

BRIGHTON & HOVE CITY COUNCIL
SCRUTINY PANEL ON THE 2015/16 BUDGET

3.00pm 12 DECEMBER 2014

COUNCIL CHAMBER, HOVE TOWN HALL

MINUTES

Present: Councillor Mitchell (Chair)

Also in attendance: Councillor Simson

PART ONE

1 PROCEDURAL BUSINESS

- 1.1 There were no substitutes or declarations of interest and the press & public were not excluded from the meeting.

2 CHAIR'S COMMUNICATIONS

- 2.1 There were none.

3 BUDGET DISCUSSION

- 3.1 Witnesses were:

- Cllr Jason Kitcat (JK), Leader, Brighton & Hove City Council (BHCC)
- Penny Thompson CBE (PT), Chief Executive, BHCC
- Nigel Manvell (NM), Head of Financial Services, BHCC
- James Hengeveld, Head of Finance – IMFP, BHCC

- 3.2 JK introduced the 2015-16 draft council budget, explaining that this was a budget in the context of very significant year-on-year reductions in local authority funding. The budget is not a stand-alone document, but is intended to be read alongside the Corporate Plan and the council's Medium Term Financial Strategy, which together represent the administration's vision for the future of the council.

- 3.3 All council departments proposed savings plans for this year's budget, with the focus being on improving or maintaining outcomes for local people rather than the minutiae of service details. Improving outcomes with lower funding is likely to require service redesign, and this is central to this year's budget planning. This is not a 'salami-slicing' budget: services that will play a key role in the development and redesign of the authority (e.g. Communications) have necessarily been protected to some extent.

- 3.4 The draft budget has once again been published at a very early stage to allow people to engage with it. Currently there is still a significant gap between the savings required and those offered up in the budget plans.
- 3.5 Given that the main political groups are currently unable to agree on Council Tax (CT) levels for next year, the draft budget papers model all three likely CT scenarios (a 5.9% increase, a threshold increase and a freeze).
- 3.6 PT advised members that the Sustainable Communities Strategy (SCS) was the starting-point for corporate and budget planning. Given that 2015-16 is an election year it was particularly important to ensure that budget planning was based on a set of priorities commonly owned by all political groups and by our key city partners.
- 3.7 PT stated that the council's role would inevitably become more circumscribed in the next few years. The relationship between citizen and state also needed to change significantly across public services, with a much greater stress on 'personalisation': individuals taking more control of and responsibility for their support and for their local communities.
- 3.8 PT advised members that this was technically a one year budget plan, but that the context was the next four to five years. In many ways this budget is a precursor for the types of change that will need to happen in the coming years – for example the delivery of more and more services digitally.
- 3.9 In response to a question from DS on the digitally excluded (particularly in deprived communities) JK responded that the number of digitally excluded people is in fact quite small, with 80% plus of people both on-line and keen to self-serve. For those who are excluded support is available from city libraries and community services such as Whitehawk Inn and The Bridge. Moving to digital services has the potential to save a considerable amount of money without impacting negatively on the most vulnerable.
- 3.10 In answer to a question from GM on the extent to which the budget plans sought to move the council in the direction of becoming a self-sustaining business model, JK told members that plans were in place to develop the revenue-earning potential of services – for example CityClean collecting commercial waste. However, services need to have a really good record for reliability before considering commercialisation. There may also be opportunities for some adult social care services to increase revenue as part of the initiatives that form the local Better Care Fund project.
- 3.11 In response to a question from GM about collaboration across the local public sector, PT pointed to the work already under way via the city Health & Wellbeing Board (HWB), City Management Board (CMB), the Stronger Families Stronger Communities (SFSC) programme, the recently completed joint review of SEN and Disability Services, and the Safe in the City Partnership. The entire public sector needs to make major changes, and it is not sensible for organisations to change in isolation from one another. However, the aim may well be for really effective joint working rather than organisational integration.
- 3.12 In answer to a question from DS about preventative services, JK stressed that the budget plans do support the preventative agenda. However, not all investment delivers the same results, and it is increasingly vital that we target resources at what has been

proven to work – for example Early Help and the SFSC programme. PT added that the Early Help Hub was a good example of the current focus on preventative work. It was also important to recognise the key role cultural services have to play in prevention and the importance that citizens attach to them.

- 3.13 JK also noted that this connected to the broad question of how best to fund and/or support the 3rd sector across the city. JK is eager for the sector to respond positively to the budget plans, putting forward its own ideas about future levels and types of support.
- 3.14 In answer to a query from GM about the effectiveness of the Stronger Families Stronger Communities programme (and in particular, Payment By Results [PBR] funding), NM told the panel that PBR payments are triggered when SFSC families meet certain Government targets, and that the council has thus far been successful in attaining its targets. However, this is a process rather than an outcomes measure; calculating the actual financial, social and economic benefits to the council and the broader community of the SFSC interventions requires the use of complex Social Return on Investment (SROI) models. These are still being developed nationally.
- 3.15 In response to a question from DS about reductions to services in more deprived areas, JK confirmed that there had been engagement with agencies including the police and that the potential risk implications of these savings had been discussed. Discussion has included talking about the potential to use budgets across the public sector more intelligently.
- 3.16 In answer to a question from GM on how achievable the budget plans were, JK commented that they did present a challenge, particularly as the demand for ASC services continues to grow, and because elected members have voted against recommended re-designs of services to make them more efficient. However, there is really good joint working emerging, particularly in terms of the HWB and the suite of Better Care Fund initiatives. Also, now that equal pay has been resolved, CityClean is in a much better position to develop.

PT added that many other local areas have already delivered this type of change and that there is the managerial will to drive change in the council. It is also the case that by no means all the changes are about managing declining resources; initiatives such as the increasing personalisation of services, the move away from building-based provision, and the move into digital will all save money, but they will also deliver better outcomes for service users.

- 3.17 In response to a question from DS on how the budget encourages greater income generation, JK answered that the council was actively looking to generate income in a number of areas – e.g. the i360, the seafront arches, Brighton Centre/Blackrock, King Alfred. The general approach to projects was now to look to go further than breaking even. The budget plans effectively protect the Economic Regeneration and European teams - teams which deliver a good deal of additional income.

PT told the panel that this area was covered in the Corporate Plan and Medium Term Financial Strategy rather than in the budget plans. However, it was important not to exaggerate the potential of income generation: this could be significant, but it could not conceivably outweigh the loss of income through government grant reductions. It must

also be recognised that some services, such as adult and children’s care, will never be financially self-sufficient.

NM noted that the concept of moving towards self-sustainability was aimed at achieving this at an organisational level rather than individual services becoming self-sustaining.

- 3.18 In answer to a query from GM about why some services, such as Communications, had been protected from cuts, JK responded that the Comms budget had been significantly reduced several years ago and there was limited scope to make further reductions. There is also limited scope to increase revenue without seeing more obtrusive advertising around the city. The Communications budget is spent wisely, particularly in terms of the dissemination of key public health messages.

PT added that it was also vital to retain the capacity to undertake effective internal Comms – we know that staff value good communication. In addition, the growth of social media presents significant challenges and risks, with particular risks associated with managing social media poorly.

4 DATE OF NEXT MEETING

- 4.1 The next meeting will be held on the 6th January 2015 (10-12)

The meeting concluded at 4pm

Signed

Chair

Dated this

day of