

Draft Budget Proposals 2016/17 – Comments from Policy Overview Committees

Contact Officer: Khalid Ahmed
Telephone: 01895 250833

REASON FOR ITEM

To consider the full set of Policy Overview Committee comments on Cabinet's draft budget proposals, their overall implications and to submit those comments to Cabinet.

OPTIONS OPEN TO THE COMMITTEE

That the Committee:

- 1. Consider the comments from the other Policy Overview Committees;**
- 2. Seek clarification where necessary and;**
- 3. Submit an agreed set of comments to forward to the Cabinet for it to consider alongside this Policy Overview Committee's budget proposals.**

INFORMATION

As part of the Constitution (Budget and Policy Framework Procedure), Policy Overview Committees have a role to review the Cabinet's draft budget proposals, which were set out at Cabinet on 17 December 2015.

At each Policy Overview Committee in January, consideration was given to reports which provided details of draft budget proposals relating to the remit of each Policy Overview Committee.

For Members information the full extract of the minute relating to the draft budget proposals for each Policy Overview Committee is attached as Appendix A.

The Policy Overview Committee comments are set out as below:-

Children, Young People and Learning POC –13 January 2016 (Children, Young People and Learning Services)

"The Committee noted the budget proposals submitted and acknowledges the work that has been undertaken in providing a working budget, noting constraints placed via external funding streams. Concerns were expressed by some Members about the level of saving that needed to be achieved and the effect on services. There was

Corporate Services & Partnerships Policy Overview Committee 2 February 2016

no consensus amongst the Committee Members as to whether reductions in funding would have an impact on the service delivered".

Residents' & Environmental Services POC –19 January 2016 (Residents Services)

"The Committee expressed admiration for the continued savings found within the budget without compromising front line services.

The Committee commented that charges for non-resident users of services had remained static for several years, and this was a potential area to review for future savings. It was noted that charges have been benchmarked against those of neighbouring authorities and shown to remain competitive."

Social Services, Housing & Public Health POC – 20 January 2016 (Adult Social Care, Housing & Public Health)

"The Committee noted the budget proposals and welcomed the work of the Council in this challenging area. In particular, the Committee noted that demand management and associated early intervention measures formed a key part of delivering future savings.

The Committee acknowledged the Government had announced that authorities providing Social Care would be able to levy a precept on Council Tax of up to 2% in support of Adult Social Care but this had not been reflected in the Council's draft budget.

The Committee was concerned about the high level of demand for Housing Needs services and the costs associated with Bed and Breakfast accommodation. However, it also welcomed the steps being taken across Council Departments and in conjunction with partners to monitor the numbers of empty properties and secure further accommodation at lower unit cost where possible.

The Committee welcomed new initiatives such as reablement in Adult Social Care and Supported Living through the Council's HRA programme to deliver savings whilst improving the quality of life for service users. The Committee expressed concern at the reduction in contingency provision for SEN transport but welcomed the steps being taken to increase the uptake in travel training and the use of travel budgets where appropriate.

The costs associated with transitional children were noted with the increased costs stemming from the complexity of the case load rather than increased volume.

The Committee also noted the role the preventative agenda across Adult Social Care, Housing and Public Health remits in delivering savings and efficiencies."

Corporate Services & Partnerships Policy Overview Committee 2 February 2016

Corporate Services & Partnerships POC –7 January 2016 (Finance and Administration)

"The Committee noted the budget projections contained in the report and praised officers for their proactive efforts in terms of the work which has been carried out in relation to negotiation of contracts and getting better value for money for the Council, and for residents of the Borough."

BACKGROUND DOCUMENTS

Relevant minute extracts from the POCs

APPENDIX A

Children, Young People and Learning POC –13 January 2016 (Children, Young People and Learning Services)

Officers provided a presentation on the draft revenue budget and Capital Programme of the Children, Young People and Learning Services for 2016/17. During the presentation it was noted that:

- The draft budget proposals had been initially considered by Cabinet on 17 December 2015. Cabinet would next consider the proposals on 18 February 2016. The proposals would then go to Council for approval on 25 February 2016. This report would include comments made by the Policy Overview Committee. It was requested that the Committee agree a formal comment following the officer's presentation.
- The December Cabinet meeting had considered the budget prior to the Council having received notification of its Local Government Finance Settlement. The impact of the finance settlement was still being worked through as there were still a number of other funding streams where the Council had not yet received an update and the indication was that this was likely to take place in February 2016.
- The budget proposals had been compiled with the impact of the Government's deficit reduction programme in mind. This had seen a reduction of 56% (£67m) in Government funding to the Council since 2010/11, with indications being that the level of funding would continue to fall. The savings identified had taken into account the proposal to freeze Council Tax for an eighth successive year and funding the freeze for older persons into a 12th successive year. Balances and reserves had been maintained at well above the minimum recommended level.
- During 2015, the Council had agreed to provide significant additional resources for Children and Young People Services. This had included the continued use of agency staff at all levels. A structural review was undertaken to ensure that there was enough capacity to manage caseloads and that there were clear lines of management control and accountability. This resulted in a flatter management structure having been proposed.
- The structure for Children's Services had now been agreed and recruitment activity was being undertaken. Senior management posts had been filled first. Two service manager posts had been filled, leaving one that remained vacant. There were now only six vacancies remaining of 23 Team Manager posts across Children's Services.
- The recruitment of Social Workers had started in October 2015, with further recruitment activity due to be undertaken early in 2016. The recruitment activity was looking across the country and beyond in order to fill the posts.

