.3 Gloucestershire had been named as one of ten 100% business rates retention pilots that had been accepted for 2018-19; one member suggested that the one off funding from this should be targeted at the most vulnerable within Gloucestershire.

## **4.6 Summary**

- 4.6.1 Over the course of the day members identified a number of key themes and suggested areas for Cabinet to consider further as they formulate the budget for full Council:
- a) The Children and Families budget stood out as an area of high risk. While welcoming the investment in this area, Members ask that the Cabinet further consider whether the budget is sufficient to meet the additional demand and to ensure the continuation of the Improvement Plan.

- b) Members welcome the focus on demand management alongside early intervention for vulnerable adults and children.
- c) Members felt that the success of this demand management depended upon work to stimulate communities to ensure that local services were there to help people when they needed additional support, before they required ongoing support provided by the Council or NHS.
- d) Some members asked that the Mental Health budget within Public Health be protected and not reduced by the £32,000 outlined within the Draft budget.
- e) Some members asked that the allocation per member of Highways Local funding be increased from the base budget position of £10,000 per member to reflect the allocation provided in previous years.
- f) For future budgets, Members requested that a more detailed budget be created for consultation and Scrutiny that included the income by department.
- g) In future budgets, Members would like to see more clarity around where the Council was investing to save and the impact of those savings in future years.
- h) Some members suggested that spending from the one off funding from 100% Business Rates retention pilot should be targeted at the most vulnerable within Gloucestershire.

4.6.2 Members recognise that the Council faces a large amount of cost pressures around predominately demand led services within the context of reduced national funding and that setting the budget is about identifying the right balance with limited resources. The aim of the budget scrutiny process is to help advise Cabinet in the formulation of that budget and to act as a critical friend. Feedback from the budget scrutiny process has been positive and Overview and Scrutiny Management Committee members feel that this 'one day' approach allows for themes to be more easily identified. Members wish to thank the Cabinet Members and Senior Officers who attended the sessions.

**Cllr Patrick Molyneux**

**Chair of Overview and Scrutiny Management Committee**