

BUDGET AND FINANCE SCRUTINY COMMITTEE

Minutes of a meeting of the Budget and Finance Scrutiny Committee held on Thursday 5th January 2012 at 6.00 pm in the Scrutiny Meeting Room, Civic Offices, Telford

PRESENT: Councillors R Sloan (Chairman), K Austin, R Evans, A Lawrence, C Mollett, S Reynolds, A Stanton, C Turley and R Williams (Co-optee), A England, N England, G Green, A McClements and W McClements.

Officers: K Clarke (Head of Finance), K Kalinowski (Head of Performance and Standards), J Rowe (Head of Commissioning), P Taylor (Head of Adult Social Care Delivery), S Jones (Scrutiny Officer), T Clarke (Scrutiny Officer) and J Clarke (Democratic Services Officer).

BFSC-22 MINUTES

RESOLVED – that the minutes of the meeting of the Budget and Finance Scrutiny Committee held on 15th November 2011 be confirmed and signed by the Chairman.

BFSC-23 APOLOGIES FOR ABSENCE

None

BFSC-24 DECLARATIONS OF INTEREST

None

BFSC-25 FINANCIAL MONITORING 2011/12

The Head of finance presented a report on the 2011/12 financial monitoring.

The Revenue spending for the year is projected to be within budget at year end, this is after 2.145m had been set aside in order to support the 2012/13 budget. There were significant pressures in the budget for the current year which were identified as:

- Adult Social Care purchasing – projected £0.9m overspend
- Children in Care Placements including Safeguarding Service and Legal Costs – combined overspend of £1.4m
- Specialist Education - £0.54m
- Income shortfalls from PIP rentals (£200k) and planning (£115k), building control (£180k) and licensing fees (£75k) totalling £0.57m

Although the Council faced a challenging position during the next year there were some benefits:

- Treasury Management £750k

- New Homes Bonus Grant £615K
- Insurance renewal process £250k

This enabled £2.145m of efficiency savings to be delivered early. At the time the Report was written ¼ of the budget had been spent. This figure currently stood at 37% and it was usual that the bulk of the budget was spent at the end of the financial year. It was proposed that any further underspend would be carried forward to supplement the one-off contingency for 2012/13.

Collection levels for Council Tax were ahead of target whilst the NNDR collection and Sales Ledger Debt were slightly behind target. This was being closely monitored.

Question

In the current climate/recession have the benefit claims gone up?

Answer

This year had the highest record of new cases and was worse than 2007. The current spend on benefit claims was 2.8m higher than last year and the Council was only given 95% back in grants. This system would be changing from 1st April 2013 whereby the grant would given in the form of a lump sum but this would have been cut by 10%. It would be up to the Council have its own Council Tax Benefit Scheme in place. Member Information Seminars were being put in place to outline the new changes and it was hoped that Members would attend.

RESOLVED – that the report be noted.

BFSC-26 SERVICE & FINANCIAL PLANNING STRATEGY 2012/13-2014/15

The Council's Service & Financial Planning Strategy for the period 2011/12–2013/14 was approved at full Council on 3rd March 2011 and was the most challenging ever faced. The Comprehensive Spending Review (CSR) cuts for local government over this 4 year period were 27% as compared with other Government Departments who averaged a cut of 8.3%. The scale of these reductions and the front-loading were much greater than expected and it was hoped to use the current year's budget and £9.1m of one-off resources to limit the impact on front line services. The outlook was not improving and it was expected that there would be a further squeeze on public spending for 2014/2015 and the following two years after. Pressures on the budget were:

- PIP Rentals – Vacant properties
- Funding of Benefit cases
- Older People – PCT Continuing heal care cases

In real terms the cash cut equated to £40m.

The Government are currently reviewing the Local Government Framework and no details were available except that the control of business rates would revert back to the Local Authority. This made projections for 2012/13 very difficult. Damping would

continue and would be in the sum of £2m. There was an underestimation of the population by 7,000 which equated to £2.8m, but the data from the Census had been frozen and was not included in the 2012/13 budget. The reductions in the Grant limited the scope for any new investments as additional demands had been placed on the Council's Adult Social Care Services and investment into Brookside. A savings package totalling around £18m was set out and included:

- Senior Management Restructure – 50% cut over 3 years
- Reductions in pay for Senior Officers
- Service Review Programme
- Staff reductions through re-structure (excluding Safeguarding)

The Government had offered a one-off Grant to freeze Council Tax for the period 2012/13 and the Council was in the process of seeking views from the community of whether Council Tax should be frozen in 2012/13 or whether it should be increased to protect services. The three consultation options could be found in the Report.

New investment would need to be found to meet increasing budget demands of adult social care including £1.3m towards Continuing Health Care (CHC). After heated discussions with the PCT an initial offer had been made and discussions would be ongoing.

Balances and one-off benefits for 2012/13 would be carried forward including:

- Savings proposals including additional income - £8.046m
- Savings from staff restructure - £7.933m
- Single Status provision - £2m

together with one-off resources towards the £21,987 budget Gap. These figures could be found at Appendix 8 of the Report.

Council Tax for Telford & Wrekin in 2011/12 was the lowest in the Midlands by approximately 14%, this made the Council £10m worse off, this would bring down the funding gap from £22m down to £12m.

Due to Capital Programmes being squeezed down the debt was being paid out of the revenue budget. Projections were:

Debt Repayments - £172m
Council Tax Taken - £56m

Capital is a problem that has to be addressed.

There were some positives:

- £0.6m income increases
- £3.3m operational efficiencies
- £2.18m procurement savings

A note containing questions asked in advance of the meeting was tabled together with the answers. In addition to the information provided in the note the following information was given:

- Single Status
 - The climate had changed since 2007 but the same % had been used
 - Negotiations would be entered into with Unions on single status costs
 - More people could lose pay than may have lost pay previously
 - People who have left could lodge a claim and would be entitled to the increase. The Council would have to pay. The £11m in general fund money should be sufficient to cover any payments necessary
 - £12m invested and should be classed as a reserve. Auditors decide if the decisions taken are right. The best use of reserves must be made in order to retain services.
- Capital Receipts
 - Capital Receipts were on the conservative side and were better than at first thought
- Treasury
 - Audit Committee receives regular updates
 - Projections were 4.5% in June of this year and this figure was significant for debt repayments
- Contingencies
 - Ironbridge Gorge
 - Government Offered 60% up to £20m (approx £12m) with the Council contributing the rest (approx £8m)
 - The money should not be turned down if at all possible, but it needed to be borne in mind that the total costs could be as much as £80m – could the Council afford this
 - Any new work should compliment previous work undertaken
 - There may always be some kind of spend on the Gorge, but this must be undertaken in proper stages
 - Tourism ie Museums – how much revenue and how many visitors come into the Gorge?
 - There was currently no clear cut deadline but this will be looked at and a response brought back to a future meeting but it was envisaged that a decision would need to be taken in the next 4-6 months
- Landfill
 - There had been no announcement as yet that the cost of landfill tax would go above £80 per tonne
- Food Waste
 - Waste Collection was due to go out to tender and there was to be a lot of changes. There would be a need to specify exactly what was required to meet the requirements needed and be as cost effective as possible
 - A report would be taken to cabinet in the next few months
- Council Tax Comparison Figures
 - A disposable income comparison from National Statistics was requested together with an comparison of average earnings
- Shared Services

- There was currently no real scope to share services. Services with neighbouring authorities/partners were potentially more expensive and there may be more travelling costs involved outweighing any possible costs savings.
- Council Tax Consultation
 - The budget was set on the worse case scenario. The Council needed to make the most informed choice possible. A decision would be made once the consultation period was completed. Further discussions would take place at the planned meetings on 24th January and 1st February 2012
- Capital Costs Programme
 - A Breakdown of the Capital Costs Programme would be brought to the next meeting

It was advised that if any further clarification was needed or any questions from the meeting arose to contact Stephanie Jones, Scrutiny Officer.

The Head of Adult and Social Care gave a verbal update. Adult Social Care is a large area with significant pressures including older people needing support with a complexity of cases and the survival of younger people into adult life. Work was to be progressed over the next 3 years and it was recognised nationally that community care is unsustainable in its current form. There may previously have been an over-subscribing of care and there were proposals to design a more personalised model with the same level of services at a lower cost. Savings could be made on Continuing Health Care through re-enablement and personal budgets. There were also plans to reduce the transitions costs of children's packages. £20m was spent on care and it was important that the budget was spent wisely. The proposal could deliver savings through better procurement of domiciliary care through the reduction of costs paid per unit of service and by assessing the cost of care provision for residential and nursing homes for younger adults. Some of the proposals put forward may in reality could potentially lead to a reduction in service or a higher cost to individuals. A low level preventative service may delay or reduce the need for expensive care. Some subsidised care cost had been increased but the individuals were still willing to pay for the services and it was hoped through this that the service be as cost neutral as possible as people liked the backing of the Council.

The low level prevention service cost made to individuals above the eligibility threshold would be increased from £8 to £12 but this is still below the national average of £13/£14. It was suggested that there were individuals who have higher levels of income and may be able to pay more taking into account the full level of disability benefits received towards their care. It was proposed to consult Service Users and allow them sufficient notice, if changes were to be made, to opt out of the scheme. This may have a slight impact in achieving the full amount of fees.

The Council was working with the supporting people services which provided low level housing related support ie maintaining tenancies. The old system had been based on housing provision and not on the needs of the individual and it had been identified that not every individual's needs are the same. It was hoped to change to a needs led scheme rather than giving all individuals in the housing scheme the

same services, which often were not required. Further information would be reported back to the meeting proposed for the 24th January 2012.

Assisted technology had made advances and was a solution used to help some individuals with their home care but was not designed to replace care. It was used most effectively with re-ablement packages with families seeing the benefits and choosing to pay for the service on an ongoing basis, which helped to reduce care costs. ALD Schemes had successfully replaced the waking night duty staff with assisted technology which helped reduce staff costs.

The Head of Policy and Performance gave a verbal update on the work that was being undertaken to have preventative measures put in place at an early stage to relieve budget pressures. There was a big push towards prevention in the service design. It was important with family connect to have contact with the right place initially and make sure that any actions are followed up. Early intervention was there to help from early signs and it was following the children's centre concept. Cohesion used dedicated workers to help with the complex needs of children on the edge of care or who had gone into care with the aim of helping them back to their families if appropriate. The service was at the beginning of its restructure but had already achieved some success. Children had not been taken into care or have been returned to the family sooner than expected. It was aimed to provide better early intervention by close working arrangement and working together at every level. Some prevention measures were:

- Placing someone into the family instead of putting children in care
- Cohesion Service
- Daily Support
- Respite not only for the disabled but for other families too
- Family Group Conferences to include extended family members and friends who could provide support

The package was give families ideas of how they could help themselves and learn from other ideas and places and by re-designing the service to bring down the number of children in care and only place the children in care who need to be there. A reduction in costs could be reduced by:

- Better support
- Fostering
- Looking at placement costs and not going out to the more expensive agencies

A question was raised as to whether more people had become interested in fostering due to the recession. A free advertising campaign was currently running on Beacon Radio. Where expressions of interest had been made the standards still needed to be met. If applicants had been expressing an interest for financial gain only this would be picked up on.

The strategies were beginning now and would build momentum during the next 6 months. Once everything was in place it would continue to build over the next 12-18 months.

There were no significant budget pressures with larger families moving in or out of the Borough, it was children with extremely complex needs ie disability or teenagers that were the most expensive and less predictable cases as there was no special provision locally and the services had to be brought in.

There was no separate contingency for safeguarding or care. The funds were kept centrally and needed to be flexible but there was enough funding for meet corporate pressures next year.

The Head of Commissioning presented a report on the savings proposals for Environmental Services. There were a lot of proposals and there were some difficult decisions ahead as £4.5m needed to be saved on top of the staff savings. Changes had been made last year to the cleansing and road sweeping and grass cutting services. The largest area of spending was the TWS Contracts and negotiations were currently taking place to make contractual changes and to do things differently. The efficiency savings were through procurement and would not directly affect residents.

A question was raised regarding saving 205 and the closing of the Newport CRC and closing the remaining sites for 2 days a week on Tuesdays, Wednesdays and Thursdays. It was clarified that sites will always be open on Tuesdays, Wednesdays and Thursdays together with Bank Holidays and weekends. The sites were only to be closed on Mondays and Fridays on a rotational basis and there would always be one site open. It was suggested that this was made easy and clear to understand during the consultation process. The alternative sites, although a short distance away, were situated quite well no more than 15 minutes away and on a good road network and were easy routes. To use the CRC you had to be mobile and there was a lot of inward movement for work purposes and it may not necessarily mean special journeys.

A question was raised regarding the site of the Tetra Pak recycling which had been re-located to the CRC Site. It was asked if this could be re-located to another site in Newport. This would be brought back to the meeting on 24th January.

Regarding fly-tipping there was no intelligence to suggest that closing the CRC Site in Newport would encourage fly-tipping and occurrences were not anticipated. This would be monitored.

A report would be taken to Cabinet during the next 2 months in order for consultation to begin although some soft market testing and consultation had been sought from the public. Recycling needed to be as simple as possible and this would be fed into the procurement process in order to get recycling targets up. It was hoped that this would begin in April-May and a Members Information Seminar would be arranged.

Funding to continue the food waste trial could not be found as it would have cost between £0.5-£1m to implement. This would be looked at again if the Government changed the rules. This would be a feature of the procurement of waste management. There were opportunities to use good local businesses within the Borough in the future. Marketing for behavioural change was being targeted with the pilot scheme in Woodside and there was scope for encouraging re-cycling without

too much effort. This would include visiting schools and PR with Parish Councils to improve re-cycling activity.

RESOLVED – that the report be noted.

BFSC-27 FORWARD PLAN

A discussion then took place on the following items:

- National Deaf Children’s Society - FoI requests
 - Not to be included on work programme
- Homestart
 - Budget & Finance to ask for further information before a decision was made
- Re-Cycling Proposals
 - Budget and Finance to look at the proposals

A programme of consultation events was tabled at the meeting and Members were asked to confirm whether they intended to attend at any of the events prior to them taking place.

The following items were to be reported back to future meetings of the Committee:

- Ironbridge Gorge Funding Deadline
- Economic Benefits – Statistics
- Average Earnings Regionally for Council Tax comparisons
- Disposable Income figures
- Breakdown of Capital Costs
- Siting of the Tetra Pak location and Fly Tipping
- Overspending figures for Looked after Children over the last 8-10 years
- Overspending figures for Adult Social Care over the last 8-10 years

If Members had any further queries or questions it was asked if they would contact Stephanie Jones, Scrutiny Officer.

RESOLVED – that the Forward Plan be noted and the date of the next meeting be agreed as Tuesday 24th January 2012 at 6.30pm

The meeting ended at 8.52 p.m.

Chairman:

Date: