



Telford & Wrekin
COUNCIL

Addenbrooke House Ironmasters Way Telford TF3 4NT

FINANCE & ENTERPRISE SCRUTINY COMMITTEE

Date **Wednesday, 3 February 2016**

Time **6.00pm**

Venue **Meeting Rooms G3&4, Addenbrooke House, Ironmasters Way, Telford, TF3 4NT**

Enquiries Regarding this Agenda:

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Committee Membership: Councillors S Bentley, S P Burrell, N A Dugmore, R C Evans,
S A W Reynolds (Chair), R J Sloan, C F Smith and D G Wright

AGENDA

- 1. Apologies for Absence**
- 2. Declarations of Interest**
- 3. Minutes**
To confirm the Minutes of previous meetings of the Finance & Enterprise Scrutiny Committee held on 6, 13 and 19 January 2015.
Appendix **A1**
Appendix **A2**
Appendix **A3**
- 4. Service & Financial Planning Strategy 2016/17 – 2018/19 (Draft Budget Proposals)**
For the Managing Director to address issues raised by the Committee at previous meetings including questions related to staff restructures.
- 5. Scrutiny response to budget proposals**
(a) To agree the response to Service & Financial Planning Strategy 2016/17 – 2018/19 (the Administration's Draft Budget Proposals);
(b) To agree the response to the Alternative Budget Proposals from the Main Opposition Group.

NB: Committee members are requested to bring to the meeting the draft budget papers already provided to you.

FINANCE & ENTERPRISE SCRUTINY COMMITTEE

Minutes of a meeting of the Finance & Enterprise Scrutiny Committee held on Wednesday, 6 January 2016 at 6.00pm in Meeting Room G3/4, Addenbrooke House, Ironmasters Way, Telford, TF3 4NT

PRESENT: Councillors S A W Reynolds (Chair), S Bentley, S Burrell, N Dugmore, R Evans, R Sloan, C Smith, D Wright and Co-optees R Williams and C Mason-Morris.

ALSO PRESENT: Councillor L Carter, Cabinet Member for Council Finance & Service Delivery; K Clarke, Assistant Director Finance and HR.

IN ATTENDANCE: F Bottrill, Scrutiny Group Specialist; S Jones, Scrutiny Officer.

FESC-01 MINUTES

RESOLVED – that the minutes of the meetings of the Budget & Finance Scrutiny Committee held on 17 February 2015 be confirmed and signed by the Chairman.

FESC-02 APOLOGIES FOR ABSENCE

None

FESC-03 DECLARATIONS OF INTEREST

Cllr. Evans declared an interest as an employee of a care provider contracted by the Council for discussion about the adult care budget.

Cllr. Bentley stated he would declare an interest during the meeting should any matters of conflict arise.

FESC-04 SERVICE & FINANCIAL PLANNING STRATEGY 2016/17 – 2017/18 (DRAFT BUDGET PROPOSALS)

The Chair welcomed Members to the first meeting of the Finance & Enterprise Scrutiny Committee to consider the budget proposals. The financial situation meant that very difficult decisions were required which made the scrutiny process more important than ever. She welcomed the re-appointment of Roy Williams as a co-optee and the appointment of Cindy Mason-Morris as a co-opted member of the Committee. Ms Mason-Morris had some excellent experience which the Chair was sure would assist the Committee in its work.

The Chair set out the purpose of the meeting which was to receive a presentation from the Cabinet Member on the draft Service & Financial Planning strategy for members to ask questions and identify areas for further scrutiny. She welcomed Cllr. Lee Carter, Cabinet Member for Council Finance & Service Delivery, and the

Assistant Director Finance and HR to the meeting. She thanked Cllr. Carter for attending to present the budget proposals in advance of Cabinet and clarified that the Committee understood that the proposals were subject to change and agreement for consultation by Cabinet on 7 January.

Cllr. Carter then gave a Powerpoint presentation highlighting the key points of the Service & Financial Planning strategy (draft budget proposals) including the national context of the disproportionately high level of cuts to local government budgets compared to other government departments; the Council's projected budget shortfall 2016/17-2018/19; the spending profile and budget pressures; cumulative savings to date; options for consulting on the level of Council Tax; almost 200 savings proposals; the budget communication and engagement strategy. Key messages were the 20.87% cut to the Revenue Support Grant for 2016/17 and the need to save another £30.7m over the next three years (in addition to the £80m cumulative annual savings already made) which would necessitate making cuts to services. The 32 service cuts identified as having the most significant impact for residents had been planned for 2017/18 to allow time to consult with other organisations and local communities on their involvement in future delivery. The priority was to protect services for vulnerable children and adults.

Members then asked a number of questions:

- The Assistant Director (AD) confirmed for Cllr. Dugmore that the 53% cut to the Local Government departmental budget was the cumulative cash reduction in funding over four years. The reduction could be partly mitigated by the Chancellor's announced proposal for 100% retention of business rates by local authorities. It was not known when or how the change would be implemented and there would be a consultation on changes to the local government finance system. The government had made it clear, though, that in return for retaining 100% of business rates local authorities would be expected to assume responsibility for the administration of funding of other areas such as the Public Health grant.
- Cllr. Dugmore asked for more information about the 'Efficiency Strategy'. The AD explained this was something the government had introduced as a requirement for local authorities in return for a four year settlement. This would be helpful for planning over a longer period and give authorities more flexibility to use capital receipts to fund the revenue costs of services generating efficiency savings. There was limited guidance about what would be required in an Efficiency Strategy but Greg Clarke had said that there would be a light touch approach and it was felt that Telford & Wrekin was well placed to articulate how it had and continued to transform to be more efficient. The Efficiency Strategy would be agreed by Full Council.
- Cllr. Dugmore asked how the Council's spending power – calculated as 8% below national average – had changed compared to previous years. The AD clarified that there had been a change to the calculation methodology. The previous approach had not been considered accurate and the government had responded to criticism by amending the calculation to exclude some Better Care Fund and public health grants. The new calculation meant there had been an

adjustment of almost -3% nationally which equated to a total of £11.1m less spending power in Telford & Wrekin compared to the national average. Cllr. Carter clarified that funding not controlled by Local Government had been excluded from the calculation.

- Cllr. Sloan raised two issues he would like to look at in more detail. The first was the proposed library closures which were likely to be contentious and Ward members would be asked questions by residents. He welcomed the strategy to find a way forward and felt it would be helpful for the committee to have a breakdown of how the savings were made up, including whether the £10,930 costs for Hadley library included lease costs and details of the terms of the lease which Cllr. Sloan requested on behalf of the Parish Council to consider further. The second was the proposed change to the school transport policy which projected to significant savings of £100k in 2016/17 and £300k in 2017/18 but with little information about how the saving were broken down or the impact particularly in the rural areas and he would like more detail. Cllr. Carter referred to the comments about the forward strategy for libraries and made a wider point that it was difficult to set out a prescriptive approach because the conversations on the forward strategy for services affected by the proposals would be different across the borough. There was an open book policy and he, with senior officers, would talk with and provide information to anyone who could offer support including voluntary sector and community groups.
- The Chair noted other scrutiny members present in the public gallery and said she would exercise her discretion as Chair to allow them to ask questions.
- Ms. Mason-Morris noted the intention to consult on proposals with a significant impact but felt the impact of some proposals was not clear and wanted to know what criteria had been used to assess the impact of changes and identify the priorities for consultation. The Assistant Director replied that 32 proposals had been prioritised for consultation and were highlighted in purple in Appendix 2. There were two phases of budget consultation: one on the overall package and options for Council Tax (which would be agreed by Council on 3 March) and then detailed consultation on the proposals that would have a significant impact on the community. Officers preparing reports had identified savings which would have a community impact and the saving would not be taken until 2017/18 to allow time to consult with other organisations and groups on how to mitigate the impact of the change and how the service could be delivered in future, for example if a Town or Parish Council were able to take over a service. The budget proposals included an allocation of one-off funding to help negotiate packages with town or parish councils or other organisations and community groups. Ms. Mason-Morris said it was still not clear how 'significant' impact was assessed for example in relation to the closure of a library and the Assistant Director replied that all the proposed changes to the provision of libraries were deemed significant.
- Mr Williams asked if the 2% social care precept was included in the additional £1.6m investment in the adult care budget in 2016/17. The AD confirmed it was assumed in the additional £1.6m but with the level of savings required by cuts in grant funding the current projection was that the adult care budget would fall back by £800k in 2017/18 compared to the 2015/16 budget. Mr Williams had further

detailed questions but the Chair informed him that the Cabinet Member for Adult Social Care, Cllr. A England and officers would be attending the Finance & Enterprise Scrutiny Committee meeting on 13 January and would have an opportunity to ask questions then.

- Cllr. Burrell remarked on the sizable saving projections from the changes to the schools transport policy and expressed concern about the impact of the withdrawal of the transport subsidy on children attending faith schools and wanted to know if the savings would impact disproportionately on denominational grounds. The Assistant Director did not have detailed information and the question would need to be referred to the relevant Cabinet member and officers.
- Cllr. Dugmore questioned proposal 58 to remove the ability to print in colour and felt it was important to retain the ability to print in colour where it was important for example on planning documents. The Assistant Director said the default print option was black and white because colour was eight times more expensive but he accepted the point that colour may be needed occasionally. Cllr. Dugmore suggested the wording of the proposal could be changed from 'remove' to 'reduce'. Cllr. Cater pointed out that the key saving was to be made from the renegotiation of photocopier lease costs.
- Cllr. Dugmore questioned proposal 29 to move to LED street lighting and that it would generate the level of savings projected. His local parish council had looked into this but found it had cost a lot to enter the programme. He questioned whether the return on investment was enough to justify the cost of expensive LED bulbs and he would like to see the figures to be convinced. The Assistant Director replied that the Assistant Director for that service area Angie Astley would be able to talk members through the business case and this was an invest to save proposal which showed a net revenue benefit. Cllr. Dugmore said he was sure the new bulbs would be better but if there was nothing wrong with the old bulbs the spending on the programme could be put on the back burner. The AD replied that this was something the committee may want to scrutinise.
- Cllr. Wright asked if the allowable 2% increase in Council Tax (the social care precept) had to be ring-fenced for adult social care and the AD confirmed that it did.
- Cllr. Dugmore asked if the £80m saved so far was a cumulative total or an on-going annual saving and the AD confirmed it was cumulative saving made each year.

There were no further questions and the Chair thanked Cllr. Carter and the AD for their attendance and they left the meeting. The Chair opened a discussion about which issues the committee would like to consider in more detail at future meetings and reminded members that Cllr. Arnold England would attend the meeting on 13 January to discuss the adult care budget and Cllr. Andrew Eade would attend the meeting on 19 January to present the alternative budget of the main opposition group. Members made the following requests:

- Cllr. Sloan asked if Cllr. Clare could be invited to a meeting to discuss libraries. He suggested it would be useful to have a breakdown of usage for each library and Cllr. Evans drew members' attention to Appendix 3 (Savings proposals identified as relevant to the Equality Duty) which included a breakdown of lending rates and visitors at each library. Cllr. Dugmore wanted to know more about the cost of the mobile library particularly why it was servicing locations with a weekly average of zero customers. Ms Mason-Morris pointed out that proposal 93 was to generate more income from the health and fitness centre in Wellington by reducing the amount of library space but this had not been highlighted in the presentation as a proposal to reduce library services and she wanted more information about the potential impact on library users. It was also discussed that the committee would like clarification of the consultation process.
- Cllr. Sloan agreed with Cllr. Burrell that the committee needed clarification on how the savings figures arising from the proposed changes to the schools' transport policy (157) had been arrived at, possibly by requesting a written response with a view to questioning the Cabinet member at a meeting. Cllr. Burrell repeated his concern about the potential disproportionate effect of the change of policy on children from faith communities, particularly given the change in location of the faith based academy, and on children and families in rural areas. He would not want to respond to the proposals without knowing the details and would like answers from Cllr. Watling and officers. The Scrutiny Group Specialist suggested members may want to ask questions about proposed cuts to prevention services and some children's centres which Cllr. Watling has raised with the Scrutiny Management Board.
- The Chair confirmed with members that they would like to see the business case for the replacement LED bulbs in street lights
- Cllr. Smith said he was concerned about proposal 28, reactive highways maintenance, and the impact it would have on road and pothole repairs which were a key issue for the public
- Cllr. Sloan added that there were a lot of savings relating to highways which cumulatively added up to a lot of money and perhaps the two relevant Cabinet Members, Cllrs. Davies and McClements, could be invited to a meeting for a wider discussion about the proposals
- Cllr. Dugmore commented that the savings from the withdrawal of funding for borough markets was not great but he was concerned that it could have a high impact and wanted to look at how the impact had been assessed and more information about the consultation going forward.
- Mr Saunders (a co-opted member of the Health & Adult Care Scrutiny Committee) asked if the Cabinet member could attend a meeting to answer questions about the Public Health budget, if possible at the same meeting as the adult care budget, and he would email any specific issues to the scrutiny committee after the meeting.

- The Scrutiny Group Specialist informed members that the Health & Adult Care Scrutiny Committee had already identified a number of issues on the adult care budget. A list of the issues was tabled and members were asked to email the scrutiny team if they had any further questions. The questions would be sent to Cllr. A England and officers to address at the next meeting.

At the end of the discussion the Chair summed that the Cabinet members who would be invited to attend meetings were: Cllr. A England (adult care), Cllr. Clare (libraries), Cllr. Watling (schools transport policy) and Cllr. Overton (public health). Written responses would be requested on LED street lights, highways maintenance and borough markets. The scrutiny team would make arrangements and confirm details depending on the availability of the required Cabinet Members and officers. The Chair advised members to email any other questions to the scrutiny team.

The Chair apologised that she had a double-booking for the evening of 2 February and the committee agreed to move the meeting to 3 February although it was noted that there was a Planning Committee on the same evening which may affect Cllr. Dugmore's attendance. Cllr. Bentley gave his apologies for the meeting on 13 January as he would be speaking at the Planning Committee on that evening.

The meeting ended at 7.10pm.

Chairman:

Date:

FINANCE & ENTERPRISE SCRUTINY COMMITTEE

Minutes of a meeting of the Finance & Enterprise Scrutiny Committee held on Wednesday, 13 January 2016 at 6.00pm in Meeting Room G3/4, Addenbrooke House, Ironmasters Way, Telford, TF3 4NT

PRESENT: Councillors S A W Reynolds (Chair), R Evans, R Sloan, C Smith, D Wright and Co-optees R Williams and C Mason-Morris.

ALSO PRESENT: Cllrs. A Burford, V Fletcher and T Nelson (part) for item 4 (a); Cllr L Clare, Cabinet Member for Leisure Services & Culture; Cllr A England, Cabinet Member for Adult Social Care; A Astley, Assistant Director Neighbourhood & Customer Services; C Jones, Director of Children's and Adult Services; R Smith, Assistant Director Adult Social Services; P Taylor Director Care, Health & Wellbeing.

IN ATTENDANCE: S Jones, Scrutiny Officer.

FESC-05 MINUTES

As the minutes were not available this item was deferred until the next meeting.

FESC-06 APOLOGIES FOR ABSENCE

Cllrs. S Bentley, S Burrell and N Dugmore

FESC-07 DECLARATIONS OF INTEREST

Cllr. Evans declared a potential pecuniary interest in item 4 (a), the budget proposals for adult care, and left the room.

FESC-08 SERVICE & FINANCIAL PLANNING STRATEGY 2016/17 – 2017/18 (DRAFT BUDGET PROPOSALS)

Agenda item 4 (a) Adult Social Care Services

Attending for this item were Cllr A England, Cabinet Member for Adult Social Care; C Jones, Director of Children's and Adult Services; R Smith, Assistant Director Adult Social Services; P Taylor Director Care, Health & Wellbeing.

The Chair welcomed everyone to the second budget scrutiny meeting and congratulated Clive Jones on his appointment as Director of Children's and Adult Services. Members of the Health & Adult Care Scrutiny Committee had been invited to take part in the discussion about the adult care budget. The significance of the adult care budget made this a key issue for scrutiny. A list of questions identified previously by members had been sent to the Cabinet member and officers to address in a presentation and the Chair invited the Cabinet member and officers to present the information.

The Director of Care, Health & Wellbeing (CHW) opened by saying it was appropriate for the Assistant Director Adult Social Services (AD) to deliver the presentation as he was responsible for the purchasing budget which accounted for the majority of spending in adult care. Only a relatively small proportion was spent on providing in house direct care. The AD was supported by commissioners to ensure the appropriate care was purchased at the best price.

The Cabinet member remarked that his role was to support and enable officers to 'fund change'. The resources were no longer available to fund care in the traditional way and there needed to be a shift towards individuals taking more responsibility for their own care. Key priorities were preventing avoidable hospital admissions and quicker discharge from hospital. Keeping people at home longer was better for the person, and cheaper, and underpinned the strategy.

The AD gave a Powerpoint presentation to address issues raised by members which included the following information:

1. An overview of the principles of the new operating model

The new model was about moving from a managed service to a Direct Payments model where people take more responsibility for organising their own care. Since December the workforce had been refocused and the assessment and support planning roles had been separated out. Social Workers would still be responsible for ensuring provision of statutory services such as mental capacity assessments, determining eligibility and safeguarding adults but a Support Planning team had been created to work with individuals and families to find alternative solutions outside the traditional care model. The aim was to maximise individual resilience. The old model was a deficit model (focussed on what people cannot do) and the new model was about focussing on people's strengths, building on the strengths and building the support role of families and communities.

The new model would operate on a geographical locality basis with local communities. In the past, people had come into the service too late when they were in crisis and needing expensive care packages which were not person centred. Now, the idea was to work with people and communities much earlier in their journey.

The new model was underpinned by the financial position. The existing managed service, based on a set of contracts with suppliers, was no longer sustainable and they were looking at how to maximise financial resources and personal budgets based around the Direct Payments model. Previously, the authority had taken a commissioning role but now the thinking was around how the authority could facilitate people to buy their own care. Information gives people power and control, and work had been done with partners around the development of an information/guidance approach.

A provider, My Choice, had been commissioned to deliver an advice and guidance service to replace the existing Access service which is the step before people come into the adult care service. There would be a single point of contact with professional advice behind it. The Director (CHW) explained that My Choice was not

a new provider but a co-operative of existing providers which included Age Concern, the Alzheimer's Society and Citizens' Advice.

Feedback from users had been that they did not want to be passed from one organisation to another – for example between social services, the NHS, voluntary organisations – and the new model had been designed to help people navigate the system. TICAT (Telford Integrated community Assessment Team) had been set up based in House 5 at Princess Royal Hospital in partnership with the Community Trust and Red Cross to help people avoid hospital admission and to provide an integrated model of discharge.

There were three Locality teams under 2 Team Leaders working with local people, community groups and partners – e.g. GPs, faith groups – to reach out to people where they congregate. The teams included: Occupational Therapy to help people stay independent, Safeguarding and Mental Capacity team to protect vulnerable adults, the Support Planning team mentioned earlier created around Direct Payments and the Financial Care Management team to ensure people are supported to contribute or pay for their service.

A flowchart mapping points of access and journeys through the system (Target Operating Model) was shown.

2. Savings

The budget proposed an extra £1.6m for services for vulnerable people over what was in the current budget. However, in the context of the overall grant reduction spending at current levels could not carry on and there was a need to make savings.

Cllr. Wright asked if the £1.6m included the money that would be raised by a 2% increase in Council Tax for the adult care precept. The Finance Manager clarified that the £1.6m would be on top of the budget after the adult care precept had been used to off-set the £5.5m pressures built into the budget. The Director CHW commented that the cost of care would increase for example as a result of the introduction of the living wage and Cllr. England said that the living wage would be phased in so if the 2% adult care precept was levied year on year it would support demand. The Director CHW said the government had also announced that there would be improved funding from the Better Care Fund (BCF) from 2017/18 and that some of the money currently channelled through the NHS would come straight to the local authority.

Cllr. Fletcher asked what the current position was on negotiations with the NHS and how the authority would be working with them to negotiate on BCF funding issues. The Director CHW replied that they were working with the CCG and the BCF this year had been used to support the avoidance of hospital admissions and early discharge but this was not new money and was from the existing health budget so it was only useful if the health cost reduces. Cllr. England said that 3 years ago the relationship with the CCG had been strained with the negotiations over the Continuing Health Care funding (CHC) but it had improved dramatically over the last 6 months. The organisations were able to talk to each other and as a result they were likely to get better outcomes.

There were challenging financial circumstances. The authority has a statutory responsibility to meet assessed needs and money cannot be taken into account so there was a need to look at how to get better outcomes for less money. Cllr. Nelson asked how trends in potential needs which are not static – for example dementia or diabetes rates - were projected into the budget. The AD replied that Telford and Wrekin has one of the fastest growing aging populations in the country so there would be an increase in need but that did not mean there would be an increase of existing service provision. The new model projected a 20% reduction in demand for residential care, reduced demand for nursing care, shorter stays in hospital and the principle was that home is best. The need will be there, but that did not mean more of the same services.

Ongoing savings of £8.1m were needed. If the current direction of travel continued, the authority would be buying less residential care and it was important for providers in the market to be aware of this. The Council would employ fewer staff as people are encouraged to manage their own care provision through Direct Payments and the infrastructure would reflect that.

Cllr. Fletcher noted that the Council was aiming for a 60% Direct Payment target and wanted to know how people would be supported and what safeguards there would be to ensure that the care people procure is safe, good quality and meet their needs. The Director said that quality assurance would be covered later in the presentation. The AD said a transition period was needed to develop support arrangements for people on Direct Payments. The Council would make it simpler for people to develop a career as a PA (Personal Assistant) to increase availability of the workforce. There were already PAs in the benefit system in receipt of attendance allowance but they were not coming into the social care world and the intention was to make it easier for them to move in so it would be easier for people to buy PA support. There was a need to prioritise hospital admission avoidance and discharge; people become dependent very quickly once they are admitted to hospital and there was a need to get people home as soon as possible. Safeguarding would continue be the priority and the Council would always continue to purchase for some people but on a reducing basis.

Regarding CHC funding it was reasonable to assume an increase of £1m which would bring Telford and Wrekin in line with average spend. The reduction of the purchasing budget required a 10% reduction in demand and for Direct Payments/PA to become the model of social care. It was deemed reasonable that there would be a reduction in the use of block contracts (beds which are paid for whether they are used or not) to maximise money available for Direct Payments.

Cllr. Wright asked about the implications for savings on block contracts. The AD said there were implications for staff. They had looked at what was a reasonable workload for one person and the restructure was based on one person carrying out one review and one assessment per day. Cllr. England added that the work may not be done by qualified Social Workers but would be carried out by very experienced staff overseen by Social Workers and he was comfortable with this as this was not a new approach and reflected current practice. The AD continued that the community needed to play a bigger role in supporting vulnerable people at home and this was

the expectation of the authority. The Council would do more to help people employ PAs and to recruit more Shared Lives carers for living or respite care. They would work more effectively with health and housing services which are integral to keeping people at home, rather than seeing them as separate services. A key piece of work was to talk to people and make sure they were aware of the changes that were being made.

3. Locality Working Project (LWP)

The locality approach had been piloted in South Telford. Slides were shown, but not discussed in detail, providing details of outcomes from the project including savings and cost avoidance. The key message was that the model was working in terms of outcomes and savings. The model had been fully staffed since mid-December 2015. The second tranche of officers had just completed the training – it was not an easy or straightforward role – and staff go through an accredited process. During the induction period each officer would be allocated one case per week and Support Planners then work on 3 support plans per week. The team will be ‘hands-off’ – the Support Planners will have the conversations with the person about things that could be done to make things easier for them. The delivery of Direct Payments (to support people to manage their direct payments and deal with employment and NI issues) would transfer to a User Led Organisation. A tender process for a ULO was already underway with a view to starting the service on 1 February.

The restructure of the Senior Management Team (SMT) was underway and would bring housing, cohesion and adult social care together to provide access to a wider range of services through the support planning model. However, it was recognised that the Council could not do everything on its own and communities would need to do more to support vulnerable adults to ensure care is provided in the ‘Right Place, Right Time’. Service users, carers and the community had been involved in developing the model. There was a positive relationship with the CCG and a joint local authority / health resilience framework had been developed to support the model as it was in the interests of NHS partners to keep people healthy.

4. Direct Payments

The number of Direct Payment (DP) clients had increased to 24% by the latest figures. The target was to increase to 30% by the end of February and to sustain an increase to 60% over the longer term supported by the ULO. The Director (CHW) said that the national experience was that where a ULO had been put in place, uptake of DP had increased. The AD continued, people learn from other people and the authority would make it easier for people to employ a PA or to become a self-employed PA which would also be good for employment.

Cllr. Burford asked if the ULO would become the employer and the AD replied that they would not.

Cllr. Burford wanted to know if a user was unhappy with their PA if it would be down to them to make the change. The AD acknowledged that it could be a difficult conversation, especially if they have a relationship or the PA was a family member,

and the authority would not step back but would stay involved to help the user broker the conversation.

Cllr. Burford commented that if the PA was someone that the user knows or a family member and they were dependent on the ULO to find an alternative there would still be a role for the authority and the AD assured him that under the guidelines there was still a role for the local authority and they would not step back. The Transforming Care Programme was underpinned by personal budgets and personal health budgets. The model would also support people's housing needs including provision of Extra Care housing and contracts would be reorganised so that people could move their care provision with them. There would be a decommissioning of some of the residential services for adults with learning disabilities (ALD) and there had already been success in moving to community support with direct tenancies.

5. Budget monitoring

Budget monitoring was a standing item on Leadership Team meeting agendas (AD, Service Delivery Managers and Team Leaders). There were formal monthly meetings with the Managing Director, Director and Cabinet member who challenge performance on savings. There is monitoring of the cost of care packages around personal budgets and DP.

6. Quality assurance

The Council has no role in quality assuring services or PAs that individuals purchase directly with their direct payment and it is their personal choice as to what they buy, However the Council advises that they should DBS check prospective PAs. Although the authority does not have a QA responsibility, it is still has a statutory duty for safeguarding. The purpose of DP is to enable people to exercise personal choice. If a person does not have capacity the authority would be more involved. Most of the services contracted through the Brokerage service are care providers governed by the regulatory bodies the Care Quality Commission or Ofsted who are responsible for inspections and standards. Cllr. England added that there would still be annual assessments for users of the DP / PA model which would enable the authority to keep on top of the situation and the Director (CHW) clarified that the authority had a statutory duty to carry out at least annual review and there would be more where the circumstances warranted. The duty was the same for people on DP as in residential care.

