

# Budget Scrutiny Panel Report 2014/15

## 1 Background

- 1.1 The Budget Scrutiny Process.** For 2014/15 budget scrutiny, the Chair of the Overview & Scrutiny Committee (OSC) suggested and OSC members agreed, that scrutiny members should seek to establish a slightly more streamlined process than in former years. This entailed an initial focus on the strategic context for the budget plans, followed by more in-depth analysis of a few specific areas of interest, rather than a detailed examination of each and every departmental savings plan.

The intention was to make the budget scrutiny process more relevant and informative for members. By substantially shifting the focus from operational details to more strategic issues, members also sought to avoid some of the problems inherent in scrutinising 'live' budget planning. In past years scrutiny panel members have sometimes had to consider incomplete departmental budget plans, but the tight deadlines that budget-setting requires, often make it difficult to provide definitive information at an early enough stage for effective scrutiny. Since there is generally more certainty at a relatively early stage about the strategic thinking that underpins the budget strategy, it seems sensible to focus on this and associated risk and opportunity management rather than the fine detail of savings and investment plans.

- 1.2 Budget Scrutiny Meetings.** The OSC decided that there should be only three panel meetings for 2014/15 budget scrutiny. The initial meeting should be a high-level examination of the budget plans in the context of the council's general strategic commitments, particularly the Corporate Plan. The two subsequent panel meetings should focus on the thinking underpinning budget planning for specific services – to be determined by panel members in light of the evidence presented at the first meeting.

- 1.3 Issues Considered.** Following an initial high-level meeting with the council's Leader and Chief Executive (19 Dec 2013), panel members agreed to use their next meeting (07 Jan 2014) to focus on: 3<sup>rd</sup> sector grants funding; co-working between Community Safety/Public Health/Communities; and aspects of Children's services including prevention, the Early Help Strategy, Stronger Families, Stronger Communities, and Youth Services. The final panel meeting (13 Jan 2014) focused on: the Housing Revenue Account; Homelessness/Supporting People; joint working between Public

Health/ASC/Housing; and aspects of Adult Social Care services, including Learning Disabilities.<sup>1</sup>

- 1.4 Panel members.** The 2014/15 Budget Scrutiny Panel was chaired by Cllr Dee Simson. Other members were Cllrs Gill Mitchell and Ollie Sykes. Community Works (formerly CVSF) was represented on the panel (as a co-opted member) by Jo Martindale and Sally Polanski.

## **2 The Panel's Findings: the Budget and the Corporate Plan**

The initial focus of this year's budget scrutiny was on how the 2014/15 budget plans dove-tailed with wider organisational goals, particularly in terms of the Corporate Plan. The link between budget strategies and the four key corporate priorities in the Corporate Plan is set out in the narrative explanation of each departmental savings plan in the draft budget papers. The focus on support for Corporate Plan priorities is very much to be welcomed, as are plans to present the final draft of the 2014/15 Budget Strategy alongside a revised Corporate Plan and Medium Term Financial Strategy.

Given that council officers have already done much of the work in linking budget plans to corporate objectives, there is relatively little for the Budget Scrutiny panel to add. However, the panel does have some additional comments on the Corporate Plan priorities.

### **2.1 Tackling Inequality**

It needs to be recognised that a large proportion of the work the local authority does involves supporting vulnerable people, particularly in terms of adult and children's social care services. It is equally the case that this work takes up a large share of the council's available (i.e. non-ring-fenced) budget. It is therefore understood that it is inevitable that managing the impact of substantial reductions in local authority funding could potentially impact upon vulnerable people and could threaten to increase rather than lessen inequalities unless the potential impacts and risks are properly identified, managed and mitigated wherever possible.

- 2.1(a) Equality Impact Assessments.** The panel notes that the council has undertaken a lot of work via the budget Equality Impact Assessment (EIA) process to identify and ameliorate these impacts. The EIA process is complex and carries inherent risks, in part because services are, in many instances, attempting to estimate the likely impact of changes before the final details of plans have been agreed. This is an immanent risk of budget-setting, and there is no obvious way of

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<sup>1</sup> A full list of witnesses to the panel meeting is included as **Appendix 1**. Minutes of the three meetings are included as **Appendices 2, 3 and 4**. **A list of the report recommendations is included as Appendix 5.**

achieving greater certainty at this stage in the budget process given that many of the uncertainties lie outside of the council's control.

It is also apparent that the council is undertaking a large number of EIAs and the panel was concerned whether there was sufficient time or resource to properly develop each individual assessment. The panel considered whether this might arise from the large number of relatively low value savings proposals across services rather than a smaller number of large savings targeted at specific services: i.e. could it be the case that the more savings are planned, then the greater the number of EIAs, and the more thinly spread are EIA resources?

Panel members consider that there is an argument for the council to rethink its approach to EIAs in future years, perhaps using a two-tier approach, with relatively short EIAs for all services augmented by more in-depth analyses of the largest or highest risk savings plans. As it stands, the EIA process is clearly well intentioned, but does not always provide an informative level of detail, at least at this stage in the budget-setting process.

**Recommendation 1 – that the Equality Impact Assessment process supporting budget planning should be refined, so as to allow for more resources to be committed to the most important and highest risk savings plans.**

**2.1(b) Cumulative Impact.** When assessing the potential impact of service changes on equalities groups, it is important to be aware of the cumulative impact of a series of changes on particularly vulnerable people. Panel members recognise that the council has made an effort to assess cumulative impact. However, accurate assessment is difficult, and made more so because there are currently other major changes, largely external to the budget process (such as welfare reform), which have the potential to complicate and heighten negative impacts upon some protected groups.

There is no obvious solution for the problems associated with assessing cumulative impact. Rather it is important that the council tracks the actual impact of budget changes on those groups most at risk, and identifies alternative mitigation and/or support should the original mitigation plans fail to deliver the anticipated results.

One such group in the 2014/15 budget plans is people with learning disabilities, with a number of significant savings and changes proposed across these services. While panel members recognise that these savings choices are not lightly made and that the council has attempted to address risks and equalities impacts, the panel remains concerned about the potential for a significant cumulative impact upon some individuals. The panel would therefore like assurances from ASC that it will work with clients with learning disabilities, their families,

carers and support groups to ensure that the impact of these changes is minimised.

**Recommendation 2 – that assurance be provided that the cumulative impact of savings plans on people with a learning disability will be tracked, and additional support or alternative mitigation will be provided if there is significant detrimental impact on this vulnerable group.**

## **2.2 Creating a More Sustainable City**

The 2014/15 budget plans appear to include relatively few sustainability commitments, something that the scrutiny panel explored at its initial meeting. The point was made to the panel that the council has already done a good deal to make its own estates more sustainable, but that there is a limit to what can be sensibly done given the intention to further rationalise the use of council-owned buildings.<sup>2</sup> The panel also recognises that the Capital Investment Programme, Schools and Council Housing (HRA) includes sustainability measures and investments.

## **2.3 Engaging People Who Live and Work in the City**

For the 2014/15 budget the council commissioned a survey of residents, seeking people's views on where they would prefer savings and investments to be targeted. Whilst an apparently similar exercise was undertaken in the two preceding years, the 2014/15 survey differs significantly in that it was distributed to a representative group of people (in past years respondents have self-selected by opting to fill in an online survey). Although the number of responses to the 2014/15 survey questions was relatively low, there were sufficient responses for it to be statistically robust; the survey therefore represents an accurate snapshot of local public opinion, albeit about general rather than specific budgetary issues.

The 2014/15 survey is potentially a useful tool – certainly more so than in previous years when responses were not statistically representative.<sup>3</sup> However, the panel was not clear how the survey results fed through to the budget setting process. Given the corporate priority around engagement it would be helpful if the final budget council papers included details of the ways in which the survey results, and information gleaned from other engagement exercises, have informed planning.

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<sup>2</sup> See Cllr Jason Kitcat, 19.12.14.

<sup>3</sup> However, such a general survey of opinion is only ever likely to have limited value. Much more valuable is in-depth engagement with stakeholders, such as the local community and voluntary sector. Community Works informed the panel that, while there was some engagement around both children's and adult care services with the sector this year in their view this came too late in the budget-setting process to allow for a full and informed dialogue.

**Recommendation 3 – there should be a more detailed explanation in the final budget report of how the resident survey and other engagement exercises have informed the 2014/15 budget planning.**

## **2.4 Modernising the Council**

Having as efficient, innovative, creative and customer-focused an organisation as possible is key to the council's plans to make unprecedented levels of savings over coming years. This is clearly a major focus of the 2014/15 budget plans, and this focus should be commended.

However, the panel questions whether more radical measures may need to be considered to achieve the savings. While the panel is certainly not proposing that the council adopts any particular new service models, members do feel it is important that the organisation is well-placed to explore such ideas if the current saving plans are found to be unachievable, or if a majority of members decide they wish to pursue particular models.

Although there is good work currently being undertaken here, such as the project on identifying potential new models for ASC provider services, the panel believes that more research could be undertaken, particularly in terms of collecting and maintaining data on the comparative costs, and quality, of in-house services (there is more detail on this below).

## **3 More Specific Budget Recommendations**

### **3.1 Changes to the Funding Responsibilities of the HRA**

Several 2014/15 budget plans and General Fund savings revolve around changes in the funding of services relating to Council Housing tenants (i.e. the Housing Revenue Account: HRA) – for example, HRA funding is being proposed for some existing 3<sup>rd</sup> sector grants, elements of the Homemove service, and aspects of Homelessness Prevention.

The notion of funding services from the HRA rather than the General Fund where this is appropriate and legal, is by no means a new one, with the HRA already paying for relevant legal, HR and ICT costs. In general, the principle that the HRA can legitimately be used to fund a range of services for the benefit of tenants and residents of council-managed housing stock is well understood. However, this year's changes would appear to represent a significant expansion of thinking in this area.<sup>4</sup>

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<sup>4</sup> BHCC is by no means the only local authority looking to use the HRA in more innovative ways. Councils such as Manchester, Portsmouth, Oxford and Dover have developed much more radical plans. See evidence from Cllr Bill Randall, 13.01.14.

### **Consultation**

It is unfortunate that there was no formal consultation with council tenants and residents, or with the council's Housing Committee, in advance of the publication of the draft budget plans. However, the panel recognises that there will be engagement with both Housing Committee and Housing Management Consultative Sub-Committee prior to budget council. While it is clearly the case that the budget process operates within very tight deadlines, some consultation in advance of publication of the draft budget papers would have been preferable, particularly given the Corporate Plan priority of 'engaging with people who live and work in the city'.

### **Pressures on the HRA**

It is presumed that placing additional demands on HRA resources will lead to some reduction in the HRA's ability to fund other activity. The panel understands that in 2014/15 the HRA has identified additional savings, and that these additional funding pressures will therefore be met from these savings rather than by reducing any current HRA allocations – although it is evidently the case that HRA savings would otherwise have been used to fund other spending of benefit to tenants and residents, such as the Housing Capital Investment Programme.

However, the draft budget papers currently contain limited information on these funding changes. It would be helpful if future drafts of the budget plans included more information about the pressures on the HRA that may be caused by any funding changes. When full council considers these plans, members need to understand what impact, if any, there will be on HRA-funded services.

**Recommendation 4 – that more information be provided on the risks and opportunities presented by changes to the funding of services relating to the Housing Revenue Account (HRA) for members to make an informed decision on these plans at budget council.**

### **3.2 Changes of Funding Responsibility relating to the Direct Schools Grant (DSG)**

The 2014/15 budget plans includes several proposals to change funding responsibility from the General Fund to the DSG – for example in terms of aspects of Short Breaks for Disabled Children, Out Of School Childcare, and Services for Children with Disabilities.

The panel was advised that the council will consult the Schools Forum about these changes before budget council, but that there had been no formal consultation prior to the publication of the draft budget plans.<sup>5</sup>

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<sup>5</sup> See evidence from Regan Delf, Head of SEN, 07.01.14

As with the HRA position above, panel members are concerned that an opportunity for earlier engagement is being missed.

This seems particularly important in terms of consultation with schools, as recent changes to education funding and governance at a national level have significantly altered the relationship between local authorities and schools, with council powers to direct being almost wholly replaced with the need to build voluntary partnerships of equals. While panel members understand that the planned changes can be undertaken without schools' approval, earlier engagement would have been preferable. In future years the panel recommends that any change of funding responsibility to the DSG is shared with the Schools Forum in advance of the publication of draft budget papers.

It is also unclear from the draft budget papers what impact these changes will have on DSG funding. It would be useful to have some indication of how and where these pressures are likely to manifest, and the level of risk to school services entailed, if any.

If the precedent of transferring elements of funding to the DSG High Needs Block is one that may be extended in the future, the panel also feels it would be helpful for the SEN Partnership Board to be actively involved in budget discussions. The Board has a key role to play in ensuring that the entirety of DSG High Needs Block funding is spent as effectively as possible across the schools system.

**Recommendation 5 - that more information on the risks and challenges presented by the plans to transfer funding for some services from General Fund to the Direct Schools Grant (DSG) be provided for members to make an informed decision on these plans at budget council. Specifically, this should include any available information on services that may cease to be provided or will be substantially reduced as a result of the transfers.**

### **3.3 Prevention**

Several of the 2014/15 budget savings involve reducing funding for 'preventative' services – for example, Supported Employment for people with Learning Disabilities, Short Breaks for Disabled Children, and Homelessness Prevention. (It is noted that significant elements of some of the reductions actually involve changes in funding – for instance from General Fund to HRA – but there are nonetheless some reductions involved.)

Panel members feel that it is important that the council remains committed to maintaining good quality preventative services, a view echoed by the Leader of the council.<sup>6</sup> Although reducing spending in these preventive areas can provide short term savings, the

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<sup>6</sup> See evidence from Cllr Jason Kitcat, 19.12.14: point 3.2a.

consequences of doing so may increase medium-term demands for care services, with cost implications in excess of any money saved.

Whilst panel members appreciate that no such savings have been lightly considered, and that there are plans to mitigate any negative impacts of these moves, the panel is concerned that relatively small savings in preventative services may not justify the potential risks, both in financial terms and in terms of the impact on some of our most vulnerable citizens.

**Recommendation 6 – that all plans to make savings to ‘preventative’ services are reviewed, with particular reference to the risks involved in lessening the effectiveness of prevention.**

### **3.4 Reduced In-House Provision and the Capacity of the 3<sup>rd</sup> sector to ‘Fill the Gap’**

Several 2014/15 savings plans involve reducing in-house provision or the council withdrawing entirely from providing specific services. For some of these plans there is a clear expectation that local community and voluntary sector organisations will be in a position to step forward as alternative providers.

Whilst it may be the case for some services that there is available 3<sup>rd</sup> sector capacity that could be brought into play, for other services this may not be the case. Even where available, there is concern whether this would be readily achievable in the short term, at least without additional investment and/or a more inventive approach to commissioning. There are particular difficulties where there is uncertain demand for a service – as in Adult Social Care where the move to ‘personal budgeting’ has seen increased demand fluctuations. Although this may level out in time, local 3<sup>rd</sup> sector organisations are typically not able (unlike large corporate providers) to sustain short term losses, and may therefore not be in a position to increase their market presence without support or guaranteed levels of activity.

If any potential gaps caused by the withdrawal of in-house provision are to be met by local 3<sup>rd</sup> sector organisations, as the budget plans suggest, then there may be a need for some transitional support as acknowledged by witnesses at the budget scrutiny panel meetings.<sup>7</sup> However, the draft budget papers do not currently detail what plans (and funds) are being put in place to provide this type of assistance.

Without this level of detail it is not clear how members at budget council can be confident that reductions and/or changes in in-house provision will lead to an increased role for the local 3<sup>rd</sup> sector rather than for other corporate providers.<sup>8</sup>

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<sup>7</sup> See evidence from Cllr Rob Jarrett, 13.01.14.

<sup>8</sup> This is not to say that greater corporate sector involvement in some services is necessarily a bad thing, just that it ought not to be automatically assumed that increased 3<sup>rd</sup> sector provision will necessarily be the result of BHCC withdrawal.



**Recommendation 7 – that the final budget papers should include more information on the types of transitional support being considered to ensure that changes in the level of in-house services are undertaken in a way that promotes and achieves increasing 3rd sector provision.**

### **3.5 Retention of In-House Services**

While some of the 2014/15 budget plans involve reductions and/or changes to in-house provision, in other areas of operation in-house services are unchanged. In some instances the council is maintaining in-house services where some of our comparators have outsourced them. In other instances the proposals are to reduce externalised provision instead of, or to a greater extent than, in-house services.

No cross-party group of elected members is ever likely to agree entirely on a preferred model of service delivery. Panel members can however concur that there are occasions where there may be compelling arguments in favour of in-house provision. This may be because in-house services are cheaper than the alternatives; or it may be because they are of better quality; or because they provide specialist support that cannot be found elsewhere. It may be that some in-house provision is necessary because the council has duties as the 'provider of last resort' to support challenging clients whom other providers might refuse to deal with. Alternatively it may be that an element of in-house provision is necessary to ensure a competitive and diverse local market, maintaining choice and market-wide quality.

It is also the case that particular political groups have tended, historically at least, to favour certain models of provision for 'political' as well as pragmatic reasons, which is their choice. However, the panel believes it is increasingly important that the rationale for preferring one model of service delivery over another is made clear, particularly in instances where many other councils have moved away from in-house provision or where there is a mixture of providers delivering comparable services.

The minority administration is, of course, free to have a preference, but informed decision-making around budget plans depends upon it being made clear to budget council members what the reasons for a particular proposal are. In general, it might be thought good practice for all decisions to be justifiable in pragmatic terms, even when there is a 'political' element to the decision, as there quite properly may be.

In order to make the pragmatic case for in-house, or any other form of, provision, the council needs to have a general idea of the comparable cost of providers, particularly in areas where there are a number of types of providers offering broadly similar services.

Specifically in terms of Youth Services, where there is just such a mix of providers, the panel was informed that the council does not have up-to-date information about the comparable cost of services.<sup>9</sup> The panel was also told that the proposal to retain the current level of in-house services was essentially a 'political decision'.<sup>10</sup>

**Recommendation 8 – there should be a more systemic approach to collecting and presenting data on the comparative performance and cost of in-house services with other providers.**

### **3.6 Achievability**

The city council has been delivering annual budget savings for a number of years, not just through the current period of 'austerity' measures. It is inevitably the case that each succeeding year of managing with a reduced budget throws up greater challenges.

This may be all the more so in Brighton & Hove, since unlike many councils around England, we have not completed (and have no immediate plans to carry out) a fundamental re-structuring of the local authority. Neither are we withdrawing from major areas of service provision, again unlike many local authorities. Instead, the council has managed budget pressures by increasingly efficient husbandry of our resources (via the Value for Money and Workstyles programmes); by better and more effective co-working within the council and with our key local and regional partners; and by developing the capacity of our workforce (via living the corporate 'values' of respect, openness, collaboration, efficiency, creativity and customer focus).<sup>11</sup>

Savings over the past few years have largely been delivered by making incremental reductions across many services rather than major reductions to specific areas of activity. Similarly, workforce reductions have been achieved via 'natural wastage' through retirement/resignation, plus a voluntary severance scheme that in its first two years of operation was open to all staff.<sup>12</sup>

Making savings in this way has some obvious advantages: it avoids the negative impact of withdrawing from or radically curtailing specific services; and it minimises the impact on staff by reducing vacant posts rather than making large numbers of people redundant. However, the panel is concerned that following this approach may eventually lead to a scenario where services are unable to make further reductions and

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<sup>9</sup> See evidence from Steve Barton 07.01.14.

<sup>10</sup> See evidence from Cllr Sue Shanks, 07.01.14.

<sup>11</sup> See evidence from Cllr Jason Kitcat and Penny Thompson 19.12.13.

<sup>12</sup> In the 2014/15 budget plans, voluntary severance will apply only in departments which are actively re-structuring. This seems a significant shift from previous years, with re-structuring now driving staff-changes rather than staff-changes driving re-structuring (although applications for voluntary severance have always been subject to senior management veto, and have therefore always been subject to a degree of strategic control).

savings will therefore not be achieved.<sup>13</sup> In addition, since assessing and mitigating risk across the whole council is much more complicated than for specific targeted savings, the panel is also concerned that an across-the-board savings approach may create particular problems in terms of achievability. Whilst it is not clear that 2014/15 will present particular problems, this is a risk that could grow with each year.

In addition, a number of the 2014/15 savings plans are dependent on activity which is both outside the council's control and unlike 'traditional' activity patterns. For example, a number of Children's Services savings are predicated on demand for high-cost 'crisis' interventions falling as a result of improved early intervention. While there are sound reasons for making these types of forecasts (e.g. because recent in-year data has shown a similar trajectory), there is nonetheless a relatively high degree of risk in any such planning where delivering savings is beyond the council's immediate control.

It is not clear to the panel whether the council's administration has a 'Plan B' should major elements of its 2014/15 plans prove unachievable – certainly there is little in the draft budget papers to this effect. The panel accepts that the level of risk within the budget proposals is properly considered by the statutory S151 officer (Executive Director of Finance & Resources) and that one-off and ongoing financial risk provisions are identified in the budget proposals to mitigate against the risk of some savings being unachievable in full. However, given the risks outlined above, panel members do feel it would be prudent for there to be some indication of thinking in this area.

**Recommendation 9 – that, beyond financial risk provisions, the council needs to begin more systemic planning about alternatives should significant elements of the current budget plans not succeed in meeting their savings targets.**

## 4 Conclusion

This year's budget scrutiny has felt like a positive and worthwhile process. The panel believes that the shift of focus from spending details to the broader thinking behind spending plans has been useful and has enabled members to better understand the planning involved in the budget.

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<sup>13</sup> There was some debate at budget scrutiny as to whether the council has been following a policy of 'salami-slicing' or not. In reality there is probably no binary opposition between salami-slicing and targeted savings, since intelligent salami-slicing approaches will inevitably involve a degree of targeting (e.g. protecting some services from cuts whilst requiring others to make larger than average savings). Given the size of the annual savings the council is required to make, it is similarly unlikely that a targeted approach alone would suffice: even if there were to be a large element of targeting, it is probable that it would be accompanied by at least some across-the-board savings.

This report and its recommendations are meant to be constructive. In general the panel has sought to make recommendations to improve the final budget papers, although in some instances the panel has recommended making some changes to future budget planning, particularly in terms of developing a more systematic approach to collecting data around the comparative cost and performance of in-house services.

There are unavoidable difficulties associated with scrutinising a work in progress, the biggest probably being that the budget papers have been undergoing revision at the same time as the scrutiny panel has been considering the draft budget report. It may well therefore be the case that some of the issues we have identified have already been independently remedied by officers, or that there are already plans in place to do so. If members have anticipated work that would have taken place in any case, this is all to the good.

# Appendices to the Budget Scrutiny Panel Report

## Appendix 1

### Budget Scrutiny 2014/15: Witnesses at Panel Meetings

#### 19 December 2013

- Overview of the budget plans

#### Witnesses:

Cllr Jason Kitcat (Leader)

Penny Thompson (Chief Executive)

Nigel Manvell (Head of Financial Services)

#### 07 January 2014

- Prevention (Children & Young People)
- Early Help Strategy
- Stronger Families, Stronger Communities
- Youth Services
- Duplication/joint working – e.g. between Public Health/ CYP/ Community Safety/ Communities
- 3<sup>rd</sup> Sector/grants funding

#### Witnesses:

Cllr Sue Shanks, Chair, Children & Young People Committee

Catherine Vaughan, Executive Director, Finance & Resources

Steve Barton, Assistant Director of Children's Services/Families in Multiple Deprivation

Regan Delf, Head of SEN (Special Education Needs)

Lydie Lawrence, Public Health Programme Manager

Chris Naylor, Public Health Business Manager

Richard Butcher Tuset, Head of Policy & Research

Linda Beanlands, Commissioner for Community Safety

Peter Castleton, Community Safety Manager (Casework)

Anne Silley, Head of Finance – Business Engagement/Adult Services, Culture & Corporate

Louise Hoten, Head of Finance – Business Engagement – CYPT & Environment

## **13 Jan 2014**

- Homelessness/Supporting People
- Housing Revenue Account
- Adult Social Care
- Duplication/joint working – e.g. between Public Health/ASC/Housing

### **Witnesses:**

Cllr Rob Jarrett, Chair, Adult Care & Health Committee

Cllr Bill Randall, Chair, Housing Committee

Geoff Raw, Executive Director of Environment, Development & Housing

Brian Doughty, Head of Adults Assessment

Angela Smithers, Interim Head of housing

Monica Brooks, Principal Accountant (HRA and SDNPA)

Susie Allen, Principal Accountant (HRA and SDNPA)

Peter Castleton, Community Safety Manager (Casework)

Dr Peter Wilkinson, Deputy Director of Public Health/Public Health  
Consultant

Alistair Hill, Public Health Consultant

Nigel Manvell, Head of Financial Services

The Panel would like to thank all the officers and members who gave evidence, often at very short notice. Elected members would particularly like to thank Community Works for their positive and constructive engagement with the budget scrutiny process. Community Works (and formerly CVSF) have been involved in budget scrutiny for several years now, and their input is invaluable.

## Appendix 2

### BRIGHTON & HOVE CITY COUNCIL

### SCRUTINY PANELS - BUDGET

2.00pm 19 DECEMBER 2013

COUNCIL CHAMBER, HOVE TOWN HALL

### MINUTES

**Present:** Councillors Simson (Chair), Mitchell and Sykes

**Also in attendance:** Jo Martindale (Community Works co-optee)

### PART ONE

#### 1. PROCEDURAL BUSINESS

- 1.1 **Substiutes:** Jo Martindale was present as a co-optee from Community Works (Sally Polanski will be the Community Works co-optee at the subsequent panel meetings).
- 1.2 **Declarations of Interest:** There were no declarations of interest.
- 1.3 **Declarations of party whip:** There were no declarations of party whip.
- 1.4 **Exclusion of Press & Public:** Members agreed that there was no reason to exclude the press and public from this meeting.

#### 2. CHAIR'S COMMUNICATION

- 2.1 The Chair welcomed everyone to the first meeting of the Budget Scrutiny Panel. The meeting would take a high-level strategic look at the 2014/15 Budget plans, examining them in light of the Council's broader strategic thinking, particularly in terms of the Corporate Plan commitments. The second and third meetings of the Panel would be more in-depth examinations of key parts of the Budget. The Chair invited the Leader, Councillor Jason Kitcat to introduce the Budget after which the Panel would ask questions around the four main Corporate Priorities.

### **3. BUDGET DISCUSSION**

#### **3.1 Opening Statements.**

**3.1a Councillor Kitcat** – The context of the Budget is very important. Local authorities are facing a huge challenge with rising demand for services, increasing populations, a baby boom and people living longer (although not necessarily in good health). This growing demand is at a time of significant funding reductions which makes for a difficult situation.

**3.1b** The council is using Value for Money (VFM) and benchmarking for every service. The Corporate Plan is driving a corporate approach to the Budget – plans have not been developed in departmental silos. The council is also actively seeking new sources of income: there is a change in the thought processes of local authorities which are becoming more entrepreneurial.

**3.1c** The Budget reflects the fact that the council is midway through a journey. The area of social care is particularly challenging, in national as well as local terms, and 2015/16 will be the crunch year. This Budget is trying to prepare for that. The Housing Revenue Account (HRA) has been revisited to help tenants in these difficult times.

**3.1d** A local authority can in theory raise income via fees & charges and/or local taxes. However, at the moment there is still considerable uncertainty around the details of Business Rates and Council Tax setting. (In particular it is unclear what rate councils will actually be able to set CT at without triggering a referendum.) It is therefore not clear what potential there is to increase income via these means.

**3.1e** In addition, welfare reforms mean some people are less able to pay their bills and Council Tax, increasing the pressure on council funding. The council is well placed to cope with all the pressures but it is very challenging. This Budget has taken the approach of keeping services going: not all local authorities have done the same.

**3.1f** There is no simple demarcation between statutory and non-statutory services which might allow local authorities to withdraw from provision. For example, economic development is not statutory, but increased economic activity leads to increased income for the local authority, meaning that it is a service area that councils are unlikely to choose to withdraw from.

#### **3.2 Corporate Priority - Tackling Inequality**

**3.2a** Q – the last Budget included safety nets to cushion against the impacts of welfare reform changes. Have these been assessed and is there still a need for them?



Councillor Kitcat – The delays to universal credit mean that the new schemes aren't in place yet so we are in an interregnum. There has been a lot of work looking at why the uptake of discretionary funds has not been as high as anticipated, particularly the discretionary Council Tax Reduction Fund. The discretionary Social Fund and Council Tax Reduction Fund are provided by local authorities. Last year's Budget had a double top-up but there was no call to draw on it. It is an ongoing piece of work but it is new territory – the demand for the Council Tax Reduction Scheme was expected to rise but the number of claimants actually fell.

Prevention is a key element throughout the Budget. For clarity, the £991,000 change to Preventing Homelessness funding is not simply a reduction but partially a switch – some of this funding will now properly come from the HRA.

Nigel Manvell – Demand for both the discretionary Social Fund and Council Tax Reduction Fund has fallen, which was unexpected, but the full effects of welfare reform are still not clear and services continue to monitor this closely.

Councillor Kitcat – There is a lot of work around this and some disagreements. However, the findings locally are very similar to those in other Unitary Authorities.

- 3.2b** Q – Is it still a principle of the Budget to protect front line services? How are you ensuring you spend to save? Can you give further information on the specific issue of the reduction in funding for short breaks for disabled children?

Councillor Kitcat – prevention is key. The Early Help Strategy is central to this approach. There are already benefits being seen for looked after children as a result. There is a lot of work to be done and conversations to be had, particularly with health partners. The financial squeeze means that spending needs to be reduced and unfortunately there will be impacts from this. The VFM programme is encouraging spend to save. On the issue of the short breaks, it is anticipated that the saving will be found in efficiencies and won't impact on service delivery.

- 3.2c** Q – have the effects of cuts to disabled services been looked at in an aggregated manner?

Councillor Kitcat – it can be misleading to aggregate savings. The £68k saving referred to for the short breaks will be efficiencies and it is a small part of a very large budget. Benchmarking shows that this is a high cost per unit service and this needs to be challenged.