Corporate Services & Partnerships Policy Overview Committee 2 February 2016

- The total cost to the Council of Looked After Children (LAC) was increasing. This was due to some children having increasingly complex needs rather than it being due to the number of LAC increasing. The number of LAC was in line with expectations for a population the size of Hillingdon's.
- Around one third of Hillingdon LAC were unaccompanied asylum seekers, which suggested that the number of non-asylum seeker LAC was relatively low compared to other council areas. Asylum seeker LAC tended to be older teenagers in the 16-18 age bracket. The cost of looking after these children ranged from £3,400 to £6,000 per week (£176,800 per annum to £312,000 per annum). Members were informed that it is more cost effective to use in house Council provision rather than an external provider.
- The number of asylum seeker children arriving in Hillingdon was stable. In Kent and other areas with seaports, there had been significant increases in arrivals. This has not been seen in Hillingdon, despite Heathrow Airport being in the Borough.
- The Home Office had advised all councils that grant funding would be provided for eligible asylum seeker children at a rate of £114 per day for eligible under 16's, £91 per day for eligible 16 to 17 year olds and £150 per week for those eligible aged over 18. In response to a Member question, it was confirmed that Council was required to meet the funding shortfall in order to provide care to these groups.
- Hillingdon was seeing a growing number of over 18 asylum seeking children, compared to the number of those who were under 18. This was due to a high number of younger children arriving five to six years ago who were now becoming adults.
- The number of primary schools pupils was continuing to grow, with there having been an increase of nearly 850 pupils between October 2014 and October 2015. Growth at secondary level was much smaller, but it was anticipated that this would rise in the future as the extra primary pupils moved to secondary school.
- Conversion by schools in the Borough to Academy status continued. 38 schools in Hillingdon were now Academies. Two other schools were looking to convert to Academy status.
- The Government had confirmed that a National Funding Formula would be introduced from April 2017. This would cover all funding streams, including Early Years, schools and High Needs.
- The entitlement to free child care for three and four year olds would be increased for working parents from 15 to 30 hours per week.
- The Education Services Grant would be reduced by 75% and it was anticipated that this would eventually be abolished. It was noted that one school had stated that they would lose £170,000 of their budget as a result.
- The proposed capital programme reflected population growth within the Borough. Local authorities were obliged to fund capital programmes to enable the expansion of existing schools and the building of new ones. The

successful programme of primary expansion had now largely been delivered with a residual forecast need for additional places in the north of the Borough. There was a need for additional secondary school places. Officers advised that pupil forecasts were kept under close review. The total cost of these programmes was approximately £200 million, with the Government funding approximately half the cost and Council Tax payers the other half.

Discussion

A Member reflected that, given the reduction in Government funding, he considered that officers had done a good job in developing a budget that addressed all relevant issues.

Another Member voiced concerns about the level of savings that the budget was proposing to make. These amounted to total savings of 12.1 million across the Council, with 3.6 million of this due to come from Children, Young People and Learning Services. The Member was concerned at the scale and depth of budget reductions to some of the most important services. Some services were still in need of further improvement and there was a danger that cuts would undermine the improvements made to date.

Reductions to the Troubled Families budget and to that of Business Performance and Intelligence were highlighted as being of concern. In the case of the latter, it was worrying that reductions were proposed in this area given that the major review on 'The Effectiveness of Early Help to Promote Positive Outcomes for Families' [due to be presented to the Committee later in the meeting] was proposing that the use of data and intelligence be further developed to enhance service delivery. The review had also suggested that Early Intervention and Prevention Services needed to improve promotion of its offer to ensure that the maximum number of families were aware of the provision and could benefit from it. The Member was not clear how this could be achieved against the backdrop of a budget reduction of £600,000 on a current service budget of £8 million.

In response to the concerns raised, officers advised that different ways of working were delivering efficiencies to enable the savings to be made without impacting on service delivery. Efficiencies would also be made through improving value for money. Savings were also being made through the negotiation of more efficient contracts and by increasing in-house foster care provision. Each in-house fosterer used saved £20,000 compared to using an external provider.

With regard to Business Performance and Intelligence, processes had been reviewed, with teams being brought together. The teams had been re-organised to deliver greater efficiencies and focused on corporate priorities. The restructured service was able to operate more effectively with a reduced budget.

It was questioned whether possible increased future demand for primary places had been taken into account. Officers stated that forecasts showed that primary school demand had been largely met in Hillingdon, although there was some residual demand in the north of the Borough. There could also be future additional demand in the Hayes area, in part due to continued investment in residential and commercial developments. The forecasts were reviewed annually. It was not anticipated that excess demand would be a significant issue. It was, however, anticipated that there would be a significant increase in secondary demand in the next five to eight years.