Cllr. Fletcher asked if the authority ever did spot checks on providers and the Director replied that the annual reviews were spot checks but they would not include quality checks on providers which is the responsibility of the CQC. The authority does have its own QA officers and if there were concerns about a specific provider they would be discussed with the CQC but the Quality Officers would carry out a spot check. This would not be the same for DP but if a concern was expressed there would be a safeguarding investigation. The AD added that there were bimonthly meetings with the CQC.

7. The Care Market

A Market Position Statement is produced by the Council and refreshed annually. This captures all market data and trends. There is regular monthly liaison with SPIC (Shropshire Partners in Care) which can be challenging. Providers who had reported that they were struggling were being supported by officers looking at their business models and supporting them to change. There was a 'provider failure plan' in place to enable the Council to assess and jointly manage any planned or unplanned closures in the event of a provider becoming unsustainable. The introduction of the national living wage may impact on providers and the financial pressures had been modelled. The amount raised from the 2% adult care precept would not be enough to meet the difference. The Director (CHW) said that Directors of Adult Services were lobbying government about the precept because it favoured affluent areas with higher property values/banding and areas like Telford and Wrekin with more properties in lower bands were penalised by the approach.

Cllr. Fletcher clarified her understanding that the adult care precept was based on the Council Tax banding principle and the Director (CHW) confirmed that it was linked to banding. The Director of Children's and Adult Services (CAS) said that the government had recognised the issue and aimed to address it with the increase in Better Care Funding from 2017/18. There had been consultation with SPIC (Shropshire Partners in Care) including formal consultation as part of the budget process, and the authority was doing all it could to work with SPIC to help save money. Providers had been challenged to think creatively about how care could be provided in a different way and the Council could support changes through the Invest to Save money. The AD said that they were working as partners so there was a joint understanding of each other's needs.

8. Review of CHC cases

An independent body had been commissioned to review the cases of CHC funding which had been challenged by the Council (originally 49 cases, now fewer). An initial meeting had been held to agree specific guidelines and kick start the process. There would be weekly telephone conferences from 19 January to check progress and the review was scheduled to take about 2 months. Complaints would be directed to the Senior Commissioning Manager at the CCG and a named Manager in Adult Social Care. There had been an improvement in the number of cases funded by CHC but not at the pace that the Council would like to see.

9. Transforming Care Partnership

Following the exposure of abuse at Winterbourne View, authorities had been given a new responsibility to establish a Transforming Care Partnership (TCP) on a prescribed footprint with a requirement to develop community services and reduce inpatient facilities for adults with learning disabilities (ALD). The Council had already started to review its ALD strategy and the good news was that the local model was in line with the new national requirements. Locally there were not many ALD in residential care – less than 10 – compared to larger authorities with much higher numbers – Nottinghamshire for example was thought to have around 190. It was thought that this was possibly due to having better community provision historically.

The new national model 'Building the Right Support' set out the expectation that local authorities would work with NHS partners to reduce inpatient beds. The draft plan needed to be in place by 8 February to submit for Quality Assurance and the final plan agreed by 11 April with a 3 year implementation plan showing how the number of ALD inpatient facilities would be reduced. The cost implications were being looked at with the CCG. Historically people coming out of hospital become the responsibility of the local authority and a there would need to be agreement on on-going funding arrangements and a transfer of funding from the NHS to community services including the local authority. So-called 'dowry' payments were being discussed nationally and it was not clear how they would work but it was understood that the NHS would continue to fund care for people over the lifetime if they were in hospital but would not pick up any new cases.

A Board had been established with Shropshire Council and the CCGs for Telford and Wrekin and Shropshire. Telford & Wrekin's Director of Adult Social Services had been agreed as the Senior Responsible Officer (SRO) in November and after his retirement the AD for Adult Social Care would assume this responsibility. It was considered important for Telford & Wrekin to take a lead role and not be 'done to'. The strategy affected a low number of people but with high costs and they would stay on top of the numbers. Reports would be made to Policy Review.

Cllr. Sloan referred to the cost implications and welcomed the Cabinet Member's comments on the improved relationship with the CCG but noted that historically there had been issues with transfers of funding. NHS budgets were challenging and he asked if there could be another battle over the transfer of funding for high cost ALD care. The Director (CHW) said this was a good point but one of the requirements for TCPs was that CCGs and Specialist Commissioning (which commission services on a regional or national basis) and Social Care authorities had to demonstrate what they spend on ALD and there was an opportunity to demonstrate through the new process that the NHS needs to fund the higher costs of ALD. £15m of the £34m budget for special needs was spent on ALD so the authority was putting in a significant amount of money. There had been a suggestion that budgets are aligned as part of the drive towards the integration of health and care budgets.

10. Service Sustainability

Adult social care had been long highlighted as a budget pressure. This was a national issue. Telford & Wrekin had been successful in managing demand, unit costs and reducing residential and nursing care placements but the scale of the challenge should not be underestimated. Cllr. England said that the last 2-3 years had seen a massive reorganisation of the organisation and he had been impressed by the way officers had adapted to change. Their approach to cuts had not been to say that they were impossible to manage but to say 'how can we manage them?'. He felt that the work the AD had done with the team with the community was good. Outcomes were meeting the cuts in funding without noticeably damaging services to the community and in some cases improving them. There would be a Peer Reviewed in May 2016.

The Chair said the funding reductions had continued but she felt that there was more positivity now compared to 5 years ago and she welcomed the way officers were dealing with the cuts but remained concerned about safeguarding. The AD said they could concentrate on the £10m that needed to be saved but rather they concentrated on what they have to spend - £40m net, £52m gross – which you could do a lot with.

There was also a need to get the message out to Council Tax payers to explain the 2% increase for the adult care precept.

The following points were made at the end of the presentation:

- Cllr. Smith said there were a lot of acronyms in the presentation and in future it would be useful to avoid using them or to have a glossary of terms.
- An electronic copy of the presentation would be circulated to Members
- A written response would be provided to additional questions received from Cllr. Dugmore who had been unable to attend the meeting.

Cllr. England and officers left the meeting and Cllr. Evans re-joined the meeting for the next item.

Agenda item 4 (b) Other elements of the budget proposals

Attending for this item were Cllr. Liz Clare, Cabinet Member for Leisure Services & Culture and Angie Astley, Assistant Director Neighbourhood & Customer Services.

The Chair welcomed Cllr. Clare and the AD to the meeting to address issues raised by the Committee on 6 January. The AD gave a Powerpoint presentation making the following points:

1. Libraries

- The proposed savings for library services would be taken in the second year of the savings programme (i.e. from 2017/18) to allow time to consult with partners on the future of the libraries.
- The current proposals were to have no Council run libraries from 2017/18 in Madeley, Newport, Stirchley, Donnington, Hadley and Dawley; the closure of the mobile library service; to reduce the book fund (for books and e-books) by 50%; to reduce resources in the library Development and Management team.
- However the AD reflected that nobody wanted to put forward the proposals but the budget cuts meant there was little alternative. The proposals were for discussion and there would be 16 months to explore with Town and Parish Councils and other partners the potential for other organisations to carry on the provision of a library offer.
- The proposals would deliver around £565k of savings (minus £25k for potential voids if building were left empty which had not been built into the consultation

document so that the operational running costs were clear). A breakdown of savings was provided for each proposal and library, including staff and building running costs (utilities, business rates etc.) but excluding the cost of licenses for technology. The amount of savings are also dependent on opening hours which varied – some were open full time and some only open 16 hours a week. The libraries in Madeley and Newport provide a First Point service (as satellites to Southwater 1) for the local community to access council services which meant the costs were commensurately higher.

- The withdrawal of the mobile library service would save around £40.5k per year from staff costs (£20k) and vehicle/leasing costs (£20k). The vehicle lease cost £11k per year and was due to expire in March 2018 after when the Council would own the vehicle. The route for the mobile library had been established three years ago after consulting with Parish Councils. The mobile library served residential homes and nursery schools on a rota basis and targeted particular customers. Officers had become aware that further review was needed but it made sense to wait until savings targets were clearer. Ms. Mason-Morris asked how the visitor numbers for the mobile library (p.102 of the budget report) had been arrived at. The AD explained that every time someone went into the library it was noted and the numbers had been averaged out over a 12 month period. The number of visitors varied from week to week but detailed records were kept and could be provided to the committee if members wished to see them. The visitor numbers showed that some stops were not viable. Cllr. Clare added that some visitors popped in because they knew the librarian but that did not make the service cost effective.
- The proposal for Wellington was to reduce the amount of space occupied by the library to expand the fitness centre to generate an extra £80k per year. The library would remain but on a smaller footprint. The area that would be affected was the lower ground floor housing the reference and archive sections. Work was being done to explore where this part of the library could be relocated to make space for the gym. Cllr. Wright commented that Wellington library was quite spacious, and the AD said that the fittings were the latest (other than Southwater 1) and the shelving was moveable so the reconfiguration was feasible. Cllr. Clare said that it was worth doing for the amount of additional income that would be generated.
- Libraries are a statutory service and the Council would continue to run the libraries at Southwater, Oakengates and Wellington.
- Members were given assurance that the consultation process on the libraries would be robust to mitigate the risk of judicial review which had happened in some other authority areas. The present consultation (on the draft budget) was the first stage and had put the proposals out to the public and other key stakeholders but there would be a round of specific consultation on the libraries in the spring. Conversations were already on going with Town and Parish Councils and it was early days but there had been a good response. Cllr. Clare said it was important to engage Town and Parish Councils now when they were setting their precepts and could build into their plans, for example, the AD had been to Donnington to talk through the options and financial implications and been well

received. The AD confirmed that all 6 Town and Parish Councils (with affected libraries) had been contacted and the Principal of HLC had been contacted about Hadley library which was mainly a school library with a small public library so conversations were already going on. Cllr. Clare said she was proud that the Council had continued to invest in the service and assured members that they would do everything possible not to fall foul of the requirements for proper consultation and would do all they could to keep the library offer in place working in partnership with others.

