

## **BUDGET & FINANCE SCRUTINY COMMITTEE**

**Minutes of a meeting of the Budget & Finance Scrutiny Committee held at 6.30pm on Tuesday, 4<sup>th</sup> June 2013 in Meeting Room 3, Darby House, Telford.**

**PRESENT:** Councillors S. Reynolds (Chair), K. Austin, R. Evans, K. Guy, A. Lawrence, C. Mollett, G. Reynolds (part), A. Stanton and Co-optee R. Williams.

Also attending: Cllr. Bill McClements, Cabinet Member Finance & Enterprise; Cllr. Paul Watling, Cabinet Member Children, Young People & Families; L. Johnston, Director Children & family Services; S. Jones, Scrutiny Officer.

### **BFSC-1      MINUTES**

**RESOLVED** – that the minutes of the meetings of the Budget & Finance Scrutiny Committee held on 5<sup>th</sup> February 2013 be confirmed and signed by the Chairman subject to the correction of typing errors on pages 4 and 8.

### **BFSC-2      APOLOGIES FOR ABSENCE**

Co-optee Fiona Robinson.

### **BFSC-3      DECLARATIONS OF INTEREST**

None

### **BFSC-4      CABINET RESPONSE TO THE COMMITTEE'S COMMENTS ON THE 2013/14-2015/16 BUDGET PROPOSALS**

The Chair welcomed Cllr. Guy to the Committee and Cllr. Austin back to the Committee following their appointment at Annual Council, and thanked Cllrs. Sloan and Smith for their contributions during 2012/13. She then invited Cllr. Bill McClements, Cabinet Member Finance & Enterprise to comment on his response to the Committee's feedback on the budget proposals which had been presented to Cabinet on 28<sup>th</sup> February. The response had been circulated to the Committee on 11<sup>th</sup> April and copies were also tabled.

Cllr. McClements said when the Committee's feedback had been presented at Cabinet he had committed to provide a written response for the Committee although one had not been requested. Some minor amendments had been made since the response had been circulated. Cllr. McClements referred members to his written response but commented on the following points:

1. The financial pressures were well understood and the budget had been set with

tighter departmental budgets and a bigger contingency to allow for better planning. The approach required service changes and cuts to be made earlier while having a contingency to allow for slippage. The budget had addressed areas of shortfall such as the PIP rental etc. so these budget pressures would not repeat.

2. He disagreed with the Committee's comment that the Council had taken a "salami slicing" approach to savings and this was not true. The early savings targets of 20% had been set across the board, but then adjusted so that some areas had bigger targets than others. Around 85% of the total budget was spent on 3 key areas of adult, children and environmental services.
3. These points would be discussed in more detail later in the meeting. Unit costs compared favourably with West Midlands authorities.
4. There was a focus on generating income and measures to attract New Homes Bonus and Business Rate Retention income. There were no easy fixes and new ideas to generate income would take time to come to fruition and it may take 5-10 to see a return on investment. The first idea being looked at was housing stock and there were a lot of legal and planning issues to deal with. Cllr. Stanton asked if housing was the only idea and was told that it was not but it was one that was being looked at now.
5. The Council was well aware of the impact of servicing debt on the revenue budget and further capital borrowing was not an option. The Council needed to sell assets to make up the budget gaps to fund the capital programme and there was no choice. The BSF budget had been cut by 30% so the Council needed capital receipts to make up the shortfall. There had been short-term borrowing for Southwater but for long-term gain. The government put less than 20% of road/fuel tax revenue into roads which was not adequate so the Council had to supplement the road programme with capital receipts - roads were a big priority for local people. £5.8m had been raised towards the £8m required to lever in £12m of government funding for stability in Ironbridge Gorge and there was no choice about this because the Gorge could not be allowed to collapse. Front end investment had been made in replacing street head lights with energy efficient lights as an "invest to save". These were all essential projects and there was not scope to cut the capital programme.
6. As discussed above, the sale of assets was essential to fund capital projects. There was less scope now that the HCA had kept ownership of land.
7. and 8. The Committee's comments had been noted and passed to the relevant Cabinet Members.
9. The decision had been taken to increase Council Tax by 1.9% to help support the budget. The decision not to accept the freeze grant meant the Council was more than £2.3m per year on-going better off. More than 40% of Councils had decided to increase Council Tax for 2013/14.
15. There had been many debates about outsourcing. At a recent LGA meeting in

