



Telford & Wrekin
C O U N C I L

Addenbrooke House Ironmasters Way Telford TF3 4NT

FINANCE & ENTERPRISE SCRUTINY COMMITTEE

Date **Thursday, 29 June 2017**

Time **6.00pm or on the rising of
Cabinet whichever is later**

Venue **Meeting Room G3-G4, Addenbrooke House, Ironmasters Way, Telford, TF3 4NT**

Enquiries Regarding this Agenda:

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Committee Membership: Councillors N A M England (**Chair**), S Bentley, N A Dugmore, R Mehta, R J Sloan, C F Smith and D G Wright
Co-optees: Mrs C Mason-Morris and Mr R Williams

AGENDA

1. **Apologies for Absence**

2. **Declarations of Interest**

3. **Minutes**

To confirm the minutes of the meeting of the Finance & Enterprise Scrutiny Committee held on 18 January, 26 January and 1 February 2017

Appendix
A1-3

4. **Civil Parking Enforcement**

- To receive a presentation from the Assistant Director Customer & Neighbourhood Services providing information requested at the meeting on 10 November 2016; and
- To agree a recommendation or to agree and scope further work.

Members of the Customer, Community & Partnership Scrutiny Committee will be invited to take part in the meeting.

The minutes of the meeting held on 10 November 2016 can be viewed at <http://apps.telford.gov.uk/CouncilAndDemocracy/Meetings/Download/MTk0Mjg%3d>

5. **Work Programme 2017/18**

To agree the Work Programme for 2017/18

Appendix
B

6. **Chair's Update**

FINANCE & ENTERPRISE SCRUTINY COMMITTEE

Minutes of a meeting of the Finance & Enterprise Scrutiny Committee held on Wednesday 18 January 2017 at 6.00pm in Meeting Room G3/4, Addenbrooke House, Ironmasters Way, Telford, TF3 4NT

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

IN ATTENDANCE: J Eatough, Assistant Director Governance, Procurement & Commissioning; Cllr A England, Cabinet Member Adult Social Care & Older People; C Jones, Director Children & Adult Services; S Jones, Scrutiny Officer; D Lloyd, Interim Assistant Director Early Help & Support; T Smart, Finance Manager, Schools and Care Services.

FESC-11 APOLOGIES FOR ABSENCE

Cllrs S Bentley and A Burford

FESC-12 DECLARATIONS OF INTEREST

Cllr Burrell was not in attendance due to a Conflict of Interest in the adult care budget

FESC-13 SERVICE AND FINANCIAL PLANNING STRATEGY 2017/18-2018/19

The Chair welcomed everyone. The main item for discussion was the adult care budget, in particular the options for the adult social care precept. The alternative budget proposals would be carried forward to the next meeting.

The Chair invited the Cabinet Member and officers to give an overview of the work taking place in adult care and the approach to the budget.

The Cabinet Member opened by saying that he wanted every penny possible for the service but left it to officers to go through the detail of the options. They would also need to consider the view of Council Tax payers.

Officers then highlighted the following points:

- A new activity model had been introduced and would be carried forward in 2017/18 with set targets. The model completely changed the way of working to an asset based approach focussed on what people could do for themselves and helping them to maintain their independence. Personalised plans were developed based on needs but looking at lower cost solutions which could deliver better outcomes. The approach had been successfully piloted in Stirchley.
- There had been a root and branch review of the structure and processes in readiness for the new approach. A new team was now in place with the new Assistant Director coming into post in February. A work force development plan was being developed and would be integrated with children's safeguarding so there was a consistent way of working with children, young people through to older people and their families, focused around "safe" independence.

- Telford and Wrekin had higher than average numbers of older people in residential care and for longer so there was a lot of work to do. Where the new approach had been introduced by other authorities – such as Essex – it had been successful and the intention was to mirror this good work where possible.
- They were implementing a “back to basics” approach to change the whole way of operating and the type of conversations the early help team and social workers have with clients to improve practice and meet the needs of service users. The focus was on asking different questions, such as starting with ‘What do you have?’ ‘What are your interests?’ and understanding what a client can do for themselves with support from friends, family or local support groups.
- Working practice was being integrated by co-locating existing early help, community social work and mental health teams alongside health workers. They were also exploring how to work more effectively with GPs and other partners through our work on the Sustainability & Transformation Partnership (STP). They were also collaborating more closely with providers of domiciliary and residential care to ensure an appropriate offer in the market place.
- In terms of the adult social care precept, the adult care purchasing budget was around £40m, a draw down budget of £2.5m had been set aside for 2017/18-2019/10 and an additional £1.344m in 2017/18 to meet pressures. Delivery of the service within budget would require all the new initiatives to be successful. The extra 1% on the adult social care precept had not been budgeted but would be useful to help phase in the savings. The option to increase the precept had come so late in the day there was not a specific plan for how the money could be spent, but creating community capacity to impact on the budget required time and investment.

The Chair opened the floor to questions and the following information was provided in response:

- With regard to how the extra 1% precept would be spent, officers replied that the targets were tough and it would help towards meeting the targets. Good foundations had been put in place but the next 12 months would not be easy and the extra money would be invested in the new ways of working to accelerate the pace of change so that savings could be delivered as quickly as possible. An example was the campaign to increase uptake of Direct Payments.
- In terms of managing the impact of the drop in funding in year 3 if the Council set the precept at 3% for two years, the savings in the budget had been modelled on a 2% precept over three years, before the government had announced the option of bringing the precept forward. The new model was a very different way of working so there were risks and it may make sense to put money in early to create more space to smooth in the changes. The targets were challenging and early funding may allow more room to deal with the pressures. Modelling had been carried out using different assumptions to see how the service could get back to budget within three years and the risks were fed into the model. Other authorities trail blazing the model had shown success and things would be taken carefully year by year. This was a fundamental change involving changes to the workforce, re-training and greater involvement with the voluntary sector and there were some unknowns. The approach was developing as part of the Council initiative ‘Being the Change’ which is looking system wide across Telford looking

to build community capacity. Not many authorities had tried it before and the approach was pioneering. The Council continues to work with the voluntary sector to develop community capacity but to say with confidence that the service would be back in budget in three years did not come without significant risk. Essex Council had seen a reduction in children in care placements and adult care placements and a reduction in A&E admissions. The cogs were in place in Telford but they would wait to see the results of the public consultation on the precept. The Cabinet member added that if the 3%/3% precept was in the budget he would like to see it invested in promoting and driving forward Shared Lives. He said the approach must be needs based. The Interim Assistant Director for Early Help and Support highlighted how social workers were aware of the budget pressures and the need to make change whilst ensuring that needs are appropriately met in line with Care Act requirements. The Cabinet Member indicated that he was proud of the good work that the officers had done. The relationship with the CCG had improved and was more positive. He felt positive that services would improve and that the alternative provision would save money. The finance manager clarified that the Local Government settlement enabled authorities to increase the adult social care precept to 3% for two years so there would be an early benefit but a drop to 0% in the third year.