- 3.2d** Q – the aggregation across disability services has been flagged as a cause for concern. Will the needs assessment of short breaks change?

Councillor Kitcat – the breaks will be delivered for less money. There will not be fewer assessments or changes to the criteria for assessment.

- 3.2e** Q – It is good to see EIAs but they aren't very detailed. Are there plans to link EIAs more closely to services? As they stand, they are not a useful tool for understanding mitigation of impacts.

The EIAs are imperfect as they are done against a snapshot of a draft Budget and the Budget changes. Any reduction in public sector funding will have a cumulative detrimental effect. There will be a move towards service redesign: this is the start of the process not the end. There will be more engagement and more understanding of the impacts which will be reflected in EIAs.

Comment – any redirection of the EIAs in the future is to be welcomed.

- 3.2f** Q – looking at sustainability, are we confident we are doing enough on this?

Councillor Kitcat – The Corporate Landlord scheme now handles all the energy bills and is spending to save, for example, the change to the lighting in Kings House has led to savings. However, as we are moving from Kings House, there is a limit to what will be done. Low energy bulbs are being piloted in street lighting in Seven Dials and this may be rolled out across the city (but would require capital funding from somewhere). Water savings are also in place and by March 2014 there will be automatic metering. In other areas, the cost-benefits are more difficult, for example, Brighton & Hove is a hilly city which means that some of the more efficient vehicles available are not yet viable in our specific circumstances.

### **3.3 Corporate priority - Modernising the Council**

- 3.3a** Q – could you outline your ideas for making the council self-sustaining? How does this fit with keeping services going?

Penny Thompson – The council is on a journey towards self-sustainability. Some of the professional services the council runs are already self-sustaining. For example, legal services and architects are expected to cover their costs and it would be more expensive to use external services. There are four main areas of the modernisation programme – VFM, improving the customer service, changes to ICT, and the people management strategy. In addition, we have our 6 'values' and we must live our values every day - they must be the basis of all we do and how we behave. This is how we can change the culture and become more efficient. The council is also looking at how we work with others. The integration of health and social care is one of the big challenges for the future. Early prevention is very important

and the council is working together with health and social care partners. Modernisation is about being fit for purpose and we need to look at such things as sharing buildings (as the council already does with the police). Another strand is using the capital programme and economic development as a driver of change. Opportunities from the capital programme can help regenerate the economy and generate more Business Rates.

People are our most valuable resource. Workstyles is a key project but our resources are much more than just buildings. In the past we have underinvested in [developing] people and in ICT.

**3.3b** Q – Is this a salami-slicing budget? Where are the indicators for changing structures? We need to spend to change - is there a transformation budget?

Councillor Kitcat – There is a top-up to the transformation fund [now called Modernisation Fund]. In the past, the council has been overly concerned with structures but now we have brought in a simple, clear structure. There is nothing intrinsically wrong with salami-slicing provided it is targeted effectively. The proposals include careful, contextual slicing, not across the board slicing.

**3.3c** Q– It shouldn't be unilateral slicing. If the council is slicing funds and partners are doing the same, are conversations taking place with partners on budget discussions?

Penny Thompson – The starting point was not taking a percentage saving across the board – that would be salami-slicing. It is differential slices. This year the process has been planned across the whole of ELT and CMT. Feedback has been that people understand more this year than previously when savings were done in separate departments. Organisational culture and behaviour is central.

This week the City Management Board met to discuss all budgets. This included Chief Executives from the CCG, the hospital, and the Vice Chancellors of both universities, and there is an understanding of the challenges we are all facing. The council is not working in isolation but having constructive discussions with partners. For example, we are working closely with JobCentre Plus with a shared intention to help people back into jobs.

The Performance Improvement Programme will support organisational change. There will be some structural changes where it makes sense to bring teams together. There will also be a further look at the ratio of managers to staff.

Councillor Kitcat – there are also a range of work streams with the SE7 group. We are working across borders on data centres, the network of

networks, and highways. We are also part of 'key cities' which involves around 22 medium sized cities.

Nigel Manvell - the VFM Screening process this year looked at all council services, not just those with savings proposals, and broke down the budgets and set out the financial and performance comparative information for each major service area. This gave a clearer contextual picture of the whole of the council's operations to aid decision making.

**3.3d** Q – the level of stress and sickness among staff is a concern. Are there any areas where the service is unstable?

Councillor Kitcat – in the 2012-13 budget, the cuts ICT offered were too severe and more funds had to be found in the face of additional pressures due to the imposition of new Cabinet Office rules. The process for screening savings needs to be very robust and VFM goes to the heart of this. Last year HR was protected: this year ICT has been protected. When services are quite small, decisions need to be taken to keep them, move them etc.

Penny Thompson – the stress is a concern and we are monitoring it. The first results from the Staff Survey are out and give cause for cautious optimism. For example, 95% of people are very clear on how to do their jobs. There are one or two areas where stress levels need to be looked further at, but there are no red areas. There is also the difference between short and long term sickness and we are picking up on this. The feedback from the recent staff roadshows is very positive as well.

**3.3e** Q – the voluntary severance scheme fell short of the target – how is this being made up?

Penny Thompson – we have taken on board the lessons from the scheme. In 14/15 the VSS will only apply to services that are being re-designed. Last year, the scheme was carried out the wrong way round – we need to reshape the service and then look at opportunities to delete posts, not delete posts and then re-design services to fit.

Councillor Kitcat – if the money is not found, it would become a one-off cost in the next Budget.

**3.3f** Q – there are lots of issues around grants. The cuts are all to external money and grants. A small amount of money can purchase a lot of value. What is the intention behind these cuts?

Councillor Kitcat – there are internal savings too. There is a wider issue around grants. Third sector grants have been protected in the past which makes it seem more shocking now than it would had they suffered incremental year-on-year reductions. But there is a £2.5m gap

and we can't keep protecting them. We need diversity in the third sector but there are some difficult conversations around duplication. It is regrettable and we will keep an eye on the situation. However, the audit of what we spend in the third sector shows a £23m spend.

- 3.3g** Q – investment in the third sector can be used as a lever and a small amount can grow substantially. Why the cut to the sports grant (£10k)?

Councillor Kitcat – there is an inconsistency in sport with lots of services doing different things. A separate sports grant is adding to this.

- 3.3h** Q – How have you considered services being delivered differently?

Councillor Kitcat – the recent Scrutiny Panel looked at service models for adult social care providers services and the recommendations were accepted. We are now developing a business case. The council operates as a provider of last resort so there are some services that we need to continue providing because there is no other sensible option.

- 3.3i** Q – are there areas we could increase income?

Councillor Kitcat – there are areas already identified. The council run a very successful crematorium and offer a basic service which is kept affordable, but with the opportunity to purchase additional elements. The wedding service offers a basic service but also extras which are profitable.

- 3.3j** Q – will there be the same number of grants with less money or fewer grants?

Councillor Kitcat – there will be an overall reduction but there is a discussion to be had as to how that is done as there are a range of options.

- 3.3k** Q – there is a spotlight on duplication in the third sector but there needs to be consideration of duplication in statutory bodies too.

Councillor Kitcat – the Corporate Landlord approach is a central approach that seeks to minimise duplication. Procurement is centralised; sustainability and ICT are also central.

- 3.3l** Q – Is spend on communication centralised?

Councillor Kitcat – It was agreed it would be in 2010-11 and this has now happened.

### **3.4 Engaging people who live and work in the city**

- 3.4a** Q – what are your thoughts on the threshold for council tax?

Councillor Kitcat – the approach to the threshold and referendums are putting councils in a difficult place and leaving little freedom. It is not yet clear what is going to happen. If there is a big drop from 2% there will be issues. Business Rate retention is also unclear. These are serious challenges.

**3.4b** Q – what about the New Homes Bonus?

Councillor Kitcat – the New Homes Bonus will only be granted if [planning] consent is given straight away, not on appeal. It is difficult to see how it will work in practice.

**3.4c** Q – the public consultation indicated that respondents to the budget survey wanted CYP and ASC protected. Any comments?

Councillor Kitcat – these are the highest spending services. We have [comparatively] more looked-after children than we should have for our size. Some of our services are comparatively expensive. These are significant savings plans but they can be delivered without detriment to outcomes which is what people are most concerned about.

**3.4d** Q – what about doing services with the community not for them?

Councillor Kitcat – there is a culture shift towards this. Good examples include City in Bloom and Friends of the Parks. There are conversations to be had – area based management is harder in a small densely populated city with little history of this to draw upon, but is nonetheless worth pursuing.

**3.4e** Q – how are you building capacity in small organisations?

Councillor Kitcat – this is one of our challenges. What is the role of the council? Is it as a grant provider or an enabler? Is it right to keep grants going or to make organisations self-sustaining? There is common ground and the political will to have these conversations.

### **3.5 Creating a more sustainable city**

**3.5a** Q – what is the impact of the Budget on sustainability?

Councillor Kitcat – the Sustainability Action Plan is being delivered. We are reducing our carbon footprint. The sustainability team has been protected and is now part of the City Regeneration team. The street lighting is an example of spend to save.

**3.5b** Q – The Brighton Centre is a good example of this – but they had to reapply for money rather than use the savings.

Councillor Kitcat – there is the question of how much do you spend on a building if you may not be keeping it. Another example is the schools audit which showed how interventions would save money, but schools understandably chose not to commit much needed money in the short term to lever-in long term outcomes.

**3.5c** Q – what about the seafront infrastructure?

Council Kitcat – the strategy is still being solidified. Problems arise when something is built and funds are not put aside for repairs. There will be briefings on a wider seafront strategy in January 2014. The seafront needs investment of £70-100m which we simply don't have.

**3.5d** Q – there is a perception that some areas are prioritised – for example 20mph. What about people's perceptions?

Councillor Kitcat – it is a complex area. Transport funding is separate and, for example, some is from Sustrans. Capital spending for transport is ring-fenced.

**3.5e** Q – are the reserves prudent?

Councillor Kitcat – they are prudent but not generous. £9m is the current minimum reserve and it is reviewed very carefully. There is no intention to use the reserve to balance the budget.

**3.5f** Q – funding is unpredictable. Is there a greater proliferation of funding sources?

Nigel Manvell – in recent years there has actually been considerable aggregation of grants and there are now far fewer grants, so [grant] funding has actually become more predictable over recent years.