Birmingham it was clear that Telford & Wrekin was ahead of many authorities because it had had outsourced many services many years ago. The written response included a list of services which were already outsourced. The question now was whether there was a case for taking services back in-house, for example adult care provision cost around £16.40 per hour but staff were probably paid minimum wage so there was a big mark-up and the question is whether this is acceptable. The dilemma with outsourcing is that once expertise is outsourced to an external company, as for example proposed in the Shropshire model, the Council loses the expertise and the resources to carry out proper cost evaluations on a range of options. The risk is that the external company becomes profit driven and does not offer value for money.

In relation to 3b) Cllr. Stanton asked whether and what thresholds were built in to trigger corrective action to counteract risk (e.g. higher numbers of children in care, demand for adult services, environmental risks) so service pressures are managed and balanced in-year across the Council's overall budget. Cllr. McClements replied that bigger contingencies had been put in to cover these kinds of risks. Future demand was not built into base budgets because it would mean making cuts elsewhere and once more money had been built in it would stay in, but he recognised the point and that there are pressures. With regard to the cost of children's care placements, he said we need to be realistic about future demands and that financial monitoring was very good - the best it had ever been - and costs were benchmarked against other authorities. Cllr. Stanton accepted the comments about the good financial management but said there was still a need to mitigate big risks. Cllr. McClements repeated that contingencies were built in for the big risks. Cllr. Watling added that it was hard to do because the only wiggle room was around the non-statutory services and children in care was a statutory duty and responsibility for all members. The welfare benefit reforms could put extra pressure on families and it was not possible to foresee the impact, but the service was working to help people as early as possible to relieve potential future pressures – e.g. an increase in homelessness - and would need to react to pressures as they go along. He felt all Councillors needed to be aware of the pressures, such as the welfare benefit reforms, and that providing services to vulnerable children was a priority. Cllr. McClements said that the Managing Director had been given key targets and had to identify savings for the following year which could be delivered early so there was a belt and braces approach but with some wiggle room. Cllr. Stanton said he felt the Council had come a long way in the last 10 years but could still learn from the private sector although the approach was good and had improved over recent years.

## **BFSC-5      EARLY HELP AND SAFEGUARDING COST IMPORVEMENT PLAN**

The Director presented the report on the Cost Improvement Plan circulated as Appendix B1. The report showed the targets, budget figures to date for 2013/14 (to the end of April) and projected cumulative savings by 2014/15. There were four areas for driving out savings: the recruitment and retention of social workers; the placement strategy; the approach to reduce the number of children coming into care; the commissioning strategy.

- The number of social work vacancies had been reduced to 7.5 (against a target of 6). The target had not been met because of sickness cover. Reliance on agency staff had reduced significantly over the year and the Director was confident that the service would meet the target to reduce agency staff to none by April 2014. The number of children in care social workers had to be balanced with the caseload. Five extra posts had been created last year to cope with demand. The Step up to Social Work programme is a government funded Masters programme for graduates with a minimum 2:1 degree and experience, and the Council has had five students on placement. The calibre of the candidates was very good, and the Council had recruited all five candidates.
- High-cost residential placements had been examined to identify those that could be brought back into other care in borough. Two had already been moved and eight more were planned to move by October 2013. This may slip if the needs of the children/young people change. Moves need to be carefully planned – one placement had broken down – but it was possible to move more back into the borough.
- The Resource Allocation Management Panel was in place to interrogate requests to take children into care, and to ensure the lowest cost care option which meets the needs of the child is chosen.
- Pathways had been put in place for missing children and children as victims of domestic abuse so that lower cost early intervention could be put in place.
- The Committee had also been provided with a report on the work of the Securing Permanence Group as Appendix B2. The group was about making sure the right permanence options were in place to move children safely out of care as quickly as possible. There was a range of different options including Kinship Care, Special Guardianship and Adoption which were generally lower cost options with good outcomes.
- There had been an improvement in the timeliness of foster carer assessments (the number of weeks from enquiry to approval was down from 32 to 20 weeks) and the rate of conversion from enquiry to approved carers. These were reported on the Fostering Performance Monitoring Dashboard.
- The CIC Performance Dashboard also showed an upward trend in the number of internal foster care placements and a reducing reliance on external (agency) foster carers. There were other authorities who were within budget but with an opposite trend i.e. the proportion of external placements was increasing.