- Members made a number of points about the adult social care precept –
 - that the decision would need to take account of the phasing of housing development e.g. if there were more properties to collect Council Tax from in the third year
 - that people may think it was better to raise more money earlier on the assumption that other funding would come over the horizon for adult care
 - that option A would mean increasing Council Tax by 4.2% instead of 3.2% which could be a lot of money for some people. Collection rates were getting worse and this was something to be mindful of.
 - The campaigns discussed were one-off funding and Members did not see why some of the costs could not be capitalised.
 - The Health & Adult Care Scrutiny Committee would scrutinise the adult care budget and savings over the next 12 months.
 - The pace of change was the concern and it would be helpful to have a better understanding of what would be done with the up-front money
 - That if the Council was contracting providers for more than 2 years, the drop in the third year could skew the budget. There could be an advantage in having a 2% flat rate to bring greater stability over three years when the new model was untried.

- Addressing concerns about the new model, the Director responded that staff morale and motivation tended to be linked to performance and whereas 6-7 months ago morale had been poor, staff were now fully engaged and thought that the model was right. It was refreshing and provided a good foundation. There needed to be a holistic approach to training. They had realised the quality of practice was not right and had struggled to meet the savings targets but staff were now on board and were responsible for the budget and accountable for their decisions.

- In terms of provision for unforeseen pressures such as St. George's being put in special measures, Members were informed that the Council had been working with St George's for three months and the Cabinet member said there was a debate about whether the Council should get more involved.
- In terms of managing the market, the Assistant Director for Commissioning and his team had a major role in managing the market. Care providers were asking for more to cover the cost of the living wage and there was a need to manage demand away from high cost provision. There was a balance to be struck between managing costs and recognising the pressures on providers in order to sustain the market.
- There was a question about how many people were in residential care out of the borough. The number was not to hand but Members were informed that the number of out of borough placements was reducing and that the authority had a duty of care to find care locally.
- In terms of multi-agency working, there was a question about whether budgets would merge, if there was discipline about which agency would fund the care and the transparency around funding decisions. Members were told that the Social Workers were employed by the Council and they looked at shared arrangements but were clear about the local authority's duties and which organisation should pay for each element of care. A needs assessment was carried out in a multi-disciplinary way to determine what was a health need and what was a social care need and who should pay. Relationships with the CCG were better and the systems were more robust and the process had been speeded up. The level of Continuing Health Care (CHC) funding had reached national average for new cases. Work was being done on existing cases but the process was in place to review the cases and to have conversations with the CCG. The Council was challenging cases which may not have been challenged in the past. It was felt that the model was now right and joined up with colleagues in children and young people services.
- In response to a question about the integration of services for the transition of young people to adult care services, they were looking at where there were synergies across services for young people and adults, for example for disabled young people, and were developing all-age provision. Capacity was being built in the workforce for working with partners to streamline workflows and services for clients. The work was evolving and still shaping up. The Cabinet member gave an example of early work with a disabled young person to help them be more independent and reduce the need for support workers as they moved into adult services.
- With regard to the impact of the precept dropping to 0% precept in year 3 on staffing levels, the new model was based on managing demand away from high cost Council services. This could potentially free up capacity in the workforce and free up funding for preventative work which had been affected by budget cuts. A member commented that there would be more pressure on families with the rise in the cost of living and they would have less money to pay for care. The

Director replied that the early money would be used to push ahead with the plans. Innovative ideas needed to be identified. For example the Council currently funds 700,000 hours of domiciliary care at a cost of £14 per hour - one way of working could be to invest money in leisure centres and use volunteers to get people out which would reduce social isolation and achieve better outcomes for the person. The extra money would give time to look at new initiatives which would sustain wellbeing and keep people out of high cost provision or hospital. It was very different to the traditional narrow approach and they were broadening the options out. More work was also needed to look at the use of technology – for example flashing up medication alarms on TV screens or having conversations with carers through the TV so a home visit was not always necessary. £0.5m had been allocated to develop assisted technology but the service users were real people and it would take time to have the conversations with them. The early money could help smooth in the changes to changing culture and expectations. The Treasury had announced funding for software suppliers to develop technology that could be used in communities (e.g. Amazon Echo). Work was being done with Age UK so that technology would link to Age UK and they would deal with the issue to manage demand away from the Council. A bid for £35k had been submitted to support Age UK to set up and manage the volunteers so there were set up investment costs. There would also need to be conversations with families - a lot of families' anxieties were about falls and that the person needed a night time carer but technology could be used to trigger an alarm if the person was out of bed for more than 20 minutes. Managing demand was about managing anxieties and assuring families about what the response would be.