- The AD tabled a spread sheet with details of usage, visitors, First Point enquiries, number of computers, opening hours (staffed and non-staffed), premises and costs, staffing costs, staffing hours, income and total costs for each library. The spread sheet would be posted on the website to provide details for the public and interested parties and in response to FOI requests. Cllr. Reynolds said the libraries were used for computer access for example people looking for work and they needed somewhere to go. The AD said she would welcome Members' ideas of any useful information to add to the spreadsheet and Cllr. Clare said any ideas were welcome. The AD said the spread sheet would provide more information for anyone who may be interested in taking over one of the libraries to think about different models. For example, they may want to use their own cleaners, or look at opportunities for sharing space and resources as had happened at Stirchley where the library had been co-located with the Parish Council and they had saved money by reducing staffed hours to 16 but offering a self-service system overseen but Parish Council staff at other times. Donnington was a good example where there were opportunities to consider co-location with the community centre / Lifelong Learning Centre. Madeley and Newport were more challenging as they were standalone buildings. At Dawley there could be opportunities to co-locate with the Town Council. Co-location could be key to the future of the libraries.

At the end of the presentation Members raised a number of points:

- Cllr. Smith said he could see the reasons for making the proposals because of the budget cuts but he was a school governor and was concerned that the service was being taken away when they were trying to encourage young people to read. He would be interested to hear how the discussions with the Principal of HLC go and how young people can be encouraged to read and get away from screens.
- Cllr. Sloan made a number of points:
 - Alternative models had been developed around the country which it would be interesting to explore including voluntary models
 - He had been interested in the effect when the story broke in the press and the complaints about the closure of Madeley Library even though it was not open full-time and he questioned if the Council had been guilty of providing a 'roll-royce' service in the past when moving forward it could only be what was affordable
 - He asked if the alternative models with the Town and Parish Councils were successful, how would this affect the book fund

- The mobile library route included some stops which were not used but Admaston has its own library and volunteers that take library books out to people and he felt more could be made of volunteering
- He would find it hard to believe if the Parish could not come up with the £11k for Hadley library. The costs were for staffing and the parish was already making a contribution. The premises were locked in with the PFI contract and could not be changed.

The AD responded that:

- The cost of premises in Hadley had not been built in as a saving because they were part of the PFI contract which could not be changed
 - The 50% saving in the book fund was based on the assumption that the Council would not be running the 6 libraries but there was also a pot of funding which could be used to help organisations in the take over phase which could be used to stock books / ebooks. Public gifting of books also needed to be looked at.
 - There were now 94 volunteers who deliver books to people at home and if the mobile service closed the volunteers could possibly visit mobile library users at home. Volunteer schemes operate from 6 libraries in partnership with the voluntary sector and Town and Parish Councils and they would need to look at how volunteers could be secured and supported.
- Mr. Williams asked is the number of reported visitors was an estimate or an actual number. The AD explained that visitor numbers are monitored but it can be difficult to monitor visitors who come into the library to read a newspaper but who don't borrow a book or have any interaction with staff. The numbers reported are known visitors (e.g. borrowers, computer users, someone making an enquiry) and are a good estimate of visitors. There may be some visitors who are not picked up but staff have a good idea about who comes through the door. Cllr. Clare explained that visits are recoded where the person has borrowed a book or visited First Point or accessed a service through the library and the AD added that the data may not capture people who come in for a warm. Cllr. Clare said she had been worried about the computers in the libraries being used by people living outside the borough but had been assured that a TLC card was required to use the computers.
 - Mr. Williams asked if the cost savings for the mobile library include driver costs and the AD confirmed that they did. Mr. Williams suggested that they could save by getting a volunteer driver and the AD said this was possible but there were certain license requirements and the driver also issued books.
 - Cllr. Wright asked what would happen to the vehicle when the lease expires in 2018. The AD said the options were to sell the vehicle as an asset and reinvest the capital receipt or to use it for something else. One idea was to redesign the vehicle and use it as a mobile First Point so people who can't or don't access council services online could be shown how to do it as part of the Council's 'channel shift' approach to help save money.

When there were no further questions Cllr. Clare left the meeting.

2. LED Lighting

Members had questioned return on investment of the LED replacement programme and making the capital investment when old bulbs were still working. The AD responded with the following points:

- A full Invest to Save business case had been worked up which showed that LED would deliver substantial savings on energy and maintenance costs. LED bulbs last longer and are lower maintenance.
- Other councils which had invested in LED had seen a 50-60% saving on energy bills
- The Council spent £1.3m on energy for street lights. By year three of a three year contract LED was projected to deliver an annual on-going saving of £0.5m. LED lights had already been installed in a part of the borough and were delivering savings.

Members raised a number of points:

- Cllr. Wright said Cllr. Dugmore's concern had been about the capital investment in the programme. The AD said the investment was £5.2m over 12 years but there would be a major return. An Invest to Save business case had been modelled and a copy could be sent to Cllr. Dugmore and Members asked if this could be shared with all members of the committee.
- Cllr. Smith remarked that a lot of the columns were at the end of their life and the AD said that the condition of many of the concrete columns was deteriorating and the old bulbs were not very bright.
- Mr. Williams said he appreciated the need to make savings but gave an example of a footpath on Wombridge Road where the new LED lights had been installed and were not as bright or had the same spread as the old ones and asked if savings were being made at the detriment of public safety. The AD said she had not heard of this problem before because the LED lights were fitted with deflectors to spread the light and where they had been installed most of the complaints were that the lights were too bright. The advantage of LED is that brightness could be adjusted up or down and the AD said that she would ask someone to look into this individual case. Cllr. Smith said that complaints about the brightness of lights on Gibbons Road had been resolved by an adjustment.
- Cllr. Wright asked if consideration had been given to switching off traffic lights at night. The AD replied that there were health and safety issues and the Customer, Community & Partnership Scrutiny Committee had reviewed the removal or use of part-time signals and had recommended that signals were not switched off. There were only four roundabouts in the borough with Council managed signals. Cllr. Wright was surprised but the AD clarified that the lights at the M54 junctions were installed and managed by Highways England not the

Council, and that they paid the bill. She said they had done a quiz at a public meeting and at the Scrutiny Committee meeting to test people's perceptions about the number of traffic lights in the borough and an on-line quiz may be a way of raising public awareness.

3. Removal of colour printing

Members were concerned about the proposal to remove the option of colour printing when it may be necessary e.g. for planning documents. The AD explained that the proposal was to turn off the colour printing option on 98% of the Council's printers but services such as planning or architectural services would retain the ability to print in colour when necessary. The print service does most of the colour printing and this would be also be a reminder to staff to use the print service because it was more cost effective than using the printers in service areas.

Cllr. Sloan said he remained to be convinced that any colour printing other than for planning needed to be done.

4. Other issues discussed

Cllr. Evans expressed concern about the proposed increase in burial costs for people who cannot afford them. The AD said that people would still have a choice. The Council offers a statutory minimum burial service for £55 for people who cannot afford to pay more. Cllr. Wright said it was cheaper to have a cremation in Shrewsbury than a burial and the AD said that the Council looked after burials but not cremations and it remained cheaper to be buried in Telford.

Ms. Mason Morris said that the Equality Impact Assessment on burials left a lot to be desired as there would be implications for people of different ages, disability etc. and the AD said that she would ask for this to be revisited.

Cllr. Sloan said there was an issue in that the town was running out of burial space and the AD said that they were looking at plots of land to expand.

Cllr. Sloan said he had suggested the committee look at the impact of the proposals for the community centres, but the issue for him was more of a general point about whether a geographic impact assessment of the cumulative budget cuts had been carried out to see if there are any areas which are particularly affected, and how services were joining up to consult on proposals to that opportunities to join up with partners or co-locate services – such as community centres and libraries – were not lost. The AD said this was a good point and there were opportunities for example in Donnington to bring the library and community centre together and she was already in contact with the Community Participation Manager about this.

A written response to a question about savings proposal 48 (reactive highways maintenance) was tabled.