Members asked what action was being undertaken to deal with schools that had been identified as being at risk of coasting. Officers responded that such schools would be contacted for the concerns to be discussed and would be given the opportunity to work collaboratively with partners in Hillingdon and beyond.

A Member asked whether additional expenditure was incurred over and beyond the provision of the Troubled Families Grant, when supporting such families. It was also questioned whether the Council paid other organisations who took on aspects of this work and how Children's Centres could continue to provide the current range of services if the budget was reduced by 50%. It was confirmed that the Grant funded Council costs and was not passed on to partner organisations. The Council's Early Intervention and Prevention Service worked with partners to identify families in need of 'Troubled Families' support. 262 families were being targeted by this work in this year. With regard to Children's Centres, service provision was not being reduced, the 50% reduction related to a realignment of resources relating to delivery programmes, where the resources are managed across the Children's Centre Programme. The required savings noted were being found by working more efficiently, such as through collective buying by the locality groups.

The Chairman felt that, based upon the evidence that she had seen, that the changes made within Children's Services would improve efficiency. Improved efficiency enabled budgetary savings to be made. Therefore, significant budget reductions did not necessarily mean a reduction in service provision.

Residents' & Environmental Services POC – 19 January 2016 (Residents Services)

The Committee was provided with an update on the 2016/17 Residents' Services Budget Proposals, and raised the following points:

- The overall view set out in the report shows the funding position for the next 4 years improving from previous forecasts, however the 16/17 position was worse as a result of savings being front-loaded.
- The Council continued to operate within the constraints of Government's deficit reduction programme, which had seen a reduction of 56% (£67m) in

Central Government funding since 2010/11 and all indications were that funding would continue to decline.

- Members were asked to note that the draft budget report did not include the impact of the recent Spending Review or Local Government Provisional Settlement, which would be addressed in the budget report to February Cabinet.
- To ensure that there would be no Council Tax rise in the next financial year, savings of £12.144 million had been identified. The total savings included in the draft budget for Residents Services totalled £4.472 million.
- Despite savings, the budget still contained significant capital programmes including the renovation of the Battle of Britain Bunker, a new Council vehicle fleet, school playgrounds and road safety signage for schools.

The Committee expressed admiration for the continued savings found within the budget without compromising front line services.

The Committee commented that charges for non-resident users of services had remained static for several years, and this was a potential area to review for future savings. It was noted that charges have been benchmarked against those of neighbouring authorities and shown to remain competitive.

Social Services, Housing and Public Health POC – 20 January 2016 (Adult Social Care, Housing & Public Health)

The Operational Finance Manager introduced the report.

The report set out the draft revenue budget and capital programme of Adult Social Care Group, Public Health, Housing General fund and Housing Revenue Account for 2016/17, along with indicative projections for the next four years

The Committee noted that the Council was looking to make significant savings of around £10,113k across the Council for 2015/16, of which the total savings in the draft budget for Adult Social Care were £3,190k and £200k for Housing.

With regards to future challenges for the Adult Social Group, it was noted that these stemmed from the following areas:

- Adult Social Care Demographic Pressures (303k increase from 2015/16)
Transitional Children (£1,319k increase from 2015/16)
- Special Educational Needs (SEN) Transport (£520k decrease from 2015/16)
- Winterbourne View (no movement from 2015/16) Care Act new Burdens Funding (£736k decrease from 2015/16)
- Impact of Welfare Reform on Homelessness (£189k increase from 2015/16) -

Corporate Services & Partnerships POC –7 January 2016 (Finance and Administration)

The report set out the draft revenue budget and capital programme of the Administration and Finance Groups for 2016/17, along with indicative projections for the following four years.

The Committee was informed that the Council continued to operate within the constraints of the Government's deficit reduction programme which had seen a reduction of £67m in central government funding since 2010/11.

Members were informed that the discussion on the budget proposals should be considered alongside the context of the Council's overall financial position. The revenue proposals have been developed to deliver a zero increase in Council Tax for 2016/17, inflation pressures of £3.4m and projected reduction in Government Grants of £6m.

In relation to Administration and Finance Group Budget proposals, there were proposed savings which totalled £1.9m for 2016/17. Members were informed that the savings were a combination of reviews of staffing structures, service efficiencies and re-tendering of contracts. This ensured that levels of services provided would not be affected.

Reference was made to the savings which had been made as a result of the re-tendering of the Revenues and Benefits Administration Contract, service transformations, the Council's Business Improvement Delivery Programme, effective procurement and savings made to the Council's insurance contract.

Discussion took place on the various restructures which had taken place and Members were informed that these ensured that teams were robust and efficient to be able to deliver the service requirements to support front line services in the Council and not impact on service provision for residents.

Particular mention was made of Teams which had vacant posts removed from the establishment with the workload being absorbed amongst existing team members.

In response to a Member request, officers would send out organisational charts of Teams within Administration and Finance Groups to enable Members to understand the staffing structure.

In relation to Fees and Charges, Members welcomed the increase in revenue from Registrars, particularly in relation to the increased revenue from weddings at the weekend.