- In terms of indicators of success new measures were being put in place. High level activity targets were being developed by Managers working with their teams and based on conversations with clients. A performance management framework was being developed to measure outcomes e.g. the number of people turned around to be more independent and would be developed further. If the activity targets were right, savings would follow from keeping people out of high cost care or reducing pressure on other public services. A framework was being put in place across the Council as a whole system.
- In terms of the average cost of a care package, costs could range from £30 to £7,000 per week depending on the level of support. There was no average cost. Domiciliary care was modelled on 10 hours per week. There were around 2,500 services used but some clients accessed multiple services so this was not the same as the number of service users.
- In terms of key risks over the next 12 months, these were identified as not having the right workforce, not changing the culture and the difficulty of changing care packages for people already in long-term care. There were therefore risks to delivering the cost improvement plan but steps had been taken to mitigate the risks by adopting a single system approach and a workforce development programme. A Risk Management Plan has been put in place at a project level to monitor risk and identify mitigations. On further questioning members were informed that the Improvement Plan picked up risk within individual work streams, for example moving people from residential care to supported living. Cllr Sloan

informed members that the Audit Committee examined the Corporate Risk Register and asked questions as to whether the risks were right, and that on-going monitoring of adult care services sat with the Health & Adult Care Scrutiny Committee. The Committee was seeking a co-optee with financial experience to bring extra rigour.

- As to whether the budget had taken account of the outcome of the Employment Appeal Tribunal which ruled that care workers should be paid national minimum wage for sleep-in sessions, Members were informed that services were not commissioned on the basis of the provider paying below minimum wage. If it was found that a provider was paying below minimum wage, the issue would be raised by the commissioners with the provider. A report on anti-slavery which would pick up on this issue was due to go to Cabinet next month. Providers may have different business models to spread wages across the sleeping time to average out but the Council had no evidence of care workers being paid below minimum wage. The model of provision was changing so this would be less of an issue as the hub and spoke model would reduce the need for care workers to sleep in. A Member commented that this was an employment tribunal and was not case law. He added that the increase in the living wage was welcome but acknowledged it would cause problems in the care sector.
- In terms of work with the CCG on safe discharge of patients and preventing inappropriate admissions, the issues were more around the 'front door'. There was no data on the number of missed calls to GPs and there had not been enough conversations about the capacity of GPs or encouraging people to use pharmacies. There had not been enough discussion with health partners or NHS England. Some work had been done as part of the neighbourhood pilot. Telford and Wrekin CCG Board (of GPs) had acknowledged that not being able to get a GP appointment was one of the reasons for people going to A&E and they were becoming more aware of the issues and starting to challenge. However there were robust processes around discharge and the system was working well. Additional social workers had been assigned to the multi-disciplinary teams in the hospital to look at the needs of patients to identify who could be discharged and to prepare them for discharge. Social Workers and Early Help staff were based in the hospitals. An assessment was carried out of the patient's needs so the right support could be put in place. Occupational Therapists and Community Nurses were part of the team. The system worked well around dementia patients but more work was needed on prevention and educating families on where to go for help instead of A&E.

When there were no further questions the Chair reflected on the passion and enthusiasm of the Cabinet Member and officers and thanked them for their attendance. The Cabinet Member and officers left the meeting.

The Chair invited views on the discussion and Members made the following points:

- It was noted that the option for authorities to raise the adult social care precept to 3% for 2 years had come too late for the service to work up what would be delivered in detail.

- The option would increase Council Tax on an average property to 74p per week in 2017/18 instead of 57p per week – making a net difference of less than £9 per year for a Band B property. The Chair noted from her work with the Credit Union that some families were struggling and a small amount could have a big impact on them.
- Members agreed that the issue with the increase would be the drop to 0% in 2019/20. On balance members favoured spreading collection over 3 years to reduce risks in the third year (Option B) or to maintain the 2% increase for 2017/18 and retain the option to increase to 3% in 2018/19. It was noted that increasing the precept to 4% in 2018/19 would lift the overall Council Tax increase above the threshold for a referendum which was not desirable.
- The comment about taking housing development into account - and if it would be better to spread the increase over 3 years because there would be more houses paying Council Tax in 2019/20 - was noted as a good point.
- There was a comment that the extra money would have to be spent but there was no clarity about what it would be spent on.
- There were remaining concerns about the risk register – a member said they were not confident that a robust risk register was in place. They would expect to see numbers and mitigation, for example the risk of older people moving back to the borough from Europe post-Brexit.
- It was agreed that feedback on the number of people to date responding to the budget consultation would be requested for the meeting on 1 February. It was acknowledged this date would be too early for an analysis of feedback as the consultation did not close until 5 February.

Members noted the date of the next meeting on 26 January to consider alternative budget proposals.

FESC-14 WORK PROGRAMME

No further points were raised on the work programme.

The meeting ended at 7.30pm.

Chairman:

Date:

FINANCE & ENTERPRISE SCRUTINY COMMITTEE

Minutes of a meeting of the Finance & Enterprise Scrutiny Committee held on Thursday 26 January 2017 at 6.00pm in Meeting Room G3/4, Addenbrooke House, Ironmasters Way, Telford, TF3 4NT

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

IN ATTENDANCE: Cllrs A Eade and A Lawrence; S Jones, Scrutiny Officer

ALSO PRESENT: K Clarke, Assistant Director for Finance & Human Resources

FESC-15 APOLOGIES FOR ABSENCE

None

FESC-16 DECLARATIONS OF INTEREST

Cllr Burrell declared a pecuniary interest as a provider of adult care with Council contracts

FESC-17 ALTERNATIVE BUDGET PROPOSALS

The Chair welcomed everyone to the meeting and welcomed Cllr Mehta who had been appointed to the committee by Council last week. The purpose of the meeting was to scrutinise the alternative budget proposals of the main opposition group and she invited Cllrs Eade and Lawrence to open by highlighting key points in the report.

Cllr Lawrence highlighted the following points:

- The key concern was the direction of travel with the level of debt. The report set out the national picture of local authority borrowing and the increase in debt charges as a proportion of revenue spending. Other authorities were taking a more cautious approach to stabilise and reduce borrowing ahead of anticipated rises in interest rates and the concern was that Telford & Wrekin were expanding the balance sheet and exposure to risk. The administration's budget would increase debt to £347m. The alternative strategy was to dispose of non-core assets including the Solar Farm and NuPlace to release cash and reduce borrowing and debt exposure.
- The additional investment in adult social care proposed by the administration was supported to deal with pressures.
- The efforts in children's safeguarding were welcome but a £250k reserve was proposed to fund investigation into issues around Child Sexual Exploitation.
- Poverty was an issue in the borough and it was proposed to bring forward the increase in the Living wage to £9ph from September 2018 instead of April 2020.
- Surplus funds had been identified for a highways capital programme without the need to increase borrowing.
- Additional investment of £0.050m would be put into driving an increase in recycling rates. Targets set in the waste contract were considered too low.