The above actions were complete.

Other actions were in progress:

- The service would participate in the Step up to Social Work programme again – there was no direct cost to the Council.
- A Contract Carer had been identified and was due to accept a child from residential care and second contract carer would be recruited in due course.
- On top of the eight residential placements planned to move into other care in the borough, residential placements were being looked at to identify the next cohort to move.
- A lot of work was going on to reduce the impact of women with a history of a number of babies being removed. It was difficult for this group of women to

- engage with social workers but through multi-agency working they were being helped in parenting skills to help them keep their babies and break the cycle.
- An out-of-hours edge of care service had been running for two weeks. Experienced family and cohesion staff were on-call to help retain children in their family setting, especially teenagers.
  - Work was being done with partners to agree when a child was at risk, and a step-down approach when social workers could exit and other support be put in place.
  - Improvement & Efficiency West Midlands (IEWM) had done a review of the fostering service and had identified no major flaws. There were a few tips for improvement but nothing radical.
  - Cabinet Member Cllr. Watling added that there was a focus on preventative work and the priority was to keep children safe in their own families and safe in their own communities.

There were then a number of questions and comments.

- Cllr. Lawrence asked whether there was scope to spend more on the marketing campaign to attract more foster carers. The Director said this was a good question because the number of enquiries did not necessarily correlate to a proportionate number of registrations. For example, there had been 153 enquiries in April 2012 which was less than the 226 enquiries in April 2011, but more had reached the foster care stage in 2012 because marketing had been targeted better. Cllr. McClements said that the key is the ability to convert and Cllr. Watling agreed it was not the number of enquiries but the number of conversions that mattered and there was not an easy equation. He had been on the foster care stand in the shopping centre last Friday which reached a broad range of people, but they had to be the right people and there was a need to get this message out and target groups with the right characteristics. Cllr. Lawrence suggested that if this was the case, then more could be spent on marketing targeted groups. The Director said the Fostering Dashboard had more information and could be provided.
- Cllr. Stanton asked whether more could and should be spent on the conversion process. Cllr. Watling said this was something to look at – how to get the right people into the system at the right time. Good quality foster care was the best option for most children in care and he would continue to look at this so the best possible service is offered to foster children. The Director said the IEWM report would also be considered and it was agreed that the report and the Performance Dashboard would be circulated to the Committee after the meeting.
- Cllr. McClements said that he attends the monthly financial monitoring meetings and he extended an invitation to members of the committee to attend on a rota basis. The Chair said she had attended two meetings and from her point of view the process was robust.
- Cllr. McClements said that in terms of children in care costs, demand was the biggest issue. Youth unemployment was high which could impact on service

demands over the long-term, and there was a need to focus on job creation and helping young people into work. One member said he had experience of recruiting young people but they had not stuck at the job, and other members said they felt there was an issue with young people having unrealistic expectations when they enter the work place. Cllr. Watling said it was key to work with young people to improve this.

