

Draft Budget Proposals 2017/18 – Comments from Policy Overview Committees

Contact Officer: Luke Taylor
Telephone: 01895 250 693

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 15 December 2016.

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)

"Members had received emails from residents concerned about the proposed savings for Children's Centres and whether this would mean service reduction. The proposals were still under consultation and all residents were encouraged to put forward their views.

It was moved and seconded that the Committee's support of the budget proposals be noted and recommended to Cabinet. Having been put to a vote, this was agreed.

Mr Anthony Little wished it to be noted that he had abstained from voting.

The Labour Members wished the following statement to be recorded:

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Corporate Services and Partnerships Policy Overview Committee - 2 February 2017

"The Labour Group on the CYP&L POC does not support the budget for 2017/18 as presented at the POC on 11 January 2017. We believe that the cuts to the budget, including those affecting Children's Centres in Hillingdon, will mean a reduction in services, activities and programmes which these Centres now offer. We further believe that the CYP&L POC has been presented with no evidence to confirm that the cuts will not result in a diminution of the excellent support which these Centres now offer to some of our youngest and most vulnerable residents as well as evidence to confirm that the other 'savings' will not mean a dilution of some vital services".

Residents' & Environmental Services POC – 24 January 2017 (Residents Services)

"The Labour Group acknowledged the savings which were having to take place across Residents Services, but expressed some reservations on the impact of stream-lining management structures, with subsequent loss of posts, and the impact this would have on the remaining staff within the directorate

Overall, the Committee noted the budget proposals and the continuing budgetary pressures for the Council, but expressed their appreciation at the work which had been carried out by officers, which was not impacting on services to residents. In addition thanks was given to the work carried out by officers and Cabinet Members in producing the budget".

Social Services, Housing & Public Health POC – 18 January 2017 (Adult Social Care, Housing & Public Health)

"The Committee noted the budget proposals and the continuing budgetary pressures, particularly in social care. Officers were thanked for their work in social care, the financial pressures, and for providing first class services to residents.

The Committee welcomed the continuing success of the Right to Buy Scheme and the use of the proceeds to support the construction or purchasing of 335 new properties.

The Committee also welcomed the merging of Adult and Children's Social Care Teams which would improve efficiencies".

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

"Members questioned how an increase in both council tax and business rates revenue was received, as neither council tax nor business rates had been increased over the past year. The Committee was informed that the increases came as a result of an increase in the number of properties, and therefore residents, paying council tax and an increase in local business respectively".

BACKGROUND DOCUMENTS

Appendix A - Relevant minute extracts from the individual POC meetings.

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Children, Young People and Learning POC – 11 January 2017 (Children, Young People and Learning Services)

The Committee considered a report on the draft revenue budget and capital programme of the Children, Young People and Learning Services for 2017/18, along with indicative projections for the following four years. The proposals had been considered by Cabinet on 15 December 2015 and were under consultation. The Cabinet would consider the budget proposals again on 16 February 2017 and the report would include comments from the Policy Overview Committees. Following that meeting of Cabinet, full Council would meet on 23 February 2017 to agree the budgets and Council Tax for 2017/18.

Members were reminded that the report set out the headline draft proposals, which were under consultation. Where savings to existing services were proposed, alternative service delivery models would be worked up and impact assessed before Council confirmed the budget.

It was reported that:

