

## **Minutes of the meeting of the Budget Scrutiny Event Scrutiny held on 18<sup>TH</sup> December 2008**

### **Present:**

#### **Councillors:**

John Appleton,  
Sarah Boad,  
David Booth,  
Ken Browne,  
Les Caborn,  
Richard Chattaway,  
Alan Cockburn,  
Chris Davis,  
Josie Compton,  
Richard Dodd,  
Alan Farnell,  
Peter Fowler,  
Richard Grant (Chair),  
Colin Hayfield,  
John Haynes,  
Marion Haywood,  
Martin Heatley,  
Richard Hobbs,  
Mick Jones,  
Frank McCarney,  
Phillip Morris-Jones,  
Tim Naylor,  
Raj Randev,  
Jerry Roodhouse,  
Izzi Seccombe,  
Dave Shilton,  
Mota Singh,  
Bob Stevens,  
Ray Sweet,  
Heather Timms,  
June Tandy and  
John Whitehouse

#### **Officers:**

Graeme Betts Strategic Director Adult, Health and Community Services  
William Brown Strategic Director Community Protection  
David Carter Strategic Director Performance and Development  
Ben Cahill Group Assistant  
Dave Clarke, Strategic Director for Resources  
Emma Curtis Group Assistant  
Marion Davis Strategic Director Children Young People and Families  
Nathan Devereux Group Assistant  
Paul Galland Strategic Director Environment and Economy  
Jim Graham, Chief Executive  
Michelle McHugh Interim Overview and Scrutiny Manager  
Janet Purcell Cabinet Business Manager

Virginia Rennie Group Accountant  
John Wright, Committee Manager

## **1. Introduction**

The Chair gave an introduction to the budget scrutiny meeting. He outlined how the meeting would operate and the purpose of holding the meeting.

## **2. General**

### **(1) Apologies for absence**

Apologies for absence were received on behalf of Councillors Bernard Kirton, Nina Knapman, Barry Longden and John Ross.

### **(2) Members Declarations of Personal and Prejudicial Interests**

Councillor Hayfield declared a personal interest as a non executive member of the Board of NHS Warwickshire.

Councillor Roodhouse declared a personal interest as his wife was in receipt of a pension from the Council

## **3. Budget Scrutiny – SDLT Budget Report**

Dave Clarke, Strategic Director for Resources,- gave a presentation on the overall financial position of the Council. He stated that the budget did not take account of certain risks including single status, the outcome of the investigation in to the fire at Atherstone-on-Stour, the potential fire merger, 2008/09 overspends, the costs of downsizing including redundancy payments, a reduction in the taxbase, surpluses/deficits of council tax collection and the full impact of recent reductions in interest rates. He outlined the other budget issues including the Capital Programme, Area Based Grants and the Medium Term Financial Plan. He detailed the difference in expenditure for each directorate between the SDLT budget report and the Cabinet budget proposals.

Members were reminded that the revised budget proposals would be considered by Cabinet on 29 January 2009 and then at the budget setting council meeting on 3 February 2009.

Jim Graham, Chief Executive, gave a presentation of the process followed by SDLT to develop a budget report for Cabinets consideration. Cabinet issued a letter to Chief Executive asking for budget proposals to be developed which supported corporate priorities, protected frontline services and protected residents from economic climate through a low council tax increase.

He stated that the SDLT budget was a collective decision and had been based on deciding

- What the Council has to do
- The Council's corporate priorities
- What was nice to do
- What the Council could stop doing

There was an assumption that the Council would be looking to put services out to contract, with the Council becoming a commissioner and enablers of services, rather than direct provided.

SDLT's budget report predated the recent child protection issues raised by the Haringey LB case and there are likely to be significant policy changes in the aftermath of recent cases that will inevitably impact on capacity and resources.

Jim Graham supported the comments made by Dave Clarke, that the organisation was in a very difficult financial position. Early indications from the Treasury were that 2010/11 and 2011/12 budgets would be significantly reduced. District Councils were also experiencing difficulties and were proposing downsizing.

SDLT also gave consideration to the sustainability of the proposals and whether they would be sustainable throughout the forthcoming 4 year administration, which was likely to lead in very difficult financial circumstances.

Jim Graham informed members that SDLT are currently undertaking another piece of work in relation to the managerial structure. SDLT were anticipating putting forward suggested changes to members prior to the June elections.