Penny Thompson – the council is set up to deal with the situation. The City Regeneration team is making bids and working on the City Deal bid.

**3.6** The Chair thanked everyone for a most useful and informative session.

# Appendix 3

## BRIGHTON & HOVE CITY COUNCIL

### SCRUTINY PANELS - BUDGET

12.00pm 7 JANUARY 2014

### COUNCIL CHAMBER, HOVE TOWN HALL

#### MINUTES

**Present:** Councillor Simson (Chair)

**Also in attendance:** Councillor Mitchell and Sykes

**Other Members present:** Sally Polanski, Community Works

#### PART ONE

#### 5. PROCEDURAL BUSINESS

5.1 **Substitutes:** There were no substitutes.

5.2 **Declarations of Interest:** There were no declarations of interest.

5.3 **Declarations of party whip:** There were no declarations of party whip.

5.4 **Exclusion of Press & Public:** Members agreed that there was no reason to exclude the press and public from this meeting.

#### 6. MINUTES OF THE PREVIOUS MEETING

6.1 The minutes of the previous meeting were agreed.

#### 7. CHAIR'S COMMUNICATION

7.1 The Chair welcomed everyone to the second meeting of the Budget Scrutiny Panel. At the first meeting there was a very constructive and useful session with the Chief Executive, Penny Thompson, and the Leader, Councillor Jason Kitcat. That meeting focused on looking at the Budget in light of the Corporate Plan. The Panel then decided to focus on several key areas as indicated in the agenda. The three overarching areas to look at today are CYP, community grant funding and co-working.



## 8. BUDGET DISCUSSION

### 8.0 Co-working and Community Grant Funding

**Richard Butcher Tuset, Head of Policy & Performance** - A Communities and Third Sector Policy and Commissioning Prospectus has been developed and this was agreed by Policy and Resources Committee in December 2013. This involved significant work with a range of public sector partners including the Clinical Commissioning Group (CCG). The report identified a number of priorities to work on with the Third Sector, one of which was the first ever Third Sector Commission. For the first time, the local authority and the Third Sector were going commission services together. The Communities Team, Public Health, the CCG, and the Communications Team were all working together. They were talking to colleagues across the local authority in a more structured and robust way. The report sets out a programme of activities to work together and co-ordinated commissioning going forward. It is an ongoing piece of work and they are in discussion with Children's Services, Public Health and the CCG, and Community Health and Safety teams. There have been discussions about potential overlaps between teams, particularly between the Communities Team and the Community Safety Team.

Q – The commitment to Third Sector is welcome but there is a disconnect between the aspirations of the Policy and Prospectus report and the Budget commitments. This is a journey but there is no investment from key parts of the council, for example, Children's Services, Housing, Adult Social Services. Another key concern was the cuts to grants. What was being done about the lack of investment by some council services?

**Richard Butcher Tuset** – The work so far is the start of a journey. There is a policy statement and a commitment to support the Third Sector. The commissioning prospectus was a good first step but there is more to do. There was a conflict about the time it would take to engage more widely and the desire to get on with the work. It also takes time to unpick existing contracts and commitments.

Q – The Public Health budget has been ring-fenced but what about the future? How will it be used?

**Chris Naylor, Public Health Programme Manager** – The Public Health budget from the NHS was £18.2m and it was ring-fenced. However, it also came with a range of contracts and staff which totalled around £18.2m leaving very little flexibility. There is a lot of work now looking at existing contracts to identify any areas of duplication with council contracts. In the past there have been very large contracts with health providers (BSUH, Hospital Trusts etc) but they are looking to move away from blanket contracts. They are looking to link in with the council and dovetail contracts. This should release funds and allow more flexibility. There is also an issue around prescribing costs where

recent guidance states these are costs for the council but in the past this was NHS funded.

Q – Can you explain the idea of introducing a local tariff for sexual health services?

**Chris Naylor** – Where hospitals have block contracts, they receive a lump of money regardless of what work is undertaken. Under a tariff, they receive a set amount of money for a set amount of work. This would give the council more control over how the contract operates. It is a similar process to payment by results.

Q – Can you explain the rationale around the sharing community engagement element of Prevent Hate Crime staff costs with the Policy Team?

**Linda Beanlands, Commissioner, Community Safety** – This is an example of the joint working with the Policy Team. There is a significant amount of expertise within the Community Safety Team of working on Hate Crime but the best use of this expertise to deliver against wider council outcomes has not always been realised. It is about recognising that skilled individuals are well placed to specifically achieve wider equality outcomes in addition to their own work.

Q – The Budget refers to duplication in the Third Sector and it is good to hear that the council is addressing duplication internally as well. Are there any further possibilities for synergies and savings?

**Linda Beanlands** – Discussions took place over what the Community Safety and Policy Teams each do and if there is any duplication. The Policy Team commissions particular services but don't directly deliver community engagement. In the Community Safety Team, there is some community engagement for the specific purpose of reducing crime and disorder. This is around building resilience and using community engagement as a route to prevent crime and disorder – as a means to an end. There is not duplication between the two teams.

**Richard Butcher Tuset** – The confusion can arise over the similar team names. The role of the Policy Team is of corporate investment. They provide principles to work with the Third Sector and the infrastructure to work and engage with the Third Sector. The Policy and Resources Committee report showed that there was some duplication and some missed opportunities across the local authority. They are committed to a review of engagement across the local authority to ensure community engagement is appropriate and follows best practice.

Q – There is duplication and overlap with housing who have their own anti-social behaviour officers. The review must be corporate and address such issues.

**Linda Beanlands** - There is a draft report proposing greater unity between the two teams which will be considered by ELT. Peter Castleton is the Lead Officer for anti-social behaviour and he works closely with housing officers. It is a complicated issue as the Housing Officers are also linked to tenant sustainment so the two teams can not easily be integrated.

Q – Can you explain the closer working and wrap around proposals for the street communities?

**Linda Beanlands** – There are two pieces of work underway. There is recognition that there is an opportunity to be more efficient and unified in commissioning street outreach services. The rough sleeper services are supplied by the Supporting People Commissioner which is separate to the issue of anti-social behaviour by the street population or street drinkers. There is a meeting set up to continue conversations around single commissioning across the piste. The idea is to provide a more unified service with budget savings by delivering services differently rather than less.

The second piece of work is around the recognition of the risk and vulnerability of the growing street population. A task and finish group (Chaired by Geoff Raw) has been set up to look at the issue and make clear recommendations and proposals to co-ordinate services for the street population including issues such as mental health, safeguarding and trafficking. The draft report is due at the end of January 2013.

Q – What work has been undertaken on the impact of the grants reductions?

**Richard Butcher Tuset** – The discretionary grant programme is £1.6m and a saving of 10% is proposed. £1.2m of the discretionary grant programme is in three year grants to 64 organisations; the remainder is in annual grants to around 190 organisations. Some replacement funding will come from the surplus Housing Revenue Account (HRA). Figures indicate that the requirements to meet the HRA will be minimal and they are asking grant recipients who work with tenants to look at how they meet the HRA requirements.

They are looking at ways that 10% saving may be made. The EIA in the Budget papers assumes that the 10% will be taken across the board but there are other options. For example, taking from the discretionary grant programme or the annual grant programme or a percentage of each. They will look at impact assessments.

Comment - The assumption is that the Third Sector needs to share the budget pain but it needs to be noted that most funding levels haven't increased for years and organisations have had to make savings themselves. In addition, the impact of a loss of a grant can be devastating on small organisation. Indications are that around 20 organisations will cease if their grant is cut leading to reduced provision in the city. There is also the VFM - £23m investment results in £24m in volunteers alone. The Third Sector also has a

role in reaching the most excluded and forms a gateway to accessing other services.

Q – Is the surplus HRA ongoing after this year?

**Catherine Vaughan, Executive Director Finances and Resources** – There are choices around how HRA funding is spent. For example, one choice is the level of contributions made to the ongoing capital programme. If a whole series of grants look as if they are predominantly benefitting tenants and residents than it may be preferable to use the HRA rather than cease funding. The HRA has more flexibility and choices than the General Fund. There are three choices: no funding; General Fund; HRA if legitimate.

Q – Will Members see the HRA spend before the Budget is set? With all the issues around demolition, rebuilding and stock there may be questions around how the HRA is used.

**Catherine Vaughan** – Members have difficult choices to make. The first assessment shows that this would be a legitimate use of the HRA but there is further work to be done. Members will get the chance to consider the HRA proposals and which grants are applicable.

Comment – the Youth Collective contract is only funded by the council by a third of the cost of delivering the service. This happens to many organisations and they may find the projects are no longer feasible.

Q – Are there issues around transaction or administration costs? Will it be a reduction in the number of grants or a percentage of each?

**Richard Butcher Tuset** – The aim is to take away the minimum but further work is underway. Is it 10% of all grants, or cuts in line with priorities? In terms of delivering grants, VFM shows the council is the best option.

Comment – It can be difficult to fully understand the Budget papers which can make comments difficult.

**Catherine Vaughan** – The challenge is that we need high level resourcing decisions made by Full Council. It is already a very detailed Budget report with EIAs and the concern is that if there was more detail then it would be harder to penetrate. Full Council needs to make the high level decisions and it may be that other Committees make more detailed decisions.

The Chair thanked everyone for a most helpful and instructive session.

## **8.2 Children's Services**

**Councillor Sue Shanks, Chair of Children and Young People's Committee** – The VFM programme has enabled us to make only minimal cuts. There is a lot that is working well in the city. The key focus is on Early Help and there has been a lot of partnership working around this.

Q – The Early Help strategy is the main plank of the savings but it appears to be moving towards the Munro model of service provision. The Munro recommendations were around communication not a way of saving money. Are the cuts really achievable?

**Steve Barton, Assistant Director Children's Services, Stronger Families, Stronger Communities** - The Munro report was about focusing on structures and the roles of social workers. There was a better way to focus resources and look at the professional relationship with social workers and families. Benchmarking shows that Brighton & Hove spend a lot on Children in Care compared to other local authorities. This is a long term piece of work that has been underway for several years. It is not about individual cases: when a case gets to court to take a child into care, it is never questioned. It is about the pathway of spending. The pathway starts with the home visit which will remain and then the social work will follow the Munro principles. Both external and internal processes had been analysed to make improvements. This is the second year of a three year joint procurement process with West Sussex which had also brought costs down.