When there were no further questions the Chair thanked the AD and she left the meeting.

The Chair invited members to put forward any other issues they would like to raise as part of the budget scrutiny.

Cllr. Evans requested information about:

- The smoking cessation budget (proposal 169)
- The evidence base for changes to the drug and alcohol service (proposal 171)
- The reduction in senior management impacting on capacity to maintain services safely (proposal 106). This was supported by other members including Mr. Williams who wanted to know why the number of Cabinet members had not reduced commensurate with staffing reductions.
- Changes to staff terms and conditions (proposal 102). The proposal refers to a letter to the Unions setting out the proposed changes and Members have a responsibility to know about proposals that will impact on staff.
- Restructuring process – many of the staff savings relate to not filling vacant posts. Have restructures been driven by staff leaving the organisation or by designing the structure needed to deliver the organisations' vision.

Mr. Williams wanted to look at Single Status. He wanted to know how the amount set aside for Single Status had kept up with changing staff numbers and if there was still enough in the pot.

It was agreed that the Managing Director would be invited to the meeting on 3 February to address the issues related to restructuring and any others that could be covered at the same time otherwise written responses would be requested.

The meeting ended at 8.15pm.

Chairman:

Date:

FINANCE & ENTERPRISE SCRUTINY COMMITTEE

Minutes of a meeting of the Finance & Enterprise Scrutiny Committee held on Tuesday, 19 January 2016 at 6.00pm in Meeting Room G3/4, Addenbrooke House, Ironmasters Way, Telford, TF3 4NT

PRESENT: Councillors S A W Reynolds (Chair), S Bentley, S Burrell, N Dugmore, R Evans, R Sloan, C Smith, D Wright and Co-optees R Williams and C Mason-Morris.

ALSO PRESENT: Councillors A Eade and A Lawrence.

IN ATTENDANCE: F Bottrill, Scrutiny Group Specialist; S Jones, Scrutiny Officer.

FESC-09 MINUTES

The minutes of the meetings held on the 6th and 13th January 2016 were deferred until the next meeting.

FESC-10 APOLOGIES FOR ABSENCE

None

The Committee noted the apologies submitted by the Council's Chief Financial Officer due to attendance at a public consultation meeting on the budget proposals.

FESC-11 DECLARATIONS OF INTEREST

Cllr. Evans declared an interest as an employee of a care provider contracted by the Council for discussion about the adult care budget.

Cllr. S. Burrell declared an interest as a Director of an Adult Social Care Company.

Cllr. C. Smith declared an interest as a Member of the Board of the Shropshire Pension Fund.

Cllr. Bentley declared an interest as a landlord in relation to any discussions relating to housing business rates.

FESC-12 ALTERNATIVE BUDGET PROPOSALS OF THE MAIN OPPOSITION GROUP

The Chair welcomed everyone to the meeting and asked the members to introduce themselves. The Chair invited the Leader of the Main Opposition Group and Cllr. Lawrence to present the alternative budget proposals and confirmed that questions could be taken during the presentation.

Cllr. Lawrence thanked the Committee for looking at the report and the officers for their support in producing the proposals. He explained that there are limitations on

the extent to which an opposition group can develop budget proposals due to time and resource constraints.

Cllr. Lawrence provided an overview of the alternative budget proposals which included freezing council tax as, in the current fragile economic climate, it was important to retain the 0% increase. However, the Main Opposition group recognised that Adult Social Care is a special case and in previous budgets had supported putting additional funding into adult care and the current proposal supported the inclusion of the proposed 2% increase in Council Tax for the adult care precept.

He explained that the key policy difference between the administration's budget proposals and the Main Opposition's alternative budget was on debt and the opposition group did not support the rapid increase in debt. The increase was illustrated in the graphs on page 4 of the report. It was recognised that some of the debt started when the Main Opposition had been in control. He explained that the more debt that is taken on the more difficult it would be to manage and debt amounts to deferred taxation for Council Tax payers as more of the budget is used to service debt. The current debt approved by Cabinet was £261.6 million which had been used to fund projects such as the solar farm and Nu Place with more projects in the pipeline and was felt to be too high and the Main Opposition group recommended the disposal of assets to reduce the level of debt. There was nothing intrinsically wrong with the projects but the issue was that the Council could not carry this amount of debt. If the Council were a different type of organisation, for example a private company land to sell, it may be different but the model was to borrow and spend on speculative projects. There is a risk issue – the Council is not a private company so is not at risk of insolvency but as it takes on more debt it exposes the Council to greater risk. It was agreed that there was a need to find alternative income streams but the Main Opposition's recommended approach was to 'stick to the knitting' i.e. develop services in areas where the Council has expertise, for example children's services, adult care, ICT, planning or to develop services already traded with schools. The Government had talked about high performing local authorities taking over low performing authorities and there could be opportunities for Telford & Wrekin to take over failing services in other areas or provide services to other organisations – payroll services for example. The approach would be to market services on a national basis to the wider public sector or to private businesses as had happened locally in the past. To kick start this, the proposals included £750k for marketing to break into other areas. It was noted that the proposals presented did not include any income that would be generated.

On Single Status, a percentage of payroll costs had been set aside for a number of years. This had been a sensible approach in the past but the steady reduction in the size of the workforce meant they had calculated that the same level of provision was not needed and the some of the money in the pot could be withdrawn and allocated to services. The recommendation was to resolve Single Status over the next 12 months and to use the residual money in the pot to support front line services.

Other proposals included bringing forward the implementation of the living wage, setting aside money to revisit the housing development targets in the Local Plan which were considered too high and a commitment to investment in highways

without increasing debt levels. The objective was to improve highways standards, although further detailed modelling by officers would be required.

Cllr. Lawrence referred to the graph on page 4 of the report which showed the net debt and was concerned that Telford & Wrekin was moving up the graph and the exposure to risk was increasing. The individual risk for each project funded by borrowing was not great – but they added up to a toxic mix. Local government will become more free standing and in the future will not receive Revenue Support Grant which is a share of the national economy and spreads the risk. In future local authorities will generate income linked to the performance of the local economy (for example business rates) which would be susceptible to down turns in the local or national economy. The local government final salary pension will have a growing deficit as pension holders live longer. There is a legal obligation to fund pensions and this will have to continue with a shrinking workforce so the burden will be a greater percentage.

The commercial Property Investment Portfolio as a legacy of the Telford Development Corporation was used to fund liabilities for maintaining open space inherited from TDC but there were concerns about the risks associated with the volatility of the property market which had led to the collapse of investors in commercial property, building societies and banks during the financial crisis. The minutes of the Boards of Northern Rock, Royal Bank of Scotland would show that before the financial crash that their investments were thought to be wonderful but in reality they were bust.

Residential property had historically done well but the Council has no recent experience in residential property development and management and has no experience in solar farms and as the current guaranteed tariffs could end in future these were considered risky investments.

The alternative budget supported the revised approach to the calculation of the Minimum Revenue Provision (MRP) but recognised the risks of implementing the change at the same time as the projects discussed and the impact on the budget over the longer-term. Taking HLC as an example the change in MRP would mean that the Council would be paying interest for 20-30 years when there was nothing left on the lease whereas the lease would have been paid off under the current MRP calculation. There was some accounting logic and Cllr. Lawrence was supportive of the innovative approach but concerned about the impact on future budgets.

The level of debt was a worry. Cheap borrowing on capital markets to invest in commercial property had led to the downfall of institutions such as Northern Rock who had borrowed cheaply and the value of property had fallen. A report before Christmas gave the example of an organisation that had been unable to let properties and the organisation had gone down. The Growth Agenda was the right approach but it was felt the administration was moving into risky areas which the opposition group was not comfortable with. It was difficult find proper external advice on what level of debt the Council could sustain. It was also problematic to measure. The Council has assets on the balance sheet but they cannot be realised to pay off debt, for example school buildings and highways, and there are liabilities in the pension scheme so assets on the balance sheet are weak.

The recommendation going forward was for the Council to take a 'stress testing' approach to the level of debt, similar to the Bank of England, to assess the potential impact of set-backs in the economy such as the recent down turn in China. The report set out some ideas for metrics which could be used to measure the level of debt which had been suggested by the Council's treasury advisors, Arlington Close, for example, debt per property in the council area or debt net revenue. The metrics would help understand the impact of any loss of income. Modelling the impact of a 10% loss of income increased the debt burden to what was considered a worrying level. The amount of current debt per property currently stands at £3,605 but under the savings proposed by the alternative budget this would reduce to £2,610.

The Main Opposition proposed that £1million of the fund set aside for Single Status should be released and that the Council finances would still be comfortable.

Partnering with other authorities would save money and the development of Centres of Excellence within the authority (e.g. land stability at the Gorge and flooding) could be marketed to public bodies to generate income. Children's services was highlighted as an area with potential to provide expertise to failing services in other authorities.