Members asked questions regarding the overall budget and the responses they received are set out below:-

- 2.75% had been included in the budget to cover increases in staff pay. This figure would be reviewed in January
- It was acknowledged that the fire and rescue service was providing low value for money and in line with government targets a 3% savings target had been included for the Community Protection Directorate
- The budget savings had been considered through the star chamber process and there was no separate analysis of the impact on services of each of the savings identified
- It was not possible to calculate the effect of the risks identified in the presentation but there was confidence that there were adequate reserves to cover any additional expenditure

Members considered SDLT's budget report in relation to each of the directorates, the responses from Strategic Directors to questions from members are summarised below.

## **Adult, Health and Community Services**

The priorities for the directorate were

- Supporting people with high levels of care, by age 85 care needs increase substantially and we will see the number of people with dementia increase by a third.
- Protecting Customers
- Providing modernized flexible services
- Minimising the effects of change on staff

The directorate had little scope to change what it does but could change how it delivers services. The directorate would be looking to maximise the use of resources and this would include reviewing the effectiveness of contracts with the voluntary sector to ensure the Council achieved value for money.

There is a general issue in relation to grants provided to voluntary sector, not just in Adults, but across the Council. There was a need to review whether the Council was currently receiving value for money in relation to grants. This required a holistic review.

The Council engaged closely with the PCT through the Local Delivery Plan process, agreed joint priorities and ensured that funding was targeted towards those priorities

Cabinet had approved consultation on the future of library services in order to ensure an efficient service was provided. A further report in relation to libraries will be presented to Cabinet in the new year which may identify new ways of delivering the service to better meet the needs of customers.

As the number of older people within the community increased, the pressure on the resources of the directorate also increased. The directorate was using more accurate information to understand the demography of the County.

Adult safeguarding was being strengthened. Five area based practitioner posts were being created to reflect the importance of safeguarding. The CSCI assessment had moved the Council from "adequate" to "good" though there was still room for improvement.

The museum service was one of the areas that was being considered for external provision, although it would not be possible to make all the savings in one year. If the museum service was externalized safeguards would be included in relevant contracts to protect the service from being commercialized and that protecting the heritage for future generations would be the guiding principle of any contract.

## **Children Young People and Families**

The priorities for the directorate were reflected in the updated the Children and Young Peoples plan following the JAR. This would mean some changes in emphasis.

There had been an increase in legal costs to the directorate as a result of costs from central government being transferred to local government in relation to children's court cases and the increase in the number of proceedings. The new charges from the courts were not fully met in resources given to the Council. Some legal costs were transferring in to the directorate from Performance and Development Directorate in relation to the Safeguarding Board and the Adoption Panel, although these costs were minimal. The Performance and Development Directorate continued to work closely with social workers. The process of providing advice to social workers was being reviewed but support would not be removed if it meant that risk would be increased.

The directorate was resourced to manage the changes arising from the loss of area posts, management posts and those in business process design. It won't be an easy process and savings will take time to deliver.

Post 16 transport was not a statutory requirement. There was a need to enable students to travel in a flexible way, especially in light of the extension of the participation age, the effects of which were difficult to plan for. There was an intention to consult on the way forward on possible future options including either reducing the subsidy to the service or stopping funding.

Proposals were being worked up for the future of the County Music Service for reduction in expenditure of £400,000. Possible options included seeking more contributions from schools. If the resources for the service were reduced, the remaining resources would be targeted at vulnerable young people whose voluntary take up of music was low and pupils who did not respond to traditional teaching methods. The intention was to focus the service on those pupils and schools who needed it most. The music service made a positive contribution to the education of vulnerable children.

This increased cost associated with Special Educational Needs related to a rise in transport costs due to the number of children with disabilities who were placed outside the county and the number of children with severe needs requiring specialist transport. This situation was being reviewed. The Directorate was looking to bring students back in to the County wherever possible and no new placements were being made outside the County. Transport procurement was being reviewed and more savings were anticipated though the effect of the savings was more likely to come through next year and the year after.

As a response to recent events the child protection work of the directorate had increased. The number of weekend referrals/reporting had trebled since the recent publicity about events in Haringey. At present social workers were able to cope with the additional demands, as it is thought to be a knee-jerk reaction.

However, if the demand continued at this level, support could not be sustained on current resources. Additional expenditure would also be required to meet the cost of the additional Ofsted requirements. This may require an additional budget bid if the Director, exercising her statutory responsibility to inform Council when the level of resources is thought to be inadequate.

### **Community Protection**

The priorities for the directorate were

- To respond to calls for assistance from the community
- Educate the community regarding fire safety
- Support the investigation in to the fire at Atherstone on Stour including supporting the welfare of staff affected by the fire
- Improve the efficiency of the service.