- Cllr. Stanton noted that there was a target to reduce the number of children in care and a focus on preventative work, while there had been an increase in the number of social workers. He wanted to know if this would send out mixed messages to the work-force, whether staff would worry about the longevity of their jobs and how messages were communicated to staff. The Director said this was a good question. The focus has been on having enough social workers to cope with the workload. The work-force strategy is to pay well, to value staff and to provide development, training and support. There would be no social worker cuts, and this message had been communicated very clearly to staff. If staff reductions were needed in future, it would be done by reducing vacancies and not by cutting staff. There had been five work-force sessions with children's social workers in May and they had been assured that the Council was committed to them and did not want to lose any of them. Cllr. Watling said that children were the first priority and the redesign in safeguarding had been led by the work-force – it was not a top-down approach – based on the Munro report as a starting point and putting children at the centre. The current peer review may also help provide a view. The recruitment of the masters level social workers from the Step up to Social Work programme was a real positive – the graduates had all decided to stay in Telford & Wrekin and wanted to be here. Telford & Wrekin was investing in this work. This would lead to more stability in the work force and more placement stability which was all part of the performance indicators.
- Cllr. Stanton wanted to know how often social workers' pay was benchmarked against the cost of living and against other authorities. The Director said Telford & Wrekin had signed up to Epaycheck (online benchmarking system for the public sector) with 11 other authorities and HR would be carrying out benchmarking checks. It was critical to be aware what other authorities were paying, but retention was about caseload, support and training as much as pay. They were aware of when other authorities were recruiting or who was likely to enter the market and it was important to pitch pay at the right level to keep Telford & Wrekin a good place to work. Cllr. Watling said there was some thinking at regional level with the Directors of Children Services about an inter-corporate approach. The Director agreed it was difficult because there was a limited pool of experienced social workers although there were more newly qualifieds coming through who needed to be nurtured. The move from high to low dependency on agency staff had created flexibility to cover staff sickness and absence better.
- Cllr. Evans asked for clarification about the targets and savings targets presented in the report and whether they were to date or to the end of the year - it was hard to see progress to date against quarterly or annual targets. The Director explained that the description box stated the date that the targets and savings related to. The columns on the left hand side showed the targets for each activity at each

stage, and the “Achieved” column showed what had been achieved to date i.e. to the end of April 2013, and any variation against target. The table on the right hand side showed the savings targets for 2013/14, the forecast savings achieved from performance against target, and any variance. For example, the target to reduce the number of children in residential placements by March 2014 was 32 which would bring a forecast saving of £654 by March 2014, but if the target was under- or over-achieved, the “achieved” saving would vary either way.

- Mr. Williams wanted to know the rationale for reducing agency social workers to 6 by April 2013. The Director said this was a phased reduction target and the intention was to have no agency staff by March 2014 which she was confident would be achieved. The targets had been planned to fit with the recruitment process and the number on caseload. She felt the targets were stretching but not aspirational – caseloads were examined every month to assess how many agency staff were required to ensure delivery of a safe service. Cllr. Watling said that the number of children in care had been set at 300 to calculate unit costs and was not a target.
- Cllr. Stanton noted that the forecast saving to date was £1.2m and wanted to know how the savings would be used or reinvested. The Director said that the savings were a contribution to getting the service back within budget and did not release revenue. The Council benchmarked against regional activity which showed that Telford & Wrekin was not an outlier in terms of spend on children in care. Cllr. Watling said that comparisons were made against national, regional and statistical neighbours and there were a lot with Inadequate Ofsted ratings. Cllr. McClements said the Council had a relatively low level of income from Council Tax because of the housing mix in the borough – many properties were in Band B – and the economic profile of the borough meant proportionately more children come into care than in more affluent areas so the service felt all these pressures and this was why he felt it was important to address youth unemployment. Cllr. Austin said it was good that young people decided to stay in the borough. He said that Telford had been one of the fastest growing towns and with growth there comes change and one family could have a big impact on the budget. Cllr. Watling agreed and as an example, 7-8 children had been taken into care last year from 2 families.
- Cllr. Lawrence said the Committee’s concern was not so much how many children were in care, but how long children spend in care and, looking at the cost against budget graphs in the Dashboard, he expressed some concern about the level of control over costs. The Chair said she had attended two of the monthly financial monitoring meetings and her view was that the monitoring was very robust. Cllr. McClements said that financial monitoring was excellent. Cllr. Watling reminded members that the Children & Young People Scrutiny Committee had done a review of the children in care placement strategy which had found some very clear positives in terms of the strategy and was disappointed that members did not seem to have read the report. He said again that the permanence strategy was being looked at but at the end of the day these were our children and all members as corporate parents were responsible for looking after them. Cllr. Lawrence replied that his concerns were not about the corporate parenting responsibility, but about the financial monitoring and there seemed to be too much emphasis on monitoring

and not on management. Cllr. McClements disagreed and said that the meetings were not just about monitoring, but were about challenging what is going on and how things were being improved and he wanted to know what scrutiny thought should be done differently. The Chair again said she had attended monitoring meetings and was happy with the way they worked and suggested that other members attend to seek assurances.