Cllr. Lawrence explained that the main opposition was supportive of the work to reduce youth unemployment but more could be done. An additional investment of £0.5m from the Invest to Save / Capacity Fund pot was proposed to build on this work and to launch an initiative for adults. The extra funding would equate to 78 apprenticeships or a smaller number of adult training roles. 78 apprentices would reduce youth unemployment in the borough by 5%. Rights of way would also have more money.

Regarding education, Cllr. Lawrence said that a weakness in the administration's strategy was that secondary education had not been expanded to match increased demand from demographics and housing development and £0.075m had been proposed for an urgent review of secondary places.

The opposition group supported union membership but not financial support - the £100k subsidised by Council Tax payers to support union membership should be used for other purposes.

There was fundamental disagreement with the Administration's proposals for the closure of libraries which were unnecessary. Other saving could be made so that the cuts were not required. The alternative budget would cancel the closures. The four year grant settlement from government implied that additional savings will need to be identified for future years and the approach would be to work with officers now to identify additional savings and bring them forward to 2016/17 and 2017/18 so that the library closures and an increase in Council Tax were not needed. Balances would be used to allow time for appropriate alternative savings to be identified. In particular the libraries in Newport and Madeley should be retained and alternative models such as a Public Service Mutual would be supported as a vehicle for library service provision. Other opportunities to generate income would be explored for example internet cafes. Devon had developed a good model.

A summary of the model for the next 2 years and the revised savings proposals was set out on pages 15/16 of the report and the figures stacked up. The key proposals would:

- Reduce Debt by £72.2m,
- Reduce the risks the council faces
- Propose a new strategy for incremental income generation.
- Reduce Union Subsidies
- Accelerate implementation of living wage
- Increase the number of Apprentices in the Council by 78 for 1 year
- Better planning for school places
- Review and Revise Shaping places
- Review rights of way
- Reduces the extent of service impacts and reductions

Pages 18-20 of the report set out the Chief Financial Officer's statement of robustness which concluded that the alternative budget for 2016/17 could be considered as robust enough to be viable.

Cllr. Eade commented on the Local Plan and questioned how the housing development target of 15,500 had been arrived at and that the Council's own survey had found 9,940 houses were required in the borough. The higher level of development would not only put a strain on the budget from the infrastructure required to support the development but would require a 40% increase in jobs over the national average for the period of the Local Plan and there were no proposals in the administration budget as to how that would be achieved. The number of secondary schools places was a worry and could not be resolved quickly; money had been invested in primary schools but there was no funding for secondary schools and in fact the funding had been cut. The only way to increase school places was to borrow and Cllr. Eade was concerned about the additional pressure of development on borrowing. The Chinese economy which had been built on debt was in the news and he was concerned about the effect of the economic cycle.

The Chair thanked Cllr. Eade and Cllr. Lawrence for the presentation and opened the floor to questions.

Cllr. R. Sloan said he had some sympathy with the views on Single Status but he would wait for the report to the Audit Committee before coming to a view on the way forward. Four members of the Finance and Enterprise Scrutiny Committee were also on the Audit Committee. On the Living Wage he asked how the figure of £8.10 had been calculated and if it was based on the figure used by government from the Living Wage Foundation of £8.25. Cllr. A. Lawrence replied that the main opposition group would like to go forward with the Living Wage as quickly as possible and officers had helped with modelling different scenarios. The figure was between the existing minimum wage and the Living Wage. Modelling had showed there would be an advantage to staff affected but no additional strain on the budget and he would ask the Administration to consider the proposal. As a better performing Council there are opportunities for Telford & Wrekin and these should be explored.

Referring to the move to local funding, Cllr. Sloan welcomed the Chancellor's announcement about the retention of 100% of business rates by local authorities, but

said that the devil was in the detail and it would not be introduced until 2020 but he imagined that all Councillors would support local authorities standing on their own two feet. Cllr. Lawrence said that the alternative budget had been developed in the context of the move to local funding; money from the government could be seen as 'AAA' rated (i.e. low risk) but as the Council moves to managing on local NDR and was free standing there were greater risks associated with economic downturn and fewer businesses. Cllr. R. Sloan commented that this could also be considered in the context of the discussion regarding Britain's exit from the European Union. Cllr. Eade reflected that the local economy was based on manufacturing which made it more vulnerable to slowdowns.

Cllr. Eade said that Single Status had been going on for some time. It needed to be resolved and he wanted to share thinking. He wondered if the option of buying people's interest out should be considered which would leave more money in the pot for services. He knew that work was going on but that everyone should push to sort it out. He felt the public would not accept keeping £12 million in the pot when services were under pressure and the contingency should be dug into.

Cllr. Sloan said he agreed with the risks around the final salary pension scheme – this was not just an issue for Telford & Wrekin and Shropshire but affected a whole range of people – but the alternative budget had not offered a solution. Cllr. Lawrence compared the situation to personal finances – would you borrow more now to pay off your mortgage when you know you have to pay more into your pension and if interest rates go up you will have limited options for your budget. As the work force reduces the Council will have to fund the pension deficit for people who retired 10 years ago or more with fewer people. The key point was that the Council should be thinking ahead about what the contribution to the pension scheme means. Salaries and pensions have to be paid. A large and growing debt burden with an increase in interest rates would put pressure on the budget and perhaps there should be a cap on the level of debt. The proposed change to the MRP calculation is good now, but together with other things was concerning and future generations will have to carry the debt.

Cllr. Sloan asked if they saw the 7 regional funds as a threat or opportunity. Cllr. Lawrence said they did not change the dynamic. People were not retiring as quickly nowadays and we will need to put more into the pension fund for when they retire and to fund pensions for past employees. It was possible that the pension costs could increase to a colossal 25% of the salary budget.

Cllr. R. Sloan asked if the £500k capacity fund for youth and adult unemployment included the apprenticeship levy. Cllr. Lawrence said the levy had been built into both budgets. The scheme would help young people to gain experience for a year and enter the jobs market with the skills gained during that time.

Cllr. C. Smith asked about the sale of assets. The proposals to sell the solar farm and dispose of the Nu Place properties would reduce the Council's future income. How would the Council replace this income as assets can only be sold once? Cllr. Lawrence replied they would take a different approach by selling services based on the Council's core activities and expertise. The solar farm was good but not in the Council's area of expertise and is funded by debt. If the asset underperforms and

the debt costs increase there is a risk that the Council will lose the profit margin. The Council should de-risk and sell more of what it knows.

Cllr. Smith said the Council was a pioneer in building the solar farm. Cllr. Lawrence replied that Northern Rock Board members may have said the same before the crash.

The Chair said that the solar farm had generated £180k income this year, above the £140k target. She wanted to know what the rationale for selling off income generating assets was, and where they would expect to get income growth. It would be difficult to generate income from the sale of Council services due to lack of capacity within the organisation. Cllr. Eade replied that figures in the alternative budget had come from Cabinet reports and that the tariff for electricity generated by the solar farm could change with new legislation and new technology. Cllr. Lawrence added that it was not the principle of the solar farm that was the problem – but the debt that this created for the Council. Interest rates were low now but they would go up. In the view of the Main Opposition this is not what the Council should be doing – instead the Council should concentrate on offering services where it could offer expertise that would benefit the national economy, bring income into the Council and create local employment at a lower cost base. Telford & Wrekin has better expertise in some areas than other authorities and should not be borrowing more to invest in risky activities. If income generation does not work the only other way to save money would be to reduce the size of the organisation.

Cllr. C. Smith said that the property portfolio of £50 million brought in an income of £5million which in his view was a good return and the Bank of England had indicated the interest rate would not increase this year so where was the risk? Cllr. Lawrence said interest rates would not rise because the economy was so weak and he hoped he was wrong but the opinion of the main opposition group was that a strategy of investment in risky projects was not right. Cllr. Smith relied that the manufacturing base in Telford and Wrekin was higher than in other West Midlands authority areas. Cllr. Lawrence said they would grow activities where the Council had experts and sell services to other authorities. The Chair asked if this meant they did not want to see growth and Cllr. Lawrence said they did but it would be achieved by investing in public sector activities – he said the Council had some very good staff whose skills could be provided to other authorities. Cllr. Bentley said he would support selling off the solar farm because he felt the Council did not have skills in that area but speculated as to who would be interested in taking it over when the big energy companies were not investing in solar and there would be an increase in tariffs. It would cost a lot to dismantle so that was not an option. The Chair said the solar farm would bring in £185k this year and other authorities were looking at going down the same route. Cllr. Dugmore commented it has been sunny in the summer and Cllr. Bentley said he doubted it would have been generating as much energy in the last few months.

Cllr. Dugmore said the Council should focus on what it does best. The solar farm or windmills are a brilliant idea if the money is there to invest in the first place and he had not seen other authorities queueing up to invest in solar farms. He commented on the previous investment in the ice rink which would now reduce its opening times and he questioned if the Council would get its money back from the investment. He

referred to the Chief Finance Officer's comment on page 19 of the report which said that Nu Place, the solar farm and the Property Investment Portfolio represented a small percentage of the total Council budget. Cllr. Dugmore checked his understanding that the alternative budget was proposing the sale of these assets to avoid the future borrowing costs. Cllr. Lawrence said this was correct – they were not large amounts individually but were part of a growing pool of debt. When he had asked officers how the debt could be reduced, the only assets that could be realised were the solar farm, the PIP properties and Nu Place. There was nothing else that could be disposed of to realistically reduce the debt.