The Director reinforced the previous response in relation to efficiency savings for the Community Protection Directorate. He explained that the Directorate had previously contributed to corporate efficiency targets, but due to the fire at Atherstone on Stour last year, it was thought inappropriate for the Directorate to make efficiency savings in 2008/09. However, the budget position of the organization illustrates how much savings are required in order to balance the budget and it is no longer appropriate for the Directorate to be excluded from delivering this. There is capacity within the Directorate to deliver savings.

### **Environment and Economy**

The priority for the directorate was to get the budget back in balance. At present highways maintenance work amounted to 40-50% of the budget. Waste management also amounted to another significant proportion of the budget which meant that the remaining areas for achieving savings were limited. The directorate needed to support the growth agenda and take account of the Sub National Review. A priority would be to protect the Council's regulatory services.

The closure of the Stratford Park and Ride would have an impact on it's current users over 50% of whom were pensioners, using the service through concessionary fares. The main effect would be transferring the responsibility on the public as to how they accessed parking in Stratford. Secondary impact would be increased congestion. Discussions were ongoing with the District Council regarding town centre car parking issues. At present the County Council subsidized the Park and Ride scheme at a cost of £320,000 per year. If the scheme was closed there would still be an ongoing capital cost for the maintenance and security of the site, which is why the potential saving is identified as £150,000.

If the proposal to close country parks was supported it would result in a saving of £300,000. The main consequence of closure would be that the sites would revert to a more wild state and there was an increased risk of the potential abuse of the assets. The Council would be looking at the possibility of outsourcing maintenance and management of the sites with the possibility of linking the sites to the heritage and tourism services within Adults and Community Services Directorate.

There were a number of opportunities in the long term for outsourcing a range of the directorate's services.

## **Performance and Development**

The priorities for the directorate were customer service, improvements in human resources and workforce development. A third priority was a review of member support services including member development. The creation of a Cabinet Business Manager post was a specific response to the CPA peer review and would mirror the support given to scrutiny.

There was an agreement with partners for the provision of a network of One Stop Shops. The use of kiosks instead of one stop shops was not considered a better option, as One Stop Shops provided a face to face service and wide provision of services which could not be provided by Kiosks. It would not be practical to open the customer service centres for half a day on Saturdays and one evening a week because of difficulties in shift patterns and reliability of Customer Service.

The CPA recommendation that performance and resources information should be reported together was being progressed, finance and performance information was now reported at the same meetings and this year is the first year of aligning the Corporate Business Plan and Budget Setting Processes.

The Council had a higher proportion of scrutiny committees and elected member meetings than other councils and it was intended to reduce the number that would be held in future. It was also suggested that a decrease in the number of members on Overview and Scrutiny Committees, would lead to reduced costs. It was highlighted that the proposals relating to the Performance and Development Directorate relied on having less frequent meetings.

## **Resources**

The priorities for the directorate were

- Ensuring the financial management strategy was strong and fit for purpose
- The standardization of ICT systems
- Reducing the number of buildings used by the Council
- Removing or replacing ICT systems that overlapped
- Reducing the costs of services

If the implementation of new financial systems was not supported, then savings associated with the rationalization of processes would not be realised. There was a need for better control over purchasing, procurement and payment services. The introduction of the new financial systems would mean a reduction in staffing levels. There was an anticipation that savings of at least £500,000 would be achievable. Some of the districts were also considering purchasing a financial system and this raised the possibility of opportunities for joint working and associated savings.

Investment in IP trunking would generate savings in the longer term.

Removal of the water coolers and the provision of filtered waters systems would mean there was no need to purchased bottled water. However, it could not be guaranteed that Directorates would stop purchasing cooler water. Additionally, there would be some sites were provision of water coolers would need to continue due to the inability to install filtered water systems –eg schools.

#### **4. Budget Scrutiny – Cabinet’s Budget Proposal**

Councillor Farnell, as Leader of the Council, gave an introduction to the budget proposals agreed by the Cabinet. There were a number of differences between SDLT’s report and the Cabinets budget proposal. The Cabinet had taken the view that the retention of some services was more important than a lower council tax. There was a need to support the medium term financial plan and achieve value for money for the Council. The Cabinet would reassess the proposals for the Community Protection Directorate in light of the conclusion of the investigation into the Atherstone on Stour fire and the decision on the possible merger of fire services with Hereford and Worcester. The Cabinet would be willing to consider any alternative spending proposals.

