

Minutes

RESIDENTS, EDUCATION AND ENVIRONMENTAL SERVICES POLICY OVERVIEW COMMITTEE

19 July 2018

Meeting held at Committee Room 6 - Civic Centre,
High Street, Uxbridge



	<p>Committee Members Present: Councillors Wayne Bridges (Chairman), Stuart Mathers, Paula Rodrigues, Jan Sweeting, Steve Tuckwell, Raymond Graham (In place of Michael Markham), Richard Mills (In place of Heena Makwana) and Brian Stead (In place of Vanessa Hurhangee)</p> <p>LBH Officers Present: Peter Malewicz (Group Finance Manager), Iain Watters (Financial Planning Manager) and Neil Fraser (Democratic Services Officer)</p>
11.	<p>APOLOGIES FOR ABSENCE (<i>Agenda Item 1</i>)</p> <p>Apologies were received from Councillors Hurhangee, Kauffman, Makwana and Markham.</p> <p>Councillors Graham, R. Mills and Stead were present as substitutes.</p>
12.	<p>DECLARATION OF INTEREST IN MATTERS COMING BEFORE THIS MEETING (<i>Agenda Item 2</i>)</p> <p>None.</p>
13.	<p>TO CONFIRM THAT ALL ITEMS MARKED PART 1 WILL BE CONSIDERED IN PUBLIC AND THAT ANY ITEMS MARKED PART 2 WILL BE CONSIDERED IN PRIVATE (<i>Agenda Item 3</i>)</p> <p>It was confirmed that all items were marked as Part I, and would therefore be considered in public.</p>
14.	<p>TO AGREE THE MINUTES OF THE PREVIOUS MEETING (<i>Agenda Item 4</i>)</p> <p>Minute 8: Update on School Admissions. Councillor Sweeting suggested amendments regarding her questions on spare capacity for Year 7 in 2018, and future forecasted demand for school places. It was agreed that the minutes be amended as per Councillor Sweeting's suggestions.</p> <p>Minute 9: Regarding the Cabinet report on the School Capital Programme, it was confirmed that any request for the Committee to review the report prior to its determination at Cabinet would need to come from an individual Member. Councillor Sweeting confirmed that she would make this request to the Cabinet Member.</p> <p>RESOLVED: That the minutes of the meeting held on 27 June 2018 be agreed as a correct record, subject to the amendments as referenced above.</p>

15. **2019/20 BUDGET PLANNING REPORT FOR SERVICES WITHIN THE REMIT OF REESPOC** (*Agenda Item 5*)

Iain Watters, Financial Planning Manager, and Peter Malewicz, Finance Manager, introduced the 2019/20 Budget Planning Report for services within the remit of the Residents, Education and Environmental Services Policy Overview Committee.

For the benefit of the Committee, the report was summarised and set into the context of the Council's medium term financial position, as presented in the 2018/19 Budget Setting Report approved by Cabinet and Council in 2018. It was forecasted that the next four years would prove challenging, with a budget gap of £54,987k for 2019/20 to 2022/23 against a 2018/19 budget requirement of £220,336k. £20,635k of this figure fell within 2019/20, which was the final year of the current multi-year funding settlement.

As in previous years, the gap was driven by a combination of inflation, service pressures and funding reductions, with the additional challenge of substantial increases in the debt servicing costs to support planned capital expenditure.

However, the Committee was informed that the Council was well placed to respond to the financial challenge, and over the four year period since 2015/16, had successfully implemented (or were expected to deliver for 2018/19), a £47.024k savings programme, which responded to the challenges of reduced funding and growing demand for services while minimising the impact on services to residents.

Members sought clarity on a number of points, including:

The reduced expenditure figure of £20,635k for 2019/20 was double the figure for the current year. Was there any good news, for example via social care precepts, or the Fair Funding Review, etc.?

Although the required savings of £54,987k over the next four years was a challenge, the Council was in a strong position. The Government's reduced funding was forecasted to flat line over the next four years, and NHS funding could see an inflationary increase. The result of the Fair Funding Review would be phased in from 2020/21, and could result in an additional £5,000k, although receipt of an additional £50m would be unprecedented.

There were a number of factors influencing the higher budget gap for 2019/20, including borrowing to support capital investment, however as in previous years the Council would be able to smooth the requirement for savings through use of balances.

The School Capital programme had increased with regard to secondary schools, and servicing the debt was considerable. Was there a risk of schemes, other than the school programme, having to be put on hold?

A proportion of the Capital Programme was self financing, and for many capital projects there was scope to either secure additional revenue or generate efficiency savings to offset investment costs as an alternative to pausing projects. Capital financing costs associated with delivering the current capital programme were fully reflected in the projected £54,987k savings requirement, with the MTFF process identifying options to manage this gap.

Was there a plan in place to adequately fund High Need pupils?

High Need pupils were a major challenge, nationally. While Hillingdon's funding was higher than other Authorities, the Education and Children Act 2014 had extended the age range for pupils from 5-18 years to 0-25 years. This has had a significant impact on the Council's funding requirements, particularly as pupils within the 19-25 age group who had previously disengaged from education could come back into education. However, the number of pupils likely to return was unknown, as they were 'off the radar' currently. It is also evident that there had been an increase in the number of referrals relating to children aged 0-5, where approximately 80% were likely to have an education, health and care plan.

Current funding mechanisms did not account for growth within the 19-25 age group. Previously, movement of funds between funding blocks could address gaps in funding for specific groups. The implementation of the 'hard' National Funding Formula was expected to have a significant impact on the ability of the Schools forum to set a balanced budget in future years, as it was expected that funds would no longer be allowed to be transferred between the funding blocks. Overall, funding was increased but due to the mechanics of the funding formula, funding would not be evenly distributed across individual schools, e.g. small primary schools would receive comparatively lower funding.

The implementation of a ring fencing arrangement between the relevant funding blocks required the Council to reach an agreement with the Schools Forum to transfer 0.5% of Schools Block funding to fund the increasing costs of High Need pupils in 2018/19. It should be noted that the funding provided for each individual High Needs pupil was approximately £5.5k, against a cost of £30k. Actions to address this were being worked on, including a review of Independent school placements where the Council is identifying the potential for the transfer of pupils to more suitable schools. Additionally the Council reviews the potential to create local provision through the development of special resource provision. Furthermore, the DfE have approved a Free School, which will provide an additional 100 places. This will be funded directly by the DfE.

The council is also currently reviewing the banded funding rate, which attributes a value based on the needs of every child, to ensure it was fit for purpose. However, the increased number of children with complex needs, including behavioural and mental health needs, was a significant challenge to fund, and there were no quick fixes.

What were the key headline themes for service transformation over the next four years?

Service transformation was driven by individual services, and was not a 'one size fits all' scenario. There was scope for looking at increasing synergy between service areas to ensure functions were leaner and more cost efficient. Further detail would emerge as reviews were undertaken, and more specifics would be included in the December budget report.

Was there an impact on statutory services due to the management of Capital debt?

Investment in facilities and processes had been made to ensure continued delivery of services. There were no examples of spending being prevented in either statutory or non-statutory services to support capital financing costs.

Were services held back if a service area was over budget?

Budgets were set to reflect service specifications and delivery requirements, with

budget variances reviewed through the monthly budget monitoring process. In cases where demand for services was growing, budgets would be adjusted through the annual budget setting process.

Were unaccompanied children still budgeted for?

Unaccompanied Asylum Seekers were budgeted for within the Council's contingency budget, at a cost of £1.8m a year. This would fall under the Social Care, Housing, and Public Health POC's remit.

How was the Council responding to the pressures of the contingency budget and the capitalisation of transformation expenditure?

The Contingency budget was referred to within the report for monitoring purposes, and was more volatile. Material growth of the contingency budget would be addressed within the following year's budget setting.

Capitalisation was more flexible and would pay for itself, even accounting for one-off costs to set up new systems. An example of this flexibility could be seen in the Council's ability to fund transformation through the sale of assets. If this flexibility were to be removed, the Council would look to fund service transformation from existing operating budgets or resources.

Was it correct that any increase in Council tax revenues would be offset by a reduction in Government grants?

Over the next four years, it was forecasted that the tax base would increase by 1.2% in line with population projections. At the same time, it was expected that Government funding would decrease by a similar amount, although the two movements were not directly linked and further growth in the revenues would not drive a reduction in grant funding.

16.	<p>SCOPING REPORT FOR FIRST REVIEW: REVIEWING USER PAYMENT EXPERIENCE AND MODERNISATION ACROSS KEY RESIDENT SERVICE AREAS (Agenda Item 6)</p> <p>Consideration was given to the draft scoping report for the first review of the new Residents, Education and Environmental Services Policy Overview Committee.</p> <p>Members recommended that the review should include an equalities impact assessment, to ensure that the needs of vulnerable residents were addressed, as well as receiving input and feedback from residents themselves.</p> <p>RESOLVED: That the draft scoping report be noted.</p>
17.	<p>CABINET FORWARD PLAN (Agenda Item 7)</p> <p>RESOLVED: That the Cabinet Forward Plan be noted.</p>
18.	<p>MULTI-YEAR WORK PROGRAMME (Agenda Item 8)</p> <p>Councillor Mathers suggested the addition of an informational item on youth services. It was agreed that this be noted and considered for future addition to the Work Programme.</p>

	Reference was made to the quarterly admissions update. Members clarified that this should be a quarterly school places planning update.
	RESOLVED: That the Multi-Year Work Programme be noted.
	The meeting, which commenced at 7.00 pm, closed at 7.42 pm.

These are the minutes of the above meeting. For more information on any of the resolutions please contact Neil Fraser on 01895 250692. Circulation of these minutes is to Councillors, Officers, the Press and Members of the Public.