Mr Williams asked what figure would be deemed a 'sustainable level' of debt and if it was realistic or an aspiration? Cllr. Lawrence said that the level of debt would depend on the economic climate and interest rates. The worrying trend at the moment was that the level of debt was going up and this had implications for the revenue budget. The % of the debt as a proportion of the revenue budget should be the main metric to manage debt. His own opinion was that the level of debt should be no more than 10% of the revenue budget and he would be comfortable with reducing it by £70 million. This should be reviewed each year depending on the economy.

Mr Williams asked if the interest rate went up, would the priority be to pay down the debt or cut services. Cllr. Lawrence said interest rates tend to be fixed for a term but the problem comes when the term comes to an end and the project needs to be refinanced – this is managed by the Treasury Management team – but the main point was that the level of debt was worryingly high although it would vary from year to year.

C. Mason-Morris asked how viable the stress test metrics were, for example if debt per property was reduced from £3,600 to £2,600 it would reduce again if more houses were built without doing anything to reduce the debt. Cllr. Lawrence said no one had come up with a perfect measure but they had been trying to find indicators which would give a 'feel' for the level of indebtedness and the metrics suggested in the report for stress testing had been suggested by the external treasury advisors.

The Chair said she was still struggling with the ambition of the alternative budget to generate income and selling off income generating assets. She said that private sector developers has not wanted to develop the land used for Nu Place and that the Council would be providing 400 homes which would generate rental income year on year. The properties should only be sold at the right time to maximise the value and now was not the right time. She also questioned the proposals to cut the Growth Fund as this brought business to the Borough. Regarding the proposals for libraries she did not want to lose the libraries and the council would work with others to find an alternative way to continue to provide these services. She asked what the Main Opposition would do once the assets had been sold – there would be a short term gain but how would the continued library service be sustained?

Cllr. A. Lawrence said that savings could be brought forward now to save the libraries. Over the longer term he accepted the need to generate incremental income but the difference in approach was that there should not be further borrowing. Cabinet had already committed to £260 million of borrowing to finance

the capital programme and in the view of the Main Opposition is that level of debt is not sustainable. The Chair responded that the level of Council debt was £130million and Cllr. Lawrence said that the figure of £260 million was what has already been committed by Cabinet.

Cllr. A. Eade noted that the Administration's budget report stated that 'the aim of the review was to close the following libraries. He suggested that Scrutiny should look at this and suggested the Public Service Mutual was a model should be explored and there were good models in York, Devon and Dudley. He said it was important to keep the service intact and not farm it out piecemeal to Town and Parish Councils. Cllr. Lawrence responded to a question from the Chair about long term sustainability of funding for the libraries that they would fund the core service and would look at a public service mutual model. Cllr. Sloan said that the Committee had taken evidence on the library service and had not yet come to a view. This would happen at the final meeting for the Finance and Enterprise Scrutiny Committee in this process. Cllr. Eade said the libraries in Newport and Madeley were well used and would have core funding but they would look at what other authorities had done. He highlighted the need to support the whole library service and suggested looking at the York model.

The Chair said that by highlighting this in the Administration's budget proposals now gave time to work with people to find a solution to ensure that libraries would not close if at all possible. There was some discussion between members about the wording of the libraries proposal in the administration budget.

Cllr. Lawrence said that the point he was trying to make was that, as all administrations do, they would ask officers to work up plans and proposals for savings and income. £750 was enough to put together a plan for the service. Officers were very good at coming up with innovative ideas and they would be asked to do this.

Cllr. S. Burrell said that 15,500 housing target in the Local Plan (although there were no indicative figures in the Service & Financial Strategy) would mean the employment base would need to grow by over 35% over national average employment projections to sustain that level of development. He said that as the housing target had been set as an aspiration, the budget should make sure that measures were in place to back up the required employment growth. If the alternative budget housing target of 9,940 were taken, employment growth of 5-18% over national average projections would be required. Telford & Wrekin had failed to have employment growth of even 12% above the budget should prioritise employment growth alongside aspirations for housing growth. He mentioned this in the context of the reinstatement of the 16+ transport funding in the alternative budget which was the intelligent thing to do to ensure the Council has the means, method and mode for developing a skilled local work force. He failed to see how this could be achieved by the solar farm or Nu Place and if investment has to be made it should be in skills for young people. Neither could he see how the closure of libraries would help, or the lack of investment in schools. He also said that Burton Borough school was projected to be over-subscribed by 2018 as a result of the number of homes that have been built. He could not see a sensible route in the administration's proposals to achieving the 40% above national average employment growth required by the level of housing in the Local Plan. He supported the creation

of a fund to review the provision of secondary school places. Secondary school places had been planned to 2018 but 2020 was approaching.

Cllr. A. Lawrence said that the alternative proposals included investing in highway infrastructure and that by having less housing growth there would be less strain on schools and services and less debt to carry.

The Chair asked now the investment in highways would be funded? Cllr. Lawrence said that this would be worked up with officers but it would not be funded through debt.

Cllr. R. Sloan asked about the approach to partnering with other local authorities and Scrutiny Committee's response to the Main Opposition Budget proposals from the previous year which highlighted that there were no figures or practical examples and the Committee was not convinced that the approach proposed would work, particularly as other authorities were facing the same budget pressures. Cllr. Lawrence said that Capita and other private sector organisation provide millions of pounds worth of services to authorities and other public sector organisations and he thought that Councils would prefer to buy from other local authorities. He gave the example of children's services which are failing and taken over in the same way that a school in special measures is taken over. He said that Telford & Wrekin Council should anticipate this market appearing and build an offer. Telford & Wrekin was a good authority and had services that could be sold. Where services are not so good we could buy from other authorities.

The Chair said that as a small authority the capacity to do this would be limited and there would be geographical restrictions. Cllr. Lawrence said that the difference was that the Main Opposition did not agree with the level of debt and if services were not sold to generate income then the Council would have to down scale.

The Chair said that without precise figures it was difficult to go further with these proposals. She said that if the number of houses was reduced this would also reduce income from Council Tax and New Homes Bonus which would be about £6 million.

Cllr. S. Bentley said he felt the Council had services and expertise that could be sold to other authorities and highlighted the good work of officers on the world Heritage Site and land stability in the Gorge. The Chair said that the Council may have expertise but she was not sure staff had the capacity. Cllr. A. Lawrence said that if the Main Opposition were in control they would have a team to work up these proposals.

Cllr. A. Eade said that this process could be a political bun fight but that they wanted to share the suggestions in the Main Opposition budget proposals and hoped they would be considered. He gave the example of proposals on essential car user allowance made two years ago which were dismissed at the time but had now been included as a savings proposal. If it had been implemented two years ago the Council would be £1million better off. These were genuine suggestions which he would like to work on with scrutiny. In hard times there are risks with borrowing and the right to buy may change the housing market and the committee should not take

their eye off the ball in monitoring borrowing and he hoped scrutiny had ears for listening.

The Chair said that there was good borrowing and bad borrowing. The Council's borrowing was to generate income not to build civic offices.

Cllr. C. Smith said that he agreed with the Prime Minister and Chancellor that it is important to build more houses. He said he did not agree with selling off houses. Many people have bought houses as part of their 'pension' plans. Cllr. Eade said that the feasibility study found that there should be 5,000 fewer homes. Cllr. Smith said that some developers bought land but then did not build houses. Cllr. A. Eade said he would support a punitive tax to prevent land banking.

Cllr. Lawrence said that the level of indebtedness was high for a small organisation. He gave the examples of Iceland and Cyprus who had over borrowed. The Chair said that the level of borrowing was risk assessed and that she was more worried about the Main Opposition's proposals which set out a reserve of £1.2 million. Cllr. Eade replied that the proposals had been signed off as robust by the Chief Finance Officer. Cllr. Lawrence added that the if the Main Opposition were in control they would work with officers to find more savings but the resources had not been available for further work.

The Chair thanked Cllrs. A. Eade and A Lawrence for their presentation and the officers for their support in this process. She said that if Members had other questions after the meeting they could request a written response.

Cllrs. A. Eade and A. Lawrence left the meeting.

FESC- 12 Service & Financial Planning Strategy 2016/17 – 2018/19 (Draft Budget Proposals)

The Chair confirmed the arrangement for the following meeting on the 27th January.

The Scrutiny Officer confirmed a table had been sent to committee members which set out the information that had been requested. She asked for Members to confirm that this reflected the information they wanted. She also confirmed that the Managing Director would attend the Committee meeting on the 3rd February to provide information about the impact of the Senior Management Team cuts, the approach to re-structuring, Single Status and changes to staff terms and conditions, the geographical impact of savings and consultation with partner organisations.

The meeting ended at 7.47pm.

Chairman:

Date: