

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).

Also attending: Cllrs. W. McClements (Cabinet Member Resources & Service Delivery), A. England, N. England, G. Green, A. McClements; K. Clarke (Head of Finance), P. Taylor (Social Care Specialist), K. Perry (Head of Safeguarding), J. Rowe (Head of Environmental Services), Stephanie Jones (Scrutiny Group Specialist) 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 the Financial Monitoring 2011/12 report.

Revenue spending for the year was 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 even after offsetting additional NHS grants and other one of balances available in 2011/12. The overspend was mainly due to the additional costs picked up by the authority as a result of the withdrawal of CHC funding.
- 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, together with savings delivered early should enable £2.145m to be carried forward in to 2012/13 to create a one-off contingency.

At the time the Report was written ¼ of the capital budget had been spent. This figure currently stood at 37% and it was usual that the bulk of the capital budget was spent at the end of the financial year.

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 housing and council tax benefit claims gone up?

Answer

This year had the highest level of cases and was worse than 2007. Spend on benefit claims for 2011/12 was projected to be £2.8m higher than last year and the Council was could only reclaim c.95% back in grants so residual costs and the cost of administration had increased. The system for council tax benefit would be changing from 1st April 2013 whereby the grant would given in the form of a lump sum with a 10% cut and each local authority would have to design its own Council Tax benefit system with no detriment to pensioners. Members 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 the reductions and the front-loading, particularly in 2011/12, were much greater than expected, and £9.1m one-off balances had been used to fill the budget deficit in 2011/12 which could not be replicated but there was a strong desire 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 2014/15 and the following two years. The recession had put additional pressures on the budget such as:

- PIP rentals – more vacant properties
- Increased funding of benefit cases

- There had also been an increase in the number of older people and shift of costs from the PCT to the local authority

Taking inflation into account, in real terms the cash cut to grants equated to £40m over the life of the CSR.

The Government is currently reviewing local government finance and no grant allocations have been made for 2013/14 or 2014/15. No details were available except that the control of business rates (NNDR) would revert back to the Local Authority. This made projections beyond 2012/13 very difficult. Grant damping would continue resulting in around £2m being withheld. There was an underestimation of the population by up to 7,000 which equated to a loss of £2.8m to the grant, and 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 new investments, but additional investments were proposed in Adult Social Care Services and investment into Brookside. A savings package totalling around £18m was set out in the report. Key proposals included:

- Senior Management Restructure – bringing a cut in the senior management team of over 50% over 3 years
- Reductions in pay for the most senior officers
- Continuing savings from the service reviews
- Staff reductions through re-structure (excluding Safeguarding)

The Government had offered a one-off grant of £1.4m to freeze Council Tax for the period 2012/13. The report set out 3 options for Council Tax and were seeking views from the public:

- To accept the grant and freeze Council Tax for 2012/13, but raise Council Tax by more than would otherwise be the case () for 2013/14 or cut services;
- To decline the grant and raise Council Tax by 2.5% (41p per week for the average household) as part of a 3 year strategy to avoid higher tax increases in 2013/14 or service cuts;
- To decline the grant and increase Council Tax by 3.5% (58p per week) and either remove some service cuts or reduce the tax rise in 2013/14.

Council Tax in Telford & Wrekin was the lowest for unitary services in the Midlands.

New investment of £1.9m would be made to meet the increasing budget demands of adult social care including £1.3m towards the displacement of Continuing Health Care (CHC) funding. There had been discussion with the PCT about a one-off payment to help mitigate the additional costs to the Council and negotiations were on-going.

The budget position was summarised in the report:

2012/13

Base budget gap	£21.987m
Non-staff savings proposals	-£8.046m detailed in Appendix 8
Staff savings	-£7.933m after leakage
Single Status provision	-£2m
Shortfall	£4.008m
Council Tax grant if accepted	-£1.4m

Use of balances	-£1.4
Further savings	-£1.208
Remaining gap	£0

The 100-Day budget had reduced the capital investment programme, but the cost of capital to the revenue budget was projected to be £3.471m. A breakdown of the cost of borrowing was requested and was provided after the meeting.