- The Council had entered into a multi-year settlement which would require the Council to find savings of at least £15million per year. However, the Council still received a number of external grants, which could be reduced and therefore could have an even further impact on the budget. The consultation was on a tough financial settlement with significant challenges.
- The majority of the senior management team for Children's Services had been appointed.
- Recruitment of social workers was still a significant national challenge, although there had been successful recruitment campaigns in South Africa with a plan to change focus to Canada. The cost of agency staff continued to increase and direct recruitment would produce savings.
- The Council had improved its predictions for the number of children coming into the system. Numbers has stabilised and reduced slightly.
- There were approximately 100 unaccompanied asylum seeking children in the Borough and these numbers were increasing slightly. Hillingdon had taken children from Calais. London was above the government's National Transfer Agreement cap and should not take any more children, but in practice this was not happening.
- The Council was looking at recruiting in-house foster carers which cost around half the cost of using agency carers.
- The pupil population had gone up by around 850. One primary school was seeking to convert to an academy. The Borough had a healthy mix of school types with some more successful than others.
- The Council would be implementing the government's increased early years' childcare of 30 hours per week and had been allocated £3 million to support this.
- The national funding formula was being introduced in April 2018. Some schools stood to lose significant funding, although overall it appeared that Hillingdon would benefit.

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- The Council had received further information that day on School Improvement Grants. The Council was currently consulting schools on a number of proposals within a very short timescale on the cessation of the Education Services Grant (ESG).
- From 1 September 2017, the ESG would cease. The Council currently received in excess of £2.5 million. The finance model was complex and would have an impact on Council and school funding.
- An area review of adult learning and further education colleges was taking place. The main focus was on Further Education Colleges, where a number of colleges would be taken over and supported by other colleges.
- A review of the Adult and Community Learning Fees identified that Hillingdon's charge rate was significantly below the benchmark and that there was a proposal to increase them from the start of the 2017/18 academic year to bring Hillingdon into line with other LAs.
- There were three areas of risk and contingency: £1.6 million for asylum seekers; £5.2 million for Looked After Children; and £277K for agency staff.
- There was nothing specifically for Children and Social Care in the capital programme. However, the Council remained committed to significant school expansion and £89 million would be spent on this over the period of the capital programme, of which the Council would receive £26 million in grant funding, with the remainder having to be funded by taxpayers.
- The free school agenda could be very positive for the Council, as the Council would not be required to fund the school building costs.

The following points were made by Members during discussion:

- Members had received emails from residents concerned about the proposed savings for Children's Centres and whether this would mean service reduction.
- The proposals were still under consultation and all residents were encouraged to put forward their views.

It was moved and seconded that the Committee's support of the budget proposals be noted and recommended to Cabinet. Having been put to a vote, this was agreed.

Mr Anthony Little wished it to be noted that he had abstained from voting.

The Labour Members wished the following statement to be recorded:

"The Labour Group on the CYP&L POC does not support the budget for 2017/18 as presented at the POC on 11 January 2017. We believe that the cuts to the budget, including those affecting Children's Centres in Hillingdon, will mean a reduction in services, activities and programmes which these Centres now offer. We further believe that the CYP&L POC has been presented with no evidence to confirm that the cuts will not result in a diminution of the excellent support which these Centres now offer to some of our youngest and most vulnerable residents as well as evidence to confirm that the other 'savings' will not mean a dilution of some vital services".

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Residents' & Environmental Services POC – 24 January 2017 (Residents Services)

The Operational Finance Manager introduced the report.

The Committee was informed that Budget proposals had been developed to support a ninth successive Council Tax Freeze for all residents and an eleventh year for over 65s, whilst avoiding implementation of the Social Care precept and maintaining frontline services.

This represented a significant achievement in light of continuing cuts to government funding for local government, estimated at 17% in 2017/18 alone, alongside a growing population, driving an ever increasing demand for locally provided services.

The Committee was informed that savings had been developed under five broad themes, which focused on maintaining the existing service offer: These were Zero-Based Reviews; Preventing Demand; Service Transformation; Effective Procurement; and Maximising Income.

The Committee was informed that the draft budget report did not include the impact of the recent Local Government Provisional Settlement, which would be addressed in the budget report to February Cabinet.

Corporate Position

Members were informed that the principal challenge in delivering a balanced budget for 2017/18 was the development of significant savings, with the savings requirement for 2016/17 originally being estimated at £18,464k.