Members considered the Cabinet’s budget proposals in relation to each of the directorates, the responses from Portfolio Holders to questions from members are summarised below.

##### **Adult, Health and Community Services**

The proposed saving of £2m was interdependent on partnership working with the PCT. There was more confidence than ever that this would be successful as PCT was under similar budget pressures and the only way forward for both organizations would be to work in partnership. A number of services were currently commissioned through the voluntary sector and the review of the commissioning of those services would not be any easy task. The government was placing an emphasis on the commissioning of services. Commissioning would reduce the costs to the Council, although there was concern that external providers would only pay minimum wage, and this may impact on quality of service. A small number of services would be retained in house.

SDLT had proposed to reduce the book purchasing budget for the libraries by £100k. In light of the best value review of the libraries the Cabinet had proposed to increase this saving to £250k in order to retain services elsewhere. It was highlighted that it was proposed that this increased saving would be a one off. The implementation of other proposed changes for internet use in libraries was being looked at by officers, the issue of differential charging for those in need and no charging for unemployed people seeking employment, would be preferable, but would be potentially difficult to implement.



## **Children Young People and Families**

The Cabinet was proposing that £145k would be spent on the transforming education bid. The remainder of the funding would be generated through seeking match funding from the Schools Forum. Cabinet was of the view that schools and the Schools Forum had responsibility to support the transforming education project. Schools would be expected to take the lead as they would receive the biggest benefit with the potential for large increases income generation.

The Cabinet would not promise to expand post 16 school transport to match the extension of participation age. It was considered detrimental to lose the service at this time but the Cabinet were conscious that it was not a statutory duty to provide it.

Whilst the financial aspects of the social work review would be stopped, any lessons learnt from the review in relation to smarter ways of working would not be lost as it was important to establish how the Council currently provided social worker support and how teams were working.

The £90k previously allocated to Homestart was not specifically included in the Cabinet's budget proposals for the forthcoming year although a reduction in the overall Council expenditure on the voluntary sector was.

All members would be informed of the outcome of current considerations being made by the manager of the County Music Service in relation to increasing the financial viability of the service, through identifying sponsorship and increased charging. The priority for the service would be to meet the needs of children who wouldn't otherwise participate in music.

It would not be possible to use school reserves to offset the Council's increased energy costs.

The work of the REACCH service in helping children to understand their cultural heritage was important but there was a need to recognize that it was not a statutory service.

## **Community Protection**

Whilst at present it was not intended to require the 3% efficiency savings, savings of £89k had been identified. Until the outcome of the discussions on the possible merger of the fire service with Hereford and Worcester was known it was not possible to identify further savings. If the merger went ahead it would generate long term savings. There was also a need to await the recommendations of the investigation into the Atherstone fire. The reconfiguration from full time crews to retained fire fighters related to Atherstone, Bedworth and Coleshill.

## **Environment and Economy**

A saving of £50k relating to Barrack Street actually related to staff moving out of Swan Street.

The level of winter gritting would continue to be above the level recommended by the Audit Commission as this was considered an important service to residents.

If the proposed cut of £42k in the sustainability budget and associated grants was to be reversed contributions would be required from other directorates.

## **Performance and Development**

The roll out of one stop shops was a priority.

It was intended to reduce the number of committee meetings held by the Council. This would produce savings in the printing costs of committee papers. Some members were trialing tablet computers which may be issued to all members in the future and would enable the electronic delivery of committee papers. Whilst there would be an initial cost in providing tablets to all members in the long run it would cost less than providing paper copies of agendas and would help the council meet its environmental targets.

The funding for the Cabinet Manager post would be matched against savings identified in other areas, including the reduction on committee meetings ensuring there was no net increase in expenditure.

30k was planned to be spent on member development in the forthcoming year and 20k in the year after.

Area committees would have to take on board the reduction in the grants they allocate. This would inevitably have an effect on voluntary organisations. The voluntary sector had been made aware of the need to make savings. The reduction was in the medium term financial plan.

Phase 2 of the implementation of the equal pay review was ongoing. The cost of implementing the outcome of the review would be spread over two years and therefore the budget for the forthcoming year had been reduced.

## **Resources**

£75k had been allocated towards the cost of implementing the new financial management system. This investment could ultimately realize £500,000 savings per annum.

**5. Concluding remarks**

The Chair thanked all members and officers for their contribution towards the event. It was felt that the event gave each group information on which to base their budget proposals.

.....  
Chair

The meeting rose at 3.30 p.m.