Prevention was the other side of the VFM programme. How can we reduce the number of children coming into care? They were looking at coherent ways to manage the number of children: currently there were around 450 looked after children and 700 on the children in need plan. The Early Help agenda was intended to identify those children and families who had emerging concerns. There are around 200-300 vulnerable students in schools and 650 families in the Troubled Families project (over 3 years). The target is to manage this cohort more effectively and reduce the number of children going through the pathway to social care. The Munro principles were not about saving money but can be used to continue work on how to manage the costs of looked after children and prevention. If the cohort of around 1000 children is reduced through prevention then over time there would be a need for less social workers. There is a high turnover in social workers and a lot of agency work which could be reduced.

**Councillor Sue Shanks** – There will be no increase in caseloads for social workers but it is about vacancies and agency staff.

Comment – It is a long term issue and it is a concern that it is a different name for something tried before.

**Councillor Sue Shanks** – It is a long term problem and not one solution. We are also looking at structures, for example, working with women who have lots of children taken into care.

**Regan Delf, Head of SEN** – Early Help may have been on the agenda a long time but the issue is about the effectiveness of implementing it. If a family has issues solved early, it will prevent escalation. In the past, the effectiveness of Early Help has been inconsistent. The CAF is a tool to identify children at risk

but it is used inconsistently in the city. Work with schools on Early Help is becoming more effective and making more of a difference.

Q – Can you explain further the principles of payment by results as it relates the Troubled Families programme?

**Steve Barton** – It is predicated on the thinking around VFM. Payment by results is a similar approach with an understanding of outcomes. In Brighton & Hove the focus began on the most complex families who take longer to turn around. As a result, the figures showed that Brighton & Hove were towards the bottom of the local authorities across the country in achieving turn-around (based on Government guidance). The Government's formula was to report on the 40% of the costs of an intervention paid by the Government but they have now said that local authorities now need to report on the other 60% as well. 24 families cases have now been closed. Other families have been identified and they are now on course to achieve the one third of the total by February 2014.

There is a review and challenge programme underway to look at what has gone well and what could go better. The family coaching approach is very effective with one social worker, one plan and 9-10 hours per week with the family. If families can be turned around costs are reduced. By March 2014 the data will be available from the successful families and then the reduction in costs can be evidenced. Phase 2 has reduced funding from the Treasury and broader eligibility.

Q – What analysis is there of the delivery mechanisms for Early Help?

**Regan Delf** – The analysis shows people are confused about the many services out there and find it difficult to know what is available. The 'Local Offer' will be in place by 15 January 2014 which will help. We intend to provide an interface between families in need and schools to give support and guidance. An early help hub – like the MASH – is being considered where a group of professionals are brought together to support families who have a range of needs. For example, schools may say that the problem for a child is housing or domestic violence or parenting skills but it is hard to access help as there are waiting lists. It is about looking at the gaps and co-ordination and providing professionals who can help.

Q – What constitutes evidence-based practice in the Early Help Strategy? It is a challenge for the Third Sector. The cuts to the short breaks is baffling in light of the Early Help strategy as it may be destabilising for families. It is said that there will be no affect on frontline services. What is the implication for families? What conversations have taken place with service providers?

**Regan Delf** – The intention is to reach the savings through efficiencies. Meetings have taken place with the Departmental Management Team and CVSF. The concerns are understood but savings need to be made. It is painful but different ways of working need to be looked at.

**Councillor Sue Shanks** – Some of the savings will come from the Higher Needs Block funding (HNB) and it is a small amount of the actual budget. There won't be an impact on provision.

Q – It is inconsistent to reduce short breaks when talking of Early Help. There are impacts on the Third Sector but they were not consulted during the Budget process. Will that conversation take place? What happens if HNB funding is not available?

**Regan Delf** – The HNB is very similar to last year and there are no indications it will change. Use of the HNB funding is the responsibility of the local authority to support children with high needs so the decision is one for the authority not the schools.

Q – What about the Dedicated Schools Grant (DSG)?

**Regan Delf** – The Schools Forum is consulted annually on the HNB but use of funding is the responsibility of the local authority. The proposals for the DSG will be going to the Schools Forum in January 2014. The Direct Schools Grant is separate.

**Louise Hoten, Head of Finance, Business Engagement** – A report is being drafted on any savings that will impact on schools – not just the DSG. Schools have been contacted to ask for the impacts of the Early Years Block. The report will be discussed at the Schools Forum.

**Councillor Sue Shanks** – Afterschool provision (Early Years Block) is being removed and schools will need to look to fund this. The local authority funds the Pre-School Playgroup Alliance already so it was felt that the afterschool provision was already there.

Comment – There are 33 providers of early years services so the cumulative effect is a concern. There needs to be a dialogue around what is currently offered and what is part of the Pre-School Playgroup Alliance. The issue of the short breaks can have great implications – if one child goes into residential care it can cost around £180,000 so there are potentially large risks for small savings.

**Catherine Vaughan** – There is a difference between investing in Early Help and making no changes to services. It is important to challenge what outcomes are being delivered and there is some scope for Early Years to make services better. There may be different ways to provide services and it is important to have ongoing conversations.

**Regan Delf** – It is not necessarily the case that a small saving results in much higher costs downstream. There are a very small number of placements and these are for those with the most challenging behaviour. A number of small cuts here and there may not necessarily have a huge impact on high cost 'agency' placements – the team are very aware of families in crisis and provide intensive support for them.

Q – YES centres are to close and move into YOS. What will the impact of this be?

**Councillor Sue Shanks** – The Dip isn't a youth access point but an office. It was proposed as a saving last year but wasn't able to happen. It is a relocation of staff.

**Steve Barton** – There are lots of changes underway with other service providers changing premises. The YES team will be in the YOT building in the city centre which is a more efficient use of resources but won't change the pattern of contact.

Q – Can you explain the £50,000 saving in a practice manager post?

**Steve Barton** – There was a major restructure after the last inspection. This is a temporary post so was an anticipated saving. The Head of YOS remains in place with four practice managers.

Q - What is the rationale for BHCC retaining significant in-house Youth Services capacity when almost all local authorities are no longer providing these services in-house? Do in-house services provide better vfm than market alternatives or higher quality specialist services than the local market could provide?

**Councillor Sue Shanks** – It is a political decision. Local authorities should run some youth services alongside the voluntary sector. The decision is to retain youth services in-house whilst endeavouring to join things up better across the city.

Q – Has there been a VFM assessment?

**Steve Barton** – We are half way through a contract with eight separate voluntary sector organisations working together. It is not easy to change all these contracts. It is still early days and it is still bedding-down. It is a challenge for in-house and the voluntary providers and they are working collectively to get a better grip on spending.

Comment – The Third Sector has come together and embraced change. There is a concern about how decisions are made if there is no robust VFM analysis.

Q - The Budget report claims as a success that 20.6% of children are living in poverty. This doesn't seem like a success – what is it measured against?

**Steve Barton** – 'Success' is not the right word – it is a reduction from 25% and lower than the national figure.

Q – How will the savings in home-school transport be made and who is losing transport?



**Regan Delf** – The EIA has been revised for this. It was never in question that the statutory provision for children with SEN would be reduced. Some savings have already been made. It is about looking at different forms of transport carefully and sensitively. It is also about encouraging independence, for example, some children use buses at other times so can they use a bus instead of a taxi to get to school. Also we will look at VFM in terms of transport solutions. There are projects running with families to see if funding can be provided to the family to take the child to school. It will be a careful, personalised decision made with the family.

The Chair thanked everyone for a most interesting and useful session.

## **9. DATE OF NEXT MEETING**

The next meeting is Monday 13 January at 2.00pm in the Banqueting Suite in Hove Town Hall.

# Appendix 4

## BRIGHTON & HOVE CITY COUNCIL

### SCRUTINY PANELS - BUDGET

2.00pm 13 JANUARY 2014

BANQUETING SUITE, HOVE TOWN HALL

### MINUTES

**Present:** Councillor Simson (Chair)

**Also in attendance:** Councillor Mitchell and Sykes

**Other Members present:** Sally Polanski, Community Works

### PART ONE

#### 12. PROCEDURAL BUSINESS

- 10.1 **Substitutes:** There were no substitutes or apologies.
- 10.2 **Declarations of Interest:** There were no declarations of interest.
- 10.3 **Declarations of party whip:** There were no declarations of party whip.
- 10.4 **Exclusion of Press & Public:** Members agreed that there was no reason to exclude the press and public from this meeting.

#### 13. MINUTES

The minutes of the previous meeting were not available.

#### 14. CHAIR'S COMMUNICATION

12.1 The Chair welcomed everyone to the third and final meeting of the Budget Scrutiny Panel. At the first meeting there was a very constructive and useful session with the Chief Executive, Penny Thompson, and the Leader, Councillor Jason Kitcat. At the second meeting there was an equally useful session with officers and Councillors on services for children and young people, community grant funding and co-working.

The Chair invited Councillor Rob Jarrett to make an opening statement.

## 15. BUDGET DISCUSSION

### 13. Adult Social Care

**Councillor Rob Jarrett, Chair of Adult Care and Health Committee** – Adult social care accounts for a significant proportion of the council spending that is not ring-fenced. This makes it difficult to absorb any reduction in funding and leave adult social care untouched. The emphasis has been to look at making sure everyone who needs a service will get an assessment and receive the service they need. A number of things can be done to make savings in terms of better ways of working, for example, better use of technology, better use of support at home. There are limits to what can be saved this way and how quickly. Some savings have been made this way in previous years but not enough to make all the required savings this year. Historically, some areas have been more generously funded than other areas so now the proposals look to make things more even. There are some areas where savings can be made and services improved, for example, there are some people who have been using Learning Disabilities (LD) services for many years but haven't moved on to make greater use of community services. These people should be enabled to become more independent and move to community services. An effort needs to be made to help people to be more independent. We will look at each individual and see if there is a solution that is better for them that also means they need a less intensive council service. Some of this means ensuring that there will be other services for people to use. In Brighton & Hove there are good services available run by committed organisations. There have already been discussions and it is a realistic proposal.