The budget proposals presented to Cabinet in December showed a £11,314k projected reduction in Government funding which would be off-set by increased Council Tax and Business Rates receipts of £4,638k which would reduce the net reduction in resources to £6,162k.

Reference was made to inflationary pressures and growth in demand, which continued to drive up the savings requirement. There were savings proposals of £14,388k presented in this draft budget.

Savings

Savings proposals currently developed totalled £14,388k across the Council for 2017/18, which included £1,669k of full year effects of prior year savings.

Members were informed that the total savings included in the draft budget for Residents Services/Group totalled £4,094k and covered the following areas.

Residents

Transformation - £1,997k

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Corporate Services and Partnerships Policy Overview Committee - 2 February 2017

Zero Based Reviews - £1,615k
Effective procurement - £95k
Income generation - £387k

Fees & Charges

In relation to Fees and charges, the Council continued to benchmark fees & charges against neighbouring boroughs with charges being set at a maximum of 90% of the relevant benchmark. Details of proposed amendments included:

Highways / Crossovers & Skip Licensing
Golf Courses
Bereavement Services
Riding Establishments

Capital Programme

Members were provided with the key items contained within the draft capital programme:

Highways Structural Works - an additional £2,000k growth was included within this draft capital programme to support up to £3,000k investment in local highways infrastructure during 2017/18, with a further £1,000k per annum thereafter.

Battle of Britain Heritage Project - The budget reflected the latest total project cost, which including prior years, would be £5,987k.

Bessingby Football and Boxing Clubhouse - latest cost estimates for the planned development had resulted in project funding being increased by £420k to £1,370k which included prior years in this draft capital programme.

Environmental & Cultural Projects - growth of £600k was included to replenish the £1,000k fund for investment in a range of Environmental & Cultural projects within the Borough during 2017/18.

Ruislip Lido Railway Society Workshop - Replacement of the Society's workshop as the existing one had deteriorated. A new building would also be able to house a greater number of locomotives. Works had been costed at around £360k.

Uniter Building - This facility was located on the former site of RAF Uxbridge adjacent to the Battle of Britain Bunker and it was proposed to develop a stable and secure storage facility for the Borough's various collections of historical artefacts. Refurbishment and the addition of services and shelving storage had been estimated at £400k.

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Harlington Road Depot Resurfacing - It was proposed to resurface the waste yard at Harlington Road Depot at an estimated cost of £200k.

Reference was made to the summary of key financial issues and the statement that the opportunity was being questioned the needs for services and examining alternative methods of service delivery. Officers said that clarification on this would be sought and communicated to Members.

Having considered the budget proposals, the following comments were asked to be submitted to Cabinet on the budget proposals:

The Labour Group acknowledged the savings which were having to take place across Residents Services, but expressed some reservations on the impact of stream-lining management structures, with subsequent loss of posts, and the impact this would have on the remaining staff within the directorate

Overall, the Committee noted the budget proposals and the continuing budgetary pressures for the Council, but expressed their appreciation at the work which had been carried out by officers, which was not impacting on services to residents. In addition thanks was given to the work carried out by officers and Cabinet Members in producing the budget.

Social Services, Housing and Public Health POC – 18 January 2017 (Adult Social Care, Housing & Public Health)

The Operational Finance Manager introduced the report.

The Committee was informed that the budget proposals had been developed to support a ninth successive Council Tax Freeze for all residents and an eleventh year for over 65s, whilst avoiding implementation of the Social Care precept and maintaining frontline services.

This represented a significant achievement in light of continuing cuts to government funding for local government, estimated at 17% in 2017/18 alone, alongside a growing population driving an ever increasing demand for locally provided services.

The Committee was informed that savings had been developed under five broad themes, which focused on maintaining the existing service offer: Zero-Based Reviews; Preventing Demand; Service Transformation; Effective Procurement; and Maximising Income.

Members were asked to note that the draft budget report did not include the impact of the recent Local Government Provisional Settlement, which would be addressed in the budget report to February Cabinet.

Corporate Position

Members were informed that the final funding settlement for 2017/18 would not be available until February and so the budget had therefore been drafted on the latest estimated position.

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The Committee was informed that the principal challenge in delivering a balanced budget for 2017/18 was the development of significant savings, with the savings requirement for 2016/17 originally being estimated at £18,464k. This had since been revised upwards to £19,388k, primarily as a result of increased inflationary pressure on the cost of Social Care placements. Taking account of the planned drawdown of £5,000k from General Balances, this left a net savings requirement of £14,388k.

The budget proposals presented to Cabinet in December 2016 showed a £11,314k projected reduction in Government funding being off-set by increased Council Tax and Business Rates receipts of £4,638k to reduce the net reduction in resources to £6,162k.

Inflationary pressures and growth in demand continued to drive up the savings requirement, with savings proposals of £14,388k presented in this draft budget.

Savings

The Committee was provided with details of the savings proposals across the Council for 2017/18, which totaled £14,388k. This included £1,669k of full year effects of prior year savings. The total savings included in the draft budget for Adult Social Care, Public Health and Housing Services/Group totaled £3,837k and were made up of the following:

Adult Social Care

Transformation - £1,627k
Zero Based Reviews - £1,106k
Preventing demand - £407k
Effective procurement - £305k
Income generation - £210k

Housing

Members were informed that savings which fell under the remit of this Committee, which would be delivered within Residents Services, totaled £182k. This figure comprised of £131k for reviews of Housing/Homelessness functions and £51k from Zero Based reviews.

Capital Programme

The Committee was informed that the draft capital programme would need to be revised once the final impact of the settlement was known, as this may impact on the affordability of the programme.

Members were provided with a summary of the draft capital programme which fell within the Committee's remit:

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- The development of a new Dementia Centre.
- The development of a housing project at 1 & 2 Merrimans.
- The Belmore Allotments Housing Development - This was a housing development in Hayes under a range of tenures including a proposed 30 units for Discount Market Sale, to be financed through the General fund.
- The development of a programme for the Disabled Facilities Grant.
- The development of a programme for the Private Sector Renewal Grant / Landlord Property Renovation Grant.

Reference was made to the proposed savings in Social Care staffing which would result in efficiency savings. The Corporate Director of Adults, Children & Young Peoples Services explained that the proposed savings would not impact on front line services but would delete some of the vertical management posts.

The Committee was informed that inflationary pressures were causing an impact on social care costs and the Council was looking at different models of delivery. Recruitment and retention of social workers had improved as the Council was competitive in terms of salaries.

Having considered the budget proposals, the following comments were asked to be submitted to Cabinet on the budget proposals:

The Committee noted the budget proposals and the continuing budgetary pressures, particularly in social care. Officers were thanked for their work in social care, the financial pressures, and for providing first class services to residents.

The Committee welcomed the continuing success of the Right to Buy Scheme and the use of the proceeds to support the construction or purchasing of 335 new properties.

The Committee also welcomed the merging of Adult and Children's Social Care Teams which would improve efficiencies.

Corporate Services & Partnerships POC – 5 January 2017 (Finance and Administration)

The Deputy Director of Corporate Finance and Head of Operational Finance, and Finance Business Partner in Operational Finance were in attendance and introduced the report to Members.

The Committee heard that the Council continues to operate within the constraints of the Government's deficit reduction programme, and the revenue budget proposals were developed to deliver a zero increase in Council Tax for 2017/18.

The Deputy Director of Corporate Finance and Head of Operational Finance confirmed that within the zero based budgeting exercises, services were challenged to justify current levels of budgetary

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provision on the basis of actual spend, and if this could not be done, the difference would be taken as a saving.

Members questioned how an increase in both council tax and business rates revenue was received, as neither council tax nor business rates had been increased over the past year. The Committee was informed that the increases came as a result of an increase in the number of properties, and therefore residents, paying council tax and an increase in local business respectively.

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