- Partnering with other organisations was a key savings and income strategy. The approach would be to develop Centres of Excellence around existing areas of expertise or outsourced models with neighbouring authorities to provide commercial services to other organisations, rather than investing in what were considered speculative projects. The opposition group only had limited access to officer support to develop detailed proposals but this was the outline approach.
- Other proposals included £18k to reconfigure the mobile library service, to reinstate the funding set aside for AFC Telford and to reverse the administration's proposal to increase the cost of school meals.
- The alternative model stacked up as confirmed in the statement of robustness.
- In summary, the key approach was to reduce debt to reduce exposure from increases in interest rates and to develop Centres of Excellence.

Cllr Eade then made a number of points:

- He highlighted concerns around CSE which had received national media attention and £250k had been set aside for further investigation. He urged the administration to consider initiatives related to CSE before setting the budget.
- An on-going contribution from the base budget was proposed to support the good work of the Street Pastors.
- He highlighted the increase in prudential borrowing from £91m in 2011 to £347m under the administration's proposals. The recalculation of the MRP had reduced the cost of borrowing in the short/medium term but would lead to higher interest repayments at the end of the life of the loans.
- He felt there were savings to be made from shared services and was disappointed that Telford & Wrekin had not discussed opportunities with Shropshire Council.
- With regard to the proposed funding for a review of secondary school places, there was concern that there would not be enough places as the number of children now in primary schools move into secondary education and S106 contributions had not been levied from developers for the necessary additional school places.
- A one-off investment was proposed for environmental maintenance to improve standards and make the borough more attractive to potential investors.
- The essential car user allowance would be removed to save £140k. £1m would have been saved if the proposal had been adopted when first put forward by the main opposition group.
- With regard to children's safeguarding, the budget had overspent for a number of years and the efforts and additional investment to address the issues was supported, but there was concern about the level of control over the budget.
- The increase to the cost of schools meals was not supported and would be removed.
- The funding for the mobile library would be to reconfigure the service which could provide essential services to nursing homes in rural areas. The service had cost £40k a year but it was felt could be provided for £18k.
- The withdrawal of funding from AFC Telford in the administration budget was not supported and would be reversed as the club did a lot of good work in the community.

- He emphasised concerns with the level of borrowing which had quadrupled and the level of debt costs which had trebled over the last 6 years and was stacking up problems for the future.

The Chair invited questions and the following responses were provided:

- A member asked for comment on the strategy to de-risk the balance sheet by disposing of assets which generate income, details of the 'further savings to be identified' and where the one-off funding for the 3G pitch in Madeley would come from if the money was reinstated to AFC Telford. In response Members were referred to the table in the report setting out alternative savings including £125k from joint working, a review of staff terms and conditions and contributions for Trade Unions. With regard to other savings, if the opposition were in administration officers would be tasked with identifying other savings which was not possible in an alternative budget. The points on debt remained valid – the higher level of borrowing, the higher the level of risk. The Council had made money from cheap borrowing but this would not continue as interest rates would go up. The Council needed to de-gear before interest rate rises as other authorities were doing. With regard to the 3G pitch the £233k would be funded by savings so that the pitch could go ahead.
- A Member commented that there was a balance to be struck between the risk of borrowing and the need to sustain key services. He did not agree that the direction of travel in Telford & Wrekin meant the level of indebtedness would increase to the level of other authorities, some of which had double the level of debt, as borrowing was reviewed year by year to see what was prudent. He had further concerns about the strategy of selling off income generating assets and whether there would be a market to sell Council services to other authorities when they were also facing cuts. In response, Cllrs Eade and Lawrence referred Members to the graph of NAO statistics in the report showing that nationally debt had increased from 2014-2011 but had then stabilised whereas the level of debt in Telford & Wrekin had increased. The need to fund priority services was understood but investing in areas like property was risky as had been demonstrated by companies which had failed when the property market crashed. A jump in interest rates could cause a crash in the market. The future was unpredictable – there had already been a crash in the exchange rate and the markets would be volatile because of uncertainty around Brexit. A better approach was to generate income from core services where the Council had existing expertise. Cllr Sloan reminded members that the Audit Committee monitored borrowing and debt costs.
- Responding to a question about the projected receipt from the sale of the Solar Farm and the loss of income, the alternative budget had been based on selling at cost because the opposition group did not have access to the expertise of finance officers. However the Solar Farm was a good asset which is was felt could be sold at market rate as a solid business with future cash flow. Selling the solar farm was not about risk but about reducing debt. NuPlace was different because the model was more risky – the Council was not a housing authority with experience of the buy to let market which suited the private sector better. The risk was if there was a fall in property prices. Members probed where the risks were

if the Council was getting market rents, held the assets and could dispose of the properties at a future time. In response, the main objective was to reduce the debt burden but the buy to let market was changing and becoming a less desirable and riskier investment. With regard to further points that NuPlace was providing good quality homes for local people and generating £1.2m income, the response was that if the properties were sold they would still be available for local people and it would be a case of finding a suitable alternative landlord. The issue was not with the quality of housing but with the amount of debt tied up in the scheme. A member of the committee pointed out that the income figure for NuPlace included Council Tax which would still be collected if the properties were sold.