Q – LD Services seem to be taking a number of significant savings. How realistic and achievable are they? Will the Third Sector need further support and funding to provide LD services? How realistic is the saving predicated on a greater use of technology.

**Councillor Rob Jarrett** – There is less confidence this year than last year on the achievability of the targets. It is not possible to go on making savings year on year with the same ease otherwise it would have been done sooner. The capacity is available in the Third Sector to provide services but it will require some co-ordination. If necessary, transitional support can be provided. There is more confidence in the savings using new technology. For example, all the new technology is not yet in people's homes. Technological support can now detect a greater range of actions, for example, epileptic fits. One officer has been looking at the dedicated use of technology and there is some way to go to utilise all the benefits. Keeping frail elderly people out of residential homes is the biggest thing that can be done to cut spending but there is a limit to what can be done each year. Additional officer time will be used to make sure increasing independence is working and may need additional support, for

example, using a bus not a taxi to services. This will mean an increase in key workers at the front end and will be assessed on an individual basis.

**Brian Doughty, Head of Adults Assessment** – Increasingly the focus is on safeguarding vulnerable people. The number of safeguarding issues and increased complexity is making it a challenging time. The strategy of personalisation has been successful and will continue with personal budgets and direct payments. There are greater efficiencies, for example from the use of Telecare, and there has been significant investment in the past years and this is now showing benefits. More people are staying in their homes for longer. Early intervention keeps people in their homes longer and reduces their need for care.

The community assets need to be looked at and, in partnership with the Third Sector, pick up any deficits in service. In LD services, Brighton & Hove spend considerably more than comparator local authorities. There are 733 LD clients and the spend is over £22m. The challenge is to meet eligibility needs more intelligently – needs not wants. People on personal budgets spend 10% less on services – there is a need to negotiate with individuals about what they actually need which is an ongoing process.

**Councillor Rob Jarrett** – The Connaught Day Centre moved location and users needs were assessed as part of this. Some people had been attending the day centre but not using the activities so individuals were given a different package to better enable them to engage in activities. Not everyone needs institutional building-based services. Individuals may end up with something better, even though there will be some upheaval and some people find it difficult to deal with change.

Q –The impacts of the service changes for LD services and Direct Payments are not fully understood. The EIA doesn't give the impact on the service user so it is difficult to fully understand the impact. There is an ongoing issue around criteria and eligibility assessments – these are subjective and open to interpretation. There is an issue around substandard services in the city and people can be isolated in underperforming homes. There is a concern that some of the Budget changes will happen before users are consulted – how are people engaged with the changes?

**Brian Doughty** – As adult social care is such a vast proportion of the budget, there has to be a contribution to the savings. There will be an impact and the key thing is to mitigate it and ensure people's needs are met in a different way. The eligibility criteria is subjective but it is made as objective as possible. Services need to be provided in the best and most efficient way to meet people's needs. They are very aware of the stress of savings and will support people through the process. It comes back to needing really good assessments and support for individuals – and their advocates.

They are mindful that some residential services are better than others and people will not be in poorer quality services without other support. There is a need to make sure that there is the same quality of service across the board.

**Councillor Rob Jarrett** – There is a problem with the EIAs because they are behind the budget and some of the EIAs take time to catch up. It has been requested that the EIAs are reconsidered – they are a work in progress. Consultation must have a purpose and if consultation highlights that one particular service is overwhelmingly supported, there is scope to change things. Budget Council will be guided by consultation.

If a commercially run residential home is being paid to offer 24hr care then we expect a range of activities. If it is not adequate, we will challenge the organisation and expect 24hr service.

Historically, some LD some services were transferred from the NHS and some came from the local authority so there has been a disparity of funding depending on what category an individual was in. It would be preferable to bring everyone up but as this can't be done, there needs to be some levelling down. In addition, historically, LD services have been protected.

Q – Are you satisfied that the budget line figures are realistic? What discussions have there been with the Third Sector?

**Councillor Rob Jarrett** – It is increasingly difficult to find savings so there is some question over how realistic the figures are but the budget needs to be balanced. There have been ongoing discussions with the Member Disabilities and Providers Forum.

**Brian Doughty** – There is a meeting next week with the LD Partnership Board as part of the consultation process. Around 90% of the adult social care budget is spent in the independent and Third Sector and there is a good track record of working with the Third Sector. It is always challenging to make savings but they have done well in the past. They are working in partnership with health and housing to look for better options. The best way to save money is to reduce reliance on residential nursing care.

Q – At the moment people with LD can earn around £100 a week without losing benefits, but may lose this with the cuts to supported employment. There is a long term impact of this. What about spend to save?

**Brian Doughty** – Supported employment is a key preventative measure and it is important to continue preventative work. But supported employment is not a core BHCC expertise so they are looking at different ways of delivering support. It is similar with 'Able and Willing' where the council subsidy needs to be reduced by working with the community and business sectors. 'Able and Willing' should be self-sufficient.

**Councillor Rob Jarrett** – We will carry out a further analysis to make sure that people are not losing out.

Q – Changes to accommodation were in the budget plans last year. What has changed since the budget plans were changed last year?

**Brian Doughty** – The whole accommodation strategy is being looked at to make the savings that have to be made.

Q – What about the savings in management? A management role is being removed – will this have an impact on stress levels?

**Brian Doughty** – The post identified is in mental health services and is no longer required due to management changes. There will not be a significant impact on stress levels or anxiety and very little reduction in operational staffing. On the resource centres, we are looking alternative means to provide resources for elderly people using these eservices.

### **13.1 Joint working and integration**

**Geoff Raw, Executive Director, Environment, Development & Housing** – The corporate management team recognises the importance of integrating public health into the local authority and is working to accelerate this and to encourage more collaboration. There is more financial pressure and financial incentives, for example, to reduce the pressures on A&E and to prevent bed-blocking. The Better Care Fund comes from the NHS to social care to help integration. The Supporting People budget is c.£10m and has been extended until 2015. Working with third sector partners, it is used to reduce housing pressure and mental health pressures. Prevention is a key part of the business case. The local authority has housing and homelessness obligations and it's preventative work, for example, in addressing street homeless has successfully reduced funding pressures elsewhere.

The Directors are holding joint management meetings and workshops to look at how resources for preventative work are best used. Part of this will look at removing any areas of duplication and also ensuring that we are focusing on the right priorities. Directors are looking at more creative ways of addressing housing needs: on a “better for less” basis where possible. The management team is committed to breaking down barriers between service areas and good progress has been made.

**Dr Peter Wilkinson, Deputy Director Public Health/Public Health Consultant** – One example of this joint working is the re-commissioning of substance misuse services which includes the relevant services within the current Supporting People strategy.

**Councillor Bill Randall, Chair, Housing Committee** - The Housing Revenue Account (HRA) is self-financing and can be seen as a financial muscle to help with joint working.

### 13.3 Homelessness

**Councillor Bill Randall** – There is a serious homelessness problem in the city. The proposals include £3.2m next year as part of the Supporting People Budget with £100,000 savings proposed. They have worked with Stonewall and Exodus to access grant funding. Three extra caseworkers are now in place.

£340,000 funding responsibility will be transferred to the HRA from the General Fund. The Sheltered Housing scheme currently takes 855 people and all but 73 of those are covered. Sheltered Housing hopes to help people become more independent. The proposals have been discussed with the Sheltered Housing Action Group. Two thirds of homeless people in Brighton are not from the city so they are working with other local authorities to locate them across Sussex. There is a new Homelessness strategy that was discussed widely. The street count came to 53 homeless people but the local authority figures show there are 72 homeless people.

The £110,000 reduction has previously been used for research into entrenched rough sleepers so it is not a cut to front line services.

Q – The HRA is being used differently this year. Have there been any clear policy reports to committees? Has there been a policy discussion around Homemove? What was the discussion around using HRA to fund grants?

**Geoff Raw** – There is a report on the HRA going to the next Policy and Resources Committee. It is also going to the Housing Committee and the HMSC. The timing is tied into the budget schedule. It is not unprecedented to use the HRA in this way. The methodology is very robust to satisfy financial audit requirements.

**Councillor Bill Randall** – There have also been discussions with the lawyers. Other local authorities also use the HRA in innovative ways. In Portsmouth they used it to pay for playgrounds: in Manchester they tried to transfer £15m from the HRA. There is a list of those grants that will use HRA.

**Susie Allen, Principal Accountant (HRA and SDNPA)** – There has been a review of the office and the team and what they do. It is not a new policy: the HRA has been subsidising the General Fund. It is a way of paying for services for council tenants.

**Geoff Raw** – There are efficiency savings in the HRA budget – aiming to reduce overhead costs and maximise services to tenants. Efficiency savings are across the board. The audit test must be met where we are providing services using HRA funding.

Q – What came first - the surplus HRA was found and used or areas identifying that could use the HRA?

**Geoff Raw** – It was an evolutionary process of looking at opportunities for efficiency savings and service improvements across the Housing HRA and General Fund budgets. It also follows from a general principle set out in the budget strategy to address the rising cost pressures in adult social care, children’s services and health. For example, housing resources are helping reduce the cost pressures of residential care. The service is also currently working with the Chartered Institute of Housing reviewing our provision of sheltered accommodation. It is part of an ongoing scrutiny of reducing costs and where appropriate, attributing costs differently.

Q – How realistic is it that £223,000 can be found by using cheaper temporary accommodation? What about the impact of direct payments to tenants on housing benefits? Can you give further information on the positive effects of improving the quality of private sector housing conditions?

**Councillor Bill Randall** - In the past 18 months around 700 HMO have signed up for licensing and about half of those already met the criteria. There are around 5000 HMOs for students. The private sector is very expensive at around £800/month so a good level of accommodation is expected. There are some concerns around standards and management services and it is often the good landlords who sign up to be registered. Residents and tenants are encouraged to email when landlords aren’t registered. The health and well-being benefits of good housing are well known. Temporary accommodation is being recommissioned and the costs will fall. They are also looking at commissioning outside of the city where it is cheaper.

**Geoff Raw** – The proposed savings of £223,000 in temporary accommodation will require improved IT to increase rent collection. There is a need for a framework for renting from the private sector with longer leases. A combination of these factors will make the saving achievable. Direct rent payments to tenants on housing benefit has been identified as a risk. If someone is on benefits and under pressure there is a risk they will use their rent to fund other things. Landlords would prefer to be paid directly otherwise there will need to be contingencies for landlord loss of rent and the risk of eviction.

Longer term leasing arrangements with private sector landlords are underway operating well. It would also be good to be able to work with landlords to improve the energy efficiency of buildings.

**Nigel Manvell, Head of Financial Services** - Members have expressed concern around the achievability of the proposed savings. There is a statutory duty to look at achievability and the level of risk around that. It is getting more difficult as situations for local authorities are more challenging. There is some risk contingency in the draft budget (£1m one-off and £2m recurring) which allows for more complex and further consultation if required, or alternative options to be looked at a risk assessment made. An outside agency has been engaged to look at further potential VFM savings to fill the existing savings gap.



## Appendix 5

### Scrutiny Budget Panel 2014/15: List of Recommendations

**Recommendation 1** – that the Equality Impact Assessment process supporting budget planning should be refined, so as to allow for more resources to be committed to the most important and highest risk savings plans.

**Recommendation 2** – that assurance be provided that the cumulative impact of savings plans on people with a learning disability will be tracked, and additional support or alternative mitigation will be provided if there is significant detrimental impact on this vulnerable group.

**Recommendation 3** – there should be a more detailed explanation in the final budget report of how the resident survey and other engagement exercises have informed the 2014/15 budget planning.

**Recommendation 4** – that more information be provided on the risks and opportunities presented by changes to the funding of services relating to the Housing Revenue Account (HRA) for members to make an informed decision on these plans at budget council.

**Recommendation 5** - that more information on the risks and challenges presented by the plans to transfer funding for some services from General Fund to the Direct Schools Grant (DSG) be provided for members to make an informed decision on these plans at budget council. Specifically, this should include any available information on services that may cease to be provided or will be substantially reduced as a result of the transfers.

**Recommendation 6** – that all plans to make savings to ‘preventative’ services are reviewed, with particular reference to the risks involved in lessening the effectiveness of prevention.

**Recommendation 7** – that the final budget papers should include more information on the types of transitional support being considered to ensure that changes in the level of in-house services are undertaken in a way that promotes and achieves increasing 3rd sector provision.

**Recommendation 8** – there should be a more systemic approach to collecting and presenting data on the comparative performance and cost of in-house services with other providers.

**Recommendation 9** – that, beyond financial risk provisions, the council needs to begin more systemic planning about alternatives should significant elements of the current budget plans not succeed in meeting their savings targets.

## Response to Scrutiny Recommendations

Recommendation	Context to response	Action proposed
<p>1 – the panel believes that the Equality Impact Assessment process supporting budget planning needs to be reconsidered, so as to allow for more resources to be committed to be the most important and riskiest savings plans.</p>	<p>The scale and complexity of a saving doesn't necessarily correlate with the significance of any impact on people, arising because of their protected characteristics. Assessment of equality impact is always proportionate so that bigger impacts on people required more detailed consideration. This year the Budget EIA document evidences all the identified impacts and mitigating actions, and is accompanied by the summary of council-wide impacts and mitigating actions. These enable Members to balance the potential impacts (and all mitigating actions to reduce negative impacts) against the reasons for the proposal and make their decisions.'</p> <p>The budget setting process should be as far as possible about high level resource planning decisions. However there is also a demand for more detailed information from a whole range of stakeholders to help them understand the proposals. The budget papers are already long and complex and there is a balance to be struck between providing more detailed information on savings and impacts and ensuring that members can make properly informed decisions.</p> <p>It is important to note that there are a range of EIAs produced at other times of the year supporting overall strategies or policies and more detailed service changes.</p>	<p>Partly agreed – the EIA process will be reviewed each year as has been the case previously.</p>

Recommendation	Context to response	Action proposed
<p>2 – the panel would like assurances that the cumulative impact of savings plans on people with a learning disability will be tracked, and additional support will be provided if there is a significant detrimental impact on this vulnerable group.</p>	<p>Careful consideration has been given to assessing the cumulative impact of the proposals, identifying appropriate mitigating actions. It is important to acknowledge that the proposals will entail some changes for service users. In that context the request in the scrutiny report for impacts to be “minimal” on learning disabled services users in Adult Social Care could be misinterpreted. The approach will continue to focus on outcomes for service users, supporting choice and promoting independence.</p>	<p>Agreed</p>
<p>3 – the panel would like to see a more detailed explanation of how the resident survey and other engagement exercises have informed the 14/15 budget planning</p>	<p>There are always timing challenges with incorporating detailed responses to engagement and consultation feedback in the December report to Policy &amp; Resources Committee but the intention is always to provide further detail in February following consideration of the more detailed proposals.</p> <p>We have always sought to ensure that resident consultation on the budget consultation have been representative and we have achieved this in different ways in previous years for example using self selection plus some top up mail to unrepresented parts of the city or using a mix of citizens panels and mail outs.</p>	<p>Agreed – this is included in paragraph 8 of the budget report</p>

<b>Recommendation</b>	<b>Context to response</b>	<b>Action proposed</b>
<p>4 – the panel believes that more information is required on the risks and opportunities presented by the plans to transfer funding for some services from General Fund to the Housing Revenue Account (HRA) for members to make an informed decision on these plans at budget council.</p>	<p>Careful consideration has been given to ensuring any funding transfers comply with regulations covering the HRA. The HRA is not facing grant funding reductions in the way that the General Fund is and self-financing has brought some welcome flexibility. Faced with a choice between reducing or ending services or support currently paid for by the General Fund that particularly benefit council tenants or seeking alternative funding the latter has been felt to be a preferable proposition. This has not caused any reduction to existing services in the HRA because there was additional rental income from annual rent increases that had not been allocated.</p> <p>Further detailed information was provided to the Scrutiny Panel showing the breakdown of the grants that would be funded from the HRA in future.</p>	<p>Agreed – the wording has been updated in both the General Fund Revenue Budget and Housing Revenue Account Budget</p>

<b>Recommendation</b>	<b>Context to response</b>	<b>Action proposed</b>
<p>5 - The panel believes that more information on the risks and challenges presented by the plans to transfer funding for some services from General Fund to the Direct Schools Grant (DSG) is required for members to make an informed decision on these plans at budget council. Specifically this should include any available information on services that may cease to be provided or will be substantially reduced as a result of the transfers.</p>	<p>Careful consideration has been given to ensuring any fund transfers comply with regulations governing the use of the Dedicated Schools Grant. The DSG is experiencing modest funding increases in comparison with the funding reductions faced by the General Fund. Faced with a choice between reducing or ending services or support currently paid for by the General Fund that particularly support Inclusion for pupils or seeking alternative funding the latter has been felt to be a preferable proposition.</p> <p>Detailed reports which included all the proposals were taken to the Schools Forum on 20<sup>th</sup> January and were agreed or noted depending on what was appropriate in terms of decision making responsibilities.</p>	<p>Agreed – the wording has been updated in the General Fund Revenue Budget report</p>

Recommendation	Context to response	Action proposed
<p>6 – the panel requests that all plans to make savings to ‘preventative’ services are re-considered, with particular reference to the risks involved in lessening the effectiveness of prevention.</p>	<p>The General Fund Revenue Budget report now includes a summary of the planned investment in Adult Social Care through the Better Care Fund which will improve services for those who are frail including those who are homeless or have mental health issues as well as the elderly. This was not available for inclusion in the December report but has subsequently been considered by the Health &amp; Wellbeing Board.</p> <p>There is a clear focus in the Budget Strategy for Children’s services about investment in Early Help. However this does not mean that there will be no changes to current services – it is important to continually review the effectiveness of existing investments and make changes where needed to ensure better outcomes.</p>	<p>Partially agreed – some greater clarity has been provided in the budget report to aid understanding of the ongoing investment in preventative services</p>
<p>7 – the panel believes that the final budget papers should include more information on the types of transitional support being considered to ensure that the withdrawal or reduction of in-house services is undertaken in a way which recognises that increasing 3rd sector provision requires additional support/investment in the short-term at least.</p>	<p>The council has sought to sustain support for the third sector in accordance with the Community Engagement Strategy through significant continued investment in Community &amp; Voluntary Sector Infrastructure. The Adult Social Care prospectus has provided a new route to commissioning with some welcome positive outcomes for the third sector that are being built on.</p> <p>The budget setting process should be as far as possible about high level resource decisions and detailed implementation planning will be undertaken separately and may be the subject of specific committee reports in some areas.</p>	<p>Noted – while we recognise the need to retain ongoing dialogue with the 3<sup>rd</sup> sector on this concern it is hard to determine what further information specifically could practically be included in the budget reports.</p>

<b>Recommendation</b>	<b>Context to response</b>	<b>Action proposed</b>
<p>8 - the panel supports a more systemic approach to collecting and presenting data on the comparative performance and cost of in-house services. It is increasingly important that the council is able to justify its retention of these services.</p>	<p>As part of the budget preparation process comparative cost and high level performance information was systematically collected and reviewed across all service areas. This informed the development of the budget strategies in key areas – for example the relatively high costs of some of the in-house provision for Adult Social Care.</p>	<p>Agreed – there will need to be an ongoing review and challenge of the relative costs and performance of all council services to ensure they represent value for money.</p>
<p>Recommendation 9 – the panel believes that the council needs to begin more systemic planning about alternatives should significant elements of the current budget plans not succeed in meeting their savings targets.</p>	<p>The scale and scope of the budget savings are certainly challenging and this will be even more the case in 2015/16. All proposals are assessed for deliverability and the Chief Finance Officer has specific responsibilities to assess the robustness of estimates. The council is not proposing savings that have not been delivered elsewhere and they have been set in the context of the council’s comparative spend and performance. The chances of success will be dependent to a large extent on the robustness of the approach taken and ongoing member support. There will always be a balance to be struck between major complex service changes, reducing or stopping services altogether and driving ongoing efficiency wherever possible in order to avoid more negative impacts on residents and service users.</p>	<p>Not agreed – there is already £2m recurrent risk provision and £1m one off risk provision in the budget. It is considered that time and commitment is best spent focussed on the delivery of the existing plans rather than preparing alternatives.</p>