Following the presentation a note was tabled providing a response to members' questions which had been asked in advance of the meeting. In addition to the information provided in the note, the following information was given:

- Single Status
 - Ex-employees could lodge a claim when they left and may be entitled to back-pay dependent upon the final negotiated settlement.
 - The £12m already set aside was deemed sufficient to provide reasonable cover against potential costs, but negotiations would be required and pay rises in some areas may mean job cuts in other areas.
 - The £12m was shown on the balance sheet as a creditor and was invested although it was ear-marked provision. This followed advice of the auditors .
- Capital Receipts
 - Assets were valued cautiously and recent sales had exceeded estimated values.
 - £100m was assumed from capital receipts and this needed to be achieved as the cost of alternative borrowing would put pressure on the revenue budget or expenditure would have to be re-phased or cut
- Funding for land stability in Ironbridge Gorge
 - No provision had been made in the budget for match funding for the Council's contribution to stability work in the Gorge (£8m of a £20m package for initial work around Jackfield).
 - Members requested clarification on whether there was a deadline for accepting/rejecting the government's offer.
 - Members requested further information about the economic impact of tourism in the Gorge.
- Landfill
 - There had been no announcement as yet that landfill tax would go above £80 per tonne but increases to this level had been reflected in the budget projections
 - Waste was being considered as a strategic issue and the Council was due to go out to tender for a set of contracts to meet the authority's strategic requirements. A report would be taken to Cabinet over the next few months.
- Food Waste
 - The food waste trail had ended as it was not financially sustainable.

The following information was provided in response to members' further questions:

- Further information would be provided on average household income levels in unitary authorities in the Midlands to compare against the level of Council Tax.

One member felt that the lower Council Tax level in Telford & Wrekin could be proportionate to income levels.

- Further shared services were not being considered except in the area of adult where work was being done with Shropshire Care providers although Telford & Wrekin already has the lowest cost of care in the West Midlands.
- A recommendation on Council Tax would be made to Council once the results of the consultation with the public were known.

The Social Care Specialist gave a verbal summary of the financial position and issues in adult social care. Adult social care is a large area with significant pressure from an aging population with more complex cases. The budget proposals were based on extensive work undertaken over the last 3 years around the personalisation agenda and to address the un-sustainability of existing services. There had previously have been an over-subscribing of care and the proposals were based on redesigned services to deliver the same level of care at a lower cost. Costs could be reduced from enablement, re-ablement, re-habilitation and transition programmes. The proposals could deliver savings through better procurement of domiciliary care to reduce the cost 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 lead to a reduction in service or a higher cost to individuals, for example the low level preventative service which can delay or reduce the need for expensive care later on. The cost of low level care had been increased but people were still willing to pay for the services and it was hoped that the service become cost neutral but the Council would still arrange services as people liked the backing of the Council.

The low level prevention service charge to individuals above the eligibility threshold would be increased from £8 to £12. Members asked if there was scope for a higher increase as other authorities charged as much as £13/14. Members were informed that the higher costs in other areas were not for a similar service so were not comparable. However, some people with a high level of care could afford to pay more when taking account of disability related benefits, and this would be looked at.

Members were concerned that consultation on changes in adult care should be robust to mitigate against the risk of challenge and judicial review. Members were told that the high profile judicial reviews highlighted the need to go through due process and this would happen. General consultation would be carried out, and service users would be given sufficient notice of proposed changes so that they could choose to opt out of the service. This could have an impact on demand for services and it was important to get it right.

Work was being done with Supporting People providers, primarily housing providers, so that contracts are funded on a needs-led basis rather than a generic service which may be above the needs of the individual. Savings delivered could be used to support people in other non-supporting people schemes. Further information would be reported back at the next meeting.

Members wanted to know if assisted technology was a good solution when a person may need a more personal service. Members were assured that assisted technology could be a solution to help some individuals within their home but was

not designed to replace care. Evidence showed that technology could be used to great effect in different ways and needed to be embedded at the preventative end. For example, it was used in housing schemes for adults with learning difficulties to provide alerts on people rather than have a waking night duty. 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.

The Head of Safeguarding gave a verbal update on the work that was being undertaken on early intervention and preventative services which were being put in place to relieve budget pressures resulting from the escalation of problems leading to crises. The Family and Community, Early Intervention and Cohesion services had been redesigned to identify issues early on so that the right level of support could be put in place from across a range of partners. The single point of contact for access to multi-agency children and family services, Family Connect, would be launched in April. The service was at the beginning of its restructure but had already achieved some success. Children had not been taken into care or had 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.

Members agreed with the early intervention approach and asked whether all preventative measures were being explored such as a support person living with a family as this had been done in other countries. Members were told that live-in support was not provided, but intensive daily help could be offered. Respite care was also being looked at, and family group conferences were held to look at how families could help themselves. The aim of this intensive preventative work was to reduce the number of children coming into care, but in a safe way.