- Regarding a comment that Telford & Wrekin's debt as a % of revenue budget was fairly low compared to other authorities as shown in the graph in the report, Cllr Lawrence replied that the high level in other authorities was worrying and just because Telford's was lower did not mean that it was not of concern. The level of debt in the other authorities should be a national concern.
- A co-optee challenged how the figure of £250k had been arrived at for a review of school places. Officers had been asked to provide indicative costs and the figure was based on their advice. There was a lengthy discussion about the planning and provision of secondary school places. Various views were expressed including: a concern that not enough secondary places were being planned, in the right locations, to cope with the bulge of children coming through primary schools and the increased demand from new housing developments; that funding for schools was based on evidence of demand which had not been demonstrated; that the Council had been successful in retaining BSF funding at a time when it was being cut back; that funding for new schools was based on short term planning cycles; that as a Business Winning, Business Supporting Council the Council should look at the opportunity created by the funding announced this week in the government's Industrial Strategy to build a technical college in the borough to develop technical skills. Cllrs Eade and Lawrence responded saying that they had requested figures on the number of children coming through primary school for planning secondary places but the figures had not been provided. The sufficiency of secondary places was a key concern and money had been allocated to review demand to ensure there was enough provision. It was agreed that the figures would be requested and referred to the Children & Young People Scrutiny Committee to review.
- With regard to environmental maintenance a Member commented that the Council was not responsible for litter picking on the A442 or the M54 which were the responsibility of Highways England and this would not come out of the Council's budget.
- It was confirmed that the revenue benefit of reduced borrowing costs from the sale of assets had been built into the alternative budget model as shown in the budget summary on p.16.

- In terms of making up the loss of income from the sale of assets (£2m+ over three years), proposals included saving £125k in 2017/18 from joint working with other authorities, savings from changes to staff terms and conditions and from cuts to funding for officer support for Trade Unions. Other savings would need to be identified but they had not wanted to use up a lot of officer time doing detailed work so assumptions had been made on the income and savings projections.
- In terms of which services could potentially be marketed externally and whether there was a market for the services, the report included an indicative list of services which could potentially be marketed such as payroll, legal, finance, architectural services, highways, children's services, ICT. Members expressed a number of views: there was a question about the viability of selling services to other authorities when they were facing similar financial pressures or could be making their own joint working arrangements; it could be difficult for senior officers to work for two authorities in joint arrangements; that there were opportunities for joint ventures, for example a data storage facility set up by Shropshire and Warwickshire, and Telford & Wrekin should be open to discussions with neighbouring authorities.
- Asked whether the sale of assets would include start-up units, the response was that there may be a demand for starter units and there should be some provision but the Council was not a property specialist and there was a need to reduce exposure.
- A co-optee welcomed the proposed funding for Rights of Way in the base budget.
- The alternative budget assumed no impact from bringing forward the increase in the Living Wage on Single Status. £11m+ had been set aside some years ago to implement Single Status and liability would reduce as former employees went beyond the 6 year limit for back claims and it was felt the fund could prudently be reduced by £1m. The Chair reminded members that Single Status was reported to the Audit Committee. There were further comments about the length of time taken to implement.
- A Member of the committee was pleased to see the proposal to remove the price increase for school meals. A 4% increase could be a lot for pressed families already having to pay increased Council Tax and he felt the increase should be wrapped up in the general increase to Council Tax or alternative savings. Another Member pointed out that the price of school meals had not increased for three years and was to cover costs. Cllr Lawrence said this was a policy difference between the budgets.
- With regard to how often the Council met with the Treasury Managers, the Assistant Director said there was a regular weekly update from the managers, daily updates on changes to the credit ratings of potential counter parties when these changed, ad hoc information on key market changes and key events affecting the markets, quarterly review meetings if required or the advisors are happy to meet as and when required to provide advice at any time via telephone or e mail. They also reported annually to the Audit Committee.

- The Chair quoted data on usage of the mobile library and wanted to know the rationale for investing in the mobile library when usage was so low. In response, £18k had been proposed to fund a mobile library service on the basis that the offering would be reconfigured as it did not work in its current form but there could be a case for offering as service to nursing homes in rural areas.
- The Chair requested details of prudential borrowing and return on investment over the last 4 years, and a further request was made for details of the Revenue Support Grant over the same period. Cllr Lawrence commented that it was not just a question of return on investment but more about the amount of borrowing as the risks increased with the level of borrowing – the concern was the direction of travel and the increase in borrowing from £100m to £347m. He also commented that the Council was taking on more risk at the same time as the government was moving local authorities towards being more self-sufficient. A member of the committee commented that local authorities had to be more business minded about income streams and think outside the box.

Cllr Burrell left the meeting prior to questions about the adult care budget.

Asked if the opposition group had a view on the phasing of the adult social care precept, the response was that it had been discussed. There could be advantages to having money in hand (if the precept was increased to 3% for 2 years) but it would place a bigger burden on residents and there was no strong feeling either way. The concern was more about making sure the budget was used effectively to reconfigure and turn the service around.

There were no further points and the Chair thanked Cllr Eade and Cllr Lawrence for attending and they left the meeting.

FESC-18 WORK PROGRAMME AND CHAIR’S UPDATE

The Chair reminded members that next meeting on 1 February would be for the committee to agree responses to the administration and alternative budget proposals.

The Scrutiny Officer would circulate outstanding minutes and papers for the meeting.

The meeting ended at 7.35pm.

Chairman:

Date:

FINANCE & ENTERPRISE SCRUTINY COMMITTEE

Minutes of a meeting of the Finance & Enterprise Scrutiny Committee held on Wednesday 1 February 2017 at 6.00pm in Meeting Room G3/4, Addenbrooke House, Ironmasters Way, Telford, TF3 4NT

PRESENT: Councillors A Burford, S Burrell, N Dugmore, R Mehta, S A W Reynolds (Chair), C Smith, D Wright and Co-optee R Williams.

IN ATTENDANCE: S Jones, Scrutiny Officer

FESC-19 APOLOGIES FOR ABSENCE

Cllrs S Bentley and R Sloan and co-optee C Mason-Morris

FESC-20 DECLARATIONS OF INTEREST

Cllr Burrell declared a pecuniary interest as a provider of adult care with Council contracts.

FESC-21 MINUTES

RESOLVED - that the minutes of the meeting of the Finance & Enterprise Scrutiny Committee held on 12 January 2017 be confirmed and signed by the Chairman

FESC-22 SERVICE & FINANCIAL PLANNING STRATEGY 2017/18-2018/19

The Chair welcomed everyone to the meeting to agree responses to the budget proposals, starting with the administration's budget proposals. The committee had held two meetings to look at the proposals and received written information to a number of questions. The committee had focused on the options for the adult social care precept as the key issue for consultation with the public.

The Chair invited views on the budget proposals and there was discussion on a number of points. Cllr Burrell did not take part in any discussion of the adult care budget or the adult social care precept.

The following views were put forward on the adult social care precept:

- A member favoured applying the adult social care precept uniformly at 2% over three years. A 3% increase would put more pressure on some households and had not been factored into the budget. Houses were still being built so more money could be collected from more houses over three years.
- There were comments on the impact of the increase in Council Tax on struggling families and that an extra 1% may not seem much but would matter to some.
- A member commented that increasing the precept to 3% would generate an additional £1.77m for the Council so there was a strong financial argument but his feeling was that 2% for 3 years was a better option. He had attended a meeting of the Senior Citizens' Forum where the preferred option was 2%.

- A member commented that the service may need the extra funding in year three and more would be collected in 2019/20 as a result of house building.
- A member commented that increasing the precept to 3% may bring a financial benefit in the short term but he favoured a 2% increase for 3 years.
- A member commented that affordability for families needed to be considered.
- A member commented that the precept was only a sticking plaster in terms of the overall funding shortfall.
- A member commented that he preferred the smoothness of the 2% increase for 3 years. Increasing the precept to 3% for 2 years would create a steeper drop in funding in year three and would hit struggling families.

At the end of the discussion the Chair asked members which option they would support and it was unanimously agreed that the committee should recommend a 2% increase for 3 years to Cabinet. It was noted that feedback from the consultation would need to be taken into account which was not available to the committee as the consultation was still open.

Members put forward views on a number of other proposals:

Investment in commercial projects

- A member commented they were pleased by the income figures for the Solar Farm which generated £200k p.a. for front line services
- A member welcomed the additional investment in NuPlace as providing good quality rental properties which had been built on sites that could not be sold and were bringing in income
- A member was concerned about investment in property market, the risk of dips in the property market and a court case where an authority had been ruled liable for costs related to a rented property. He was concerned about the level of borrowing at a time of uncertainty about Brexit and interest rates.
- A member commented that the Council's housing investments were managed by a Trust Company, that due diligence had been carried out, that the Council would hold the assets and this was one of the safest investments. The court case referred to related to dilapidations and not a crash in the property market and the council would upkeep its assets.
- A member was concerned that there could be changes to housing policy if there was a change of government.
- A member commented that all governments needed housing and the Council's investment was in rented property. There was no danger of the properties falling into disrepair. The Council was not over stretching and there was a need for housing in the borough.
- A member said he had read a report in the press about risks to the Co-op Bank and would be interested to know if the Council had any exposure. Another member said that Audit receive warnings about these kind of risks.
- A member commented that the government was encouraging authorities to come up with alternative ways of generating income

Local Council Tax Support grant

- A member questioned whether the Council should continue to allocate Local Council Tax Support grant to Town and Parish Councils and suggested this could be taken as a saving.

- A member commented that as the grant allocated by government diminishes the amount allocated to Town and Parish Councils diminishes and the precept would be increased to make up the difference
- A member commented that it was unfair that there was a differential between parishes and that Shropshire did not pass on so the area was treated equally. He complimented officers for devising the formula which had been agreed by the Town and Parish Councils but still felt it was unfair in practice.
- Details of the funding formula were requested.
- A member commented that the grant was allocated nationally by central government and the Council could not pass on more than was allocated.
- A member commented that if the funding was not passed on Town and Parish Councils would increase the precept.

School meals

- A member disagreed with the proposal to increase the cost of school meals. He accepted that prices had not increased for three years but felt putting the price up by 4% would hit hard working families who would also have to pay the increase in Council Tax. He suggested the increase should be absorbed by the Council Tax increase or applied more gradually over a longer term in line with inflation.
- A member supported the proposal as the increase equated to 10 pence per meal and would be introduced gradually over three years. The increase was necessary to cover costs which would otherwise need to be taken from elsewhere.
- A member pointed out that some families may be entitled to free school meals and that no-one wanted to put prices up and school meals had been protected as far as possible.

Pride projects

A member remained concerned about the monitoring of the allocation of funding for Pride projects and was referred by the Chair to the briefing note circulated.

The Chair said that in her view this was a fair budget that was about protecting vulnerable residents as long as possible. She thanked staff for their work in preparing information for the committee.

FESC-23 ALTERNATIVE BUDGET PROPOSALS

The Chair invited views on the alternative budget and Members made the following comments:

Street Pastors

- A member supported the proposal to contribute to the work of the Street Pastors on an on-going basis from the base budget.
- A member pointed out that the Street Pastors already got funding from the Police and Crime Commissioner
- A member commented that the Street Pastors did good work and there were other places in the borough that would benefit from their work
- A member commented that there was a cost to volunteer projects such as vetting volunteers

- At the end of the discussion it was agreed that the committee would include a suggestion in the response to the Cabinet proposals that Cabinet may wish to consider funding for the Street Pastors and make them aware of other pots of funding that they could tap into.

Rights of Way

- A member supported the proposed investment in Rights of Way as free exercise for residents who could not afford to pay to use a gym. He could see the merit of investing in gyms but felt that some of the budget should be spent on Rights of Way – people's health should be as high a priority as income generation.
- A member understood the sentiment but said that an investment of £100k would knock a big hole in the administration's budget. There were a lot of worthy causes in the borough and even if the Council only gave them a small amount of funding they would all add up and the money would need to come from somewhere and could leave less money for adult care.
- A member commented that the investment in gyms generated income.

Sale of assets

- A member was concerned by the proposal to sell off Council assets which generate an income and how the loss of income would be made up. It did not make commercial sense to sell assets which were generating income.
- A member commented that the income had to cover the cost of borrowing.
- A member commented that the income figures provided to the committee were net of all costs including borrowing and were the total profit.

Adult social care

- A member was concerned by the fact that the committee had not been able to get the average cost of a care package at the meeting on 18 January. It would be useful to know the average cost to gauge the benefit of income and savings and to measure the impact of the new delivery model.
- It was noted that the Health & Adult Care Scrutiny Committee were monitoring the budget and savings and agreed that the HAC Scrutiny Committee would request information on the cost of a care package which would be shared with the Finance & Enterprise Scrutiny Committee.
- A member noted that a small reduction in the cost of care packages could have a significant impact and unit cost of care was one measure for monitoring the budget.
- A member commented that the committee had been told the council was funding around 2,500 services but some people were using more than one service.

Bringing forward the Living Wage

- A member objected to the comment in the report about the proposal to accelerate the introduction of the living wage 'in stark contrast to the current Administration which talks of a living wage but only announces redundancies'. This was unfair because the scale of the budget cuts meant there had to be redundancies.
- A member noted accelerating the introduction of the living wage would cost £220k in 2018/19 and that there were relatively few staff on minimum wage.

- A member commented that the cost projection was too low because increases to other staff salaries would need to be factored in to maintain the differential between grades.

Robustness of the proposals

- A member drew attention to the CFO’s statement of robustness that overall the budget for 2017/18 was likely to balance and could be considered robust.
- A member had concerns about the longer term robustness of the proposals which included unfunded commitments.
- A member commented that the administration and alternative budgets were trying to do the same thing but had different approaches – one relying on borrowing and the other relying on selling off assets and uncosted commitments. He pointed out the difficulty for the main opposition group of formulating detailed proposals with limited access to officer resources.
- A member was concerned about the short term approach of selling income generating assets for a one-off gain and pointed out that the government was encouraging local authorities to generate income and be less reliant on grant funding. She said there were notes of concern in the CFOs statement including the reliance on savings and the greater risk of the budget not balancing if underspend was lower than expected.
- A member commented that the key risk to the Council was the extent of the budget cuts and not having enough money to deliver services.

The Chair noted that information requested on borrowing under the previous administration had not been provided which she had hoped would inform the discussion. There was a question as to whether the committee could form a view without the information but it was decided the information was not necessary as it would not materially affect the views expressed.

At the end of the discussion it was agreed that the Scrutiny Officer would draft the comments on both budgets into a response which would be circulated to Members for comment and agreement. The response to the administration’s budget would be presented to Cabinet on 23 February and the response to the main opposition group’s budget would be presented at Council on 2 March.

FESC-24 CHAIR’S UPDATE

The Chair informed members that the next meeting for the review of the CPE business case would be at 6.00pm on 10 April jointly with the Customer, Community & Partnership Scrutiny Committee.

The meeting ended at 7.20pm.

Chairman:

Date:

TELFORD & WREKIN COUNCIL**FINANCE & ENTERPRISE SCRUTINY COMMITTEE – 29 JUNE 2017****WORK PROGRAMME 2017/18****REPORT OF THE ASSISTANT DIRECTOR: GOVERNANCE,
PROCUREMENT & COMMISSIONING****1.0 PURPOSE**

- 1.1 To enable the Finance & Enterprise Scrutiny Committee to consider and agree the Committee's work programme for 2017/18.

2.0 RECOMMENDATIONS

- 2.1 That the Committee agree its Terms of Reference (Appendix 1)
2.2 That the Committee agree items for the 2017/18 work programme (Appendix 2); and
2.3 That the Committee agree meeting dates for the remainder of the 2017/18 municipal year.

3.0 BACKGROUND INFORMATION

- 1.1 The Terms of Reference for the Finance & Enterprise Scrutiny Committee is attached. On 25 May 2017, Full Council delegated authority to each Committee to approve its own Terms of Reference. Scrutiny Management Board have endorsed the Terms attached at Appendix 1 for agreement.
- 3.1 The suggestions shown in Appendix 2 were considered by the Scrutiny Management Board on 20 June 2017 and referred to the Finance & Enterprise Scrutiny Committee to decide which issues should be included in the Committee's Work Programme.
- 3.2 Scrutiny Management Board allocated a baseline of four formal meetings during the municipal year for scrutiny of items on the Finance & Enterprise Scrutiny Committee's work programme. This allocation does not include informal or sub-group meetings which may be held to gather evidence as part of a review, briefing meetings or regional/external scrutiny meetings.
- 3.3 The work programme will be flexible to allow for important issues which emerge during the year to be scrutinised. However, if a new topic is added to the work programme, consideration must be given to removing an existing item to avoid the workload becoming unmanageable and losing focus.

- 3.4 Scrutiny Management Board also re-asserted previous agreement that any items remaining at the end of the work programme period should automatically be removed so that future work programmes are fresh and focused on current issues and concerns. If an issue remains of concern it may be submitted for re-consideration in the next work programme.
- 3.5 The Finance & Enterprise Scrutiny Committee is the main mechanism by which Cabinet consults with scrutiny on the budget strategy and savings proposals and provision for this should be made within the work programme. Under the Council's Constitution alternative proposals brought forward by opposition groups must also be considered by scrutiny before being presented to Council.

5.0 EQUAL OPPORTUNITIES

- 5.1 There are no specific equal opportunity impacts arising from this report. Equal Opportunity issues will be considered as part of any scrutiny work.

6.0 ENVIRONMENTAL IMPACT

- 6.1 There are no specific environmental impacts arising from this report. Environmental impacts will be considered as appropriate to the topics in the work programme.

7.0. LEGAL COMMENT

- 7.1 Overview & Scrutiny (O&S) for local authorities was introduced as part of the modernisation of local government in Section 21 of the Local Government Act 2000. It required every local authority to have at least one O&S committee, to: hold the Executive to account; undertake policy development and review; monitor and improve performance; investigate issues of public concern; and carry out external scrutiny including the NHS.
- 7.2 Establishing a work plan as set out in this report contributes to the requirement of the overview and scrutiny committee to; investigate the policies of the Council's executive and their implementation, issue reports accordingly which draw attention to any shortcomings and make recommendations as appropriate.

SAD – 22.5.17

8.0 LINKS WITH CORPORATE PRIORITIES

- 8.1 Scrutiny members are asked to agree the work programme in the context of the Council's priorities.

9.0 OPPORTUNITIES AND RISKS

- 9.1 There is an opportunity to focus the work programme on fewer topics and in more depth in areas of policy development where scrutiny can have a greater impact. There is a risk that too many topics are kept in the work programme so that it loses focus and impact.

10. FINANCIAL IMPLICATIONS

- 10.1 Scrutiny has a role in ensuring that local government is effective and accountable. This includes undertaking reviews and challenging and monitoring performance. Support for the committee and the work programme are managed within existing resources. The financial implications of any recommendations made by Scrutiny should be considered as part of reports as relevant.
- 10.2 Scrutiny also plays an important part of the budget consultation process which is reflected in the work programme and is a key piece of work which feeds into the Council's overall budget strategy

TS – 26.5.17

11. WARD IMPLICATIONS

- 11.1 There are no specific ward implications arising from this report.

12. PREVIOUS MINUTES

- 12.1 None.

13. BACKGROUND PAPERS

- 13.1 None

***Report prepared by Deborah Moseley, Democratic & Scrutiny Services
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FINANCE & ENTERPRISE SCRUTINY COMMITTEE TERMS OF REFERENCE

1. The group will be made up of 7 elected members of the Scrutiny Assembly, appointed at Annual Council in line with the political balance of the Council. The Committee may include Co-opted scrutiny members but they must not exceed 50% of the number of elected members. Vice-Chairs may be appointed by majority decision of the Committee.
2. The Committee will fulfil three tasks:
 - a. be the main mechanism by which the Cabinet will formally consult scrutiny on the consideration of their budget proposals and allow non-executive members full access to all Council financial data;
 - b. to monitor the service and financial performance of Council services through regular review of performance monitoring reports and such other information as members consider necessary.
 - c. Receive reports on the income generation for the Council and the Council's role in promoting economic growth in the local economy and scrutinise as appropriate
3. Relevant Cabinet Members, Corporate Directors, Assistant Directors and Service Delivery Managers will attend the Committee at the request of the Chair. Representatives from partner organisations may be invited to attend.
4. The meetings will follow the principles of scrutiny i.e. no party whip will be applied and a constructive, evidence based approach will be used.
5. The Committee will consider matters referred by the Scrutiny Management Board, and will exercise discretion as to whether a suggestion falls within the remit of the Committee to scrutinise.
6. If the Chair and Vice Chair are unable to attend a meeting the members present will elect a Chair for the meeting.
7. The meetings will be administered by Scrutiny Services and Democratic Services. Meetings will be held regularly and dates will be agreed by the members of the Committee at the start of each municipal year. Members of the Committee may call additional meetings as required to follow up concerns identified in their scheduled meetings or sub-sets of members may form working groups that meet outside the scheduled meetings to investigate specific issues.
8. All Scrutiny Committee meetings will be held in public, unless exempt information is being considered or discussed. Scrutiny Committees may appoint sub-groups to carry out investigative work as part of a review and these sub-groups may hold informal meetings but will report back their findings to the Scrutiny Committee.

9. From time to time members may become privy to information of a confidential nature. If this happens, members must maintain this confidence. Members are unable to request personal/confidential information from Officers about an individual or family.
10. Information obtained as a result of membership of the Committee is sensitive and should be treated as being confidential by members
11. The Chair will provide regular updates to meetings of the Scrutiny Management Board to inform the other Scrutiny Chairs of performance and budget issues relating to the remit of their Committees.
12. The Chair of the Committee, or his/her representative, will provide and present reports and recommendations agreed by the Committee to the Council's Cabinet when necessary.
13. The Committee will set its own work programme. The following issues may form part of the work programme each year:
 - a. Detailed consideration of revenue and capital budget proposals made by the Cabinet including;
 - efficiency and savings proposals to fund the budget deficit and their impact on services;
 - the capital programme and levels of borrowing;
 - the use of one-off resources, the level of balances and contingencies;
 - the budget consultation process, views of the public and whether spending proposals reflect the needs and wants of residents
 - level of Council Tax increase recommended by the Cabinet.
 - b. Consideration of the assumptions made in the Council's medium term financial strategy.
 - c. Regular consideration of service and financial performance monitoring reports to identify areas where additional information on plans for remedial action is required.
 - d. Undertaking reviews of areas of the budget to scrutinise the value of service outcomes for the community compared to the costs involved. Committee members will particularly seek to identify areas of low priority spending where savings could be made.
 - e. Consideration of the financial implications of major policy/service changes proposed by the Cabinet.
 - f. Consideration of financial reports and performance documents produced by the Council with a view to improving their usefulness to members of the council and members of the public
14. The quorum for a meeting is 3 elected members.

Finance & Enterprise Scrutiny Committee – 2017/18 work programme

Topics

Topic	Method	Scoped? Y/N	Timescale	Cabinet Member	Assistant Director	Other Participants	Expected Outcome/Impact
Budget Scrutiny		N	January 2017	Cabinet Member for Finance, Commercial Services & Economic Development	Finance & Human Resources	TBC	<u>Policy Development.</u> To consider proposals from the administration and opposition groups and make recommendations to Cabinet on the budget.
Civil Parking Enforcement		Part	Motion from Council July 2017	Cabinet Member for Transport, Infrastructure & Broadband	Customer & Neighbourhood Services		<u>Policy Development.</u> To make a recommendation to Cabinet as to whether or not to commit resources to developing a business case with a view to making an application for a Civil Parking Enforcement Order.

Monitoring Activity

Due Date	Date Circulated	Topic	Assistant Director and Responsible Officer	Outcome
None Due	N/A	N/A	N/A	N/A

Meeting Plans

Meeting Dates	Meeting Type	Items	Cabinet Member	Assistant Director or Other Participants
29 June 2017	Formal	Terms of Reference and Work Programme Civil Parking Enforcement Chair's Update	Cabinet Member for Transport, Infrastructure & Broadband	Jonathan Rowe Angie Astley Dom Proud Matt Powell
5 September 2017	Formal	TBC	To be agreed	To be agreed
15 January 2018	Formal	Budget Scrutiny	To be agreed	To be agreed
23 January 2018	Formal	Budget Scrutiny	To be agreed	To be agreed
15 February 2018	Cabinet	Chair to present Scrutiny Recommendations on the Budget Proposals	N/A	N/A