- Cllr. Stanton wanted to know whether the Council's total spend on children in care as a proportion of the Council's total budget was benchmarked with similar authorities and what percentage of the total budget was spent on children in care. The Director said there may be some CiPFA benchmarks, but it was difficult to make fair comparisons because each authority allocates and codes spending in a different way. The usual benchmark used was unit costs. A saving of £121k was also forecast from the commissioning of the new Jigsaw care contract.
- Cllr. Guy sought assurance from the Director that placement costs were under control and being managed. The Director said she could confidently give assurance that costs were under control. They know that bringing children into care will have a cost, but when this happens the costs are controlled. Costs could be reduced by setting a lower care threshold but a lot of work had been done to look at this and she believed Telford & Wrekin had a fair threshold. Once a child is taken into care, the lowest cost care that meets the child's needs is put in place. Some children need higher cost care and if this is the case, the child is provided with the right care to meet their needs, but the costs are known so that spending is controlled. They know what is happening and why spend is made.
- Cllr. Guy asked that if the budget is perceived to be out of control, how the Committee and members of the public could be convinced that it is not. Cllr. Watling said that the evidence was in the reports provided and in the Dashboard, and that it was the job of all Councillors as corporate parents to get this message over. Cllr. McClements said that the Council could set a higher budget so it could say it was within budget which was what other Councils had done, but Telford & Wrekin would not do this. Telford & Wrekin was a lower wage economy than other authority areas and these conditions correlated to proportionately higher numbers of children coming into care so there was more pressure.
- Cllr. Lawrence said he felt there was scepticism about budget control because there had been a repeating cycle of overspend in recent years and although he understood there may be a connection with current economic conditions the overspend trend had not always related to this. Cllr. Watling said he had asked a Member from Derbyshire how they dealt with increasing costs and had been told that Derbyshire just increase the budget each year. Cllr. Lawrence said he still felt there was a better way and Cllr. Watling replied that he would like to hear it.
- Cllr. Stanton said that in business, if there was a greater than 50% risk of something happening, it should be accounted for in the budget. Because this didn't happen, the budget was continually overspent and drawing on contingencies and this created a mindset of "not doing well". He wanted to know if this could be

reversed so a more realistic budget is set and this would send out a more positive message. Cllr. Watling agreed that a more positive message would be desirable.

There were no further questions and the Cabinet members and Director left the meeting.

**BFSC-6      WORK PROGRAMME**

Members considered the previous discussion and the work programme circulated as Appendix C.

With regard to the children in care placement budget, members requested:

- A further report on the Cost Improvement Plan later in the year
- Quarterly reports of the Securing Permanence Group
- The Children in Care Performance Dashboard
- The IEWM report on the fostering service
- Cost benchmarking information with statistical neighbours
- Trend data on the budget / forecast / actual spend on care placements and the number of children in care from 2003.

With regard to the next meeting, it was agreed that:

- Ken Clarke would present the 2012/13 Outturn report
- Richard Partington would be invited to report on the Council's approach to outsourcing/shared services including the option of bringing services back in-house, the Council's approach to prioritising services / financial planning in the medium term and the Council's approach to commercial income generation.
- There would be an update on Single Status

The September meeting would be a joint meeting with the Co-operative & Communities Scrutiny Committee to have an update on the impact of the welfare benefit reform policies previously scrutinised. The role of the Co-operative & Communities Scrutiny Committee was to look at the social impacts and the Budget & Finance Scrutiny Committee would look at the financial implications.

The meeting ended at 8.15pm.

**Chair:**.....

**Date:**.....