A question was raised as to whether more people had become interested in fostering due to the recession. Members were told that a targeted recruitment campaign had been running over the last 18 months which had been very successful, partially due to the planned strategy developed in conjunction with the Communications team. There had been free of charge coverage on Beacon Radio. Members were assured that the recruitment process was robust and that the team were trained to screen out applicants who were motivated by money.

Members wanted to know how long it would be before the new structure started to deliver savings and were informed that the strategies would build momentum over the next 6 months and should deliver real savings over the next 12-18 months.

A question was raised about whether there was an issue with families with problems moving into the borough and having a great negative impact on the budget. Members were told that there was no net effect on the budget of families moving into the borough because as many left as moved in. The real pressure on budgets came from the children with very complex needs or disabilities or behavioural problems as the cost of placements was high. There was not a critical mass of children with these needs to justify having in-house provision and it was necessary to find appropriate provision wherever it was, and most often outside the borough. The placement team was doing some good work on procurement.

Members asked whether there should be a separate contingency for children in care. There were significant contingency funds and Cabinet had taken the view that these should be held centrally and not ring-fenced but spent when and where required. £2.3m was held centrally as general uncommitted balances, plus £2.1m additional one-off contingency rolled over from this year, plus £1.2m un-used so far this year which may further increase this one-off balance, and £1.6m in base budget contingency. In addition an amount was held centrally for inflationary pressures that would only be released on the basis of evidence that it was really required.

The Head of Environmental Services gave a brief overview of savings proposals in 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 contract and negotiations were currently taking place to make contractual changes and to do things differently.

A question was raised regarding saving proposal 205, the closing of the Newport CRC, and how many days the other sites would be open over Tuesdays, Wednesdays and Thursdays. It was clarified that one site would always be open on Tuesdays, Wednesdays and Thursdays (which were the lowest demand days) and that this would be arranged on a rotational basis. It was suggested that this should be made clear during the consultation process and after that if the changes were made. Members were informed that the three CRS sites would provide all people in the borough with access to a site within 15 minutes drive. They were on a good road network and easy routes.

A question was raised regarding the removal so the Tetra Pak recycling point which had been re-located to the CRC site in Newport, and it was suggested that if the site closed, a Tetra Pak recycling point should remain in Newport.

Members asked whether the closure of Newport would lead to an increase in fly-tipping. Members were assured that there was no evidence from other areas with lower level facilities that there was more fly tipping. The bulk collections service and environmental projects with the voluntary sector such as litter picking and the possible development of a rapid response team helped to reduce the risk of fly tipping further. An increase was not anticipated, but the situation would be monitored.

Members wanted to know what stage dialogue with the public about recycling containers was up to. Contracts were due to be let in 2014 and a report would be brought to Cabinet over the next 2 months. There had already been engagement with the market and soft market testing, including consultation with the public. This would feed into the waste management procurement process due to commence in April/May and a Members Information Seminar would be arranged.

Members asked for more information about the food waste trial. The trial had been discontinued as funding to implement a scheme would cost between £0.5-£1m over the cost of land-filling. Food makes up a significant volume of waste going to landfill and the options for food waste would feature in the next round of going to the market. If the government introduced a requirement to implement food waste

recycling, Telford & Wrekin was well placed with anaerobic digesters at Harper Adams and Gnosall.

Members asked whether it was realistic to assume a £75k per year saving from increased recycling as a result of a social media campaign. Members were told that the campaign would be about changing behaviour. A targeted pilot was being run in Woodside and there was scope for doing more work with schools and parish councils to encouraging re-cycling.

Officers left the meeting and members discussed what further information they would like reported at the next meeting. This was agreed as:

- Information about the economic benefit derived from tourism in the Gorge.
- Comparison of Telford & Wrekin average earnings (disposable income) with other unitary authorities in the Midlands compared to Council Tax levels.
- Breakdown of capital costs.
- Options for efficiency savings in Supporting People services
- Clarification on the funding position for HomeStart for 2012.
- Costs of looked after children to show trend over last 8 years
- Costs of adult social care to show the trend over the last 8 years
- Feedback from the consultation

It was agreed that following the meeting Members should send any further requests for information to the Scrutiny Officer to request a response at the next meeting.

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.

BFSC-27 FORWARD PLAN

The date and time of the next meeting was noted as 6.30pm on Tuesday, 24th January 2012.

The meeting ended at 8.52 p.m.

Chairman:.....

Date:.....