

# Revenue Budget 2018/2019

## DRAFT Report to the Mayor

July 2017



### 1. Background

- 1.1 In early 2017, it was recognised by the Mayor and Group Leaders that all councillors need to be involved in discussions about the future priorities of the Council and the areas of lower priority. This is in line with the views expressed by the Overview and Scrutiny Board over recent years that its annual reviews of the Council's priorities and resources should take place earlier in the year to enable debate on the current level of expenditure and the services that this provides. This would lead to a greater understanding of the issues and options when reviewing the Mayor's budget proposals.
- 1.2 To this end, Service Profiles are in the process of being prepared which show the gross and net revenue budget for each service area and describe the service which is provided and the reason why the service is provided. The Profiles also include the areas of focus of the service over the coming years, performance information, current transformation projects and workforce implications. The Mayor had previously published proposals for generating income, efficiencies and/or service change and these proposals were included in the draft Service Profiles.
- 1.3 The two Monitoring Working Parties (covering the Joint Commissioning Team) and the Joint Operations Team Liaison Group met to discuss the information within the draft Service Profiles with the appropriate Directors and Assistant Directors. All members of the Council were invited to attend these meetings. The views from those meetings were discussed at the meeting of the Overview and Scrutiny Board held on 12 July 2017 and this report sets out those views.
- 1.4 In accordance with the Constitution, the Mayor is asked to take account of the budget formulation work within this Report when he publishes his proposals for the Council's overall financial approach to service expenditure levels and local taxation for 2018/2019.

### 2. Children's Services

- 2.1 Consideration was given to the Children's Services Medium Term Financial Strategy which was agreed by the Council in February 2017. The Director of Children's Services provided an overview on the progress being made to achieve the savings required in 2017/2018. It was noted that this was the first year of the Strategy and that more work was still to be undertaken to drive further savings out of the system.
- 2.2 A number of the savings have been rated as "green" and the Director was very confident of achieving these. Of those rated as "amber", the Director was confident that the IYSS in-house efficiencies and agency staffing would be achieved but savings such as home to school transport and placement would be more difficult.
- 2.3 The Strategy is, in part, a financial improvement plan for 2017/2018 – 2020/2021. In future years, savings in the range of £50,000 to £600,000 were identified arising from a reduction in the Children Looked After population. The Director expressed confidence that the savings would be at the upper end of the bandwidth. It has since been confirmed that the upper

end of this range was currently being considered as an “amber” Transformation Project within the budget preparation work being undertaken.

### **3. Adult Services**

- 3.1 The Director of Adult Services briefed members on the continuing negotiations with the Torbay and South Devon NHS Foundation Trust (the Integrated Care Organisation (ICO)) and the South Devon and Torbay Clinical Commissioning Group in relation to the Risk Shared Agreement. It was hoped that all parties would agree to the Council capping its risk meaning the costs to the Council would be known and fixed for the current year through to 2019/2020 (i.e. for the life of the existing five year contract). The Risk Share Agreement would continue with this as a variation and the ICO would formally rescind its notice. The future years agreement of the three parties still faced a potential risk in that NHS regulators would need to be assured, but it was felt that the proposal fitted with the national policy direction of the NHS refreshed five year forward view.
- 3.2 The Director also set out the impacts on the Council if the proposed deal was not accepted. The alternative solution would re-link the income the Council provides to the ICO with the direct expenditure on adult social care.

### **4. Public Health**

- 4.1 The Director of Public Health provided an overview of the Public Health Business Plan for 2017/2018 giving an explanation on the mandated and non-mandated work that the Council undertakes. The Plan also showed those areas across the wider Council where Public Health provided support.
- 4.2 The Adults and Public Health Monitoring Working Party will be holding further meetings in order to understand further the services which are provided by the Public Health team, how other Council areas can assist in meeting the Public Health Outcomes Framework and the consequences of such action.

### **5. Community and Customer Services**

- 5.1 The Liaison Group gave consideration to the draft Service Profile for Culture, Events and Sports and made the following comments:
- The Mayor and the Senior Leadership Team should given further consideration to how the Public Health grant can be used to support the wider public health agenda within the Council.
  - The remaining grants that the Council makes to community and voluntary organisations should be identified and consideration given to how those organisations can be better supported. In the first instance, those organisations should be positively exploring alternative options to become self funding.
  - In relation to Torre Abbey, consideration should be given to whether further capital investment could see an increase in revenue income. A risk assessment needs to be undertaken to ensure that the Council effectively manages its relationships with its funders whilst seeking to reduce the operating costs of its services.
- 5.2 The Group received an update on the current procurement exercise in relation to public toilets and would wish to see further details as they become available over the summer. The

costs associated with the provision of public toilets was discussed and, whilst it was accepted that TOR2's costs may be lower than the Council has listed within its revenue budget, this means that the costs of operating other services within the TOR2 contract may be significantly higher than the Council understands them to be. This issue needs further debate as the future of the contract with TOR2 is discussed.

- 5.3 An update was also received on the current procurement exercise in relation to libraries. Again the Group would wish to be kept informed as further details become available but it is recognised that the Council will need to determine what it can afford to provide in terms of library provision moving forward.

## **6. Corporate and Business Services**

- 6.1 The Group discussed the Council's pension costs and the options which were available to reduce these. It was noted that a longer payback period was being investigated as was the possibility of establishing a service delivery company. This latter proposal however was likely to provide savings over the longer term and would not address the budget pressures in the coming financial year.

- 6.2 The draft Service Profile for Council Assets shows a net expenditure of approximately £1.5 million on repairs and maintenance. This budget line was discussed and it was clarified that only £266,000 of this was for reactive maintenance and therefore had a discretionary element. However, given the financial pressures on the Council especially in the short term, this could be an area where a temporary reduction in budget could be made. This Service Profile also included net expenditure of approximately £1.2 million for office accommodation. Questions were raised about whether reducing the desk to staff ratio had been considered thereby freeing up Tor Hill House for new tenants.

## **7. Conclusions, comments and recommendations**

- 7.1 The Council's Medium Term Resource Plan shows a funding gap in 2018/2019 of £9.6 million. The amount of savings projected to be made through the Transformation Programme for 2018/2019 totalled approximately £5 million (as at 26 April 2017). However, the Board recognise that over 70% of those expected savings are rated as "red" or "amber".
- 7.2 The findings of the Overview and Scrutiny Board over the recent years remain – there are difficult decisions to be made and they need to be made at pace in order to meet the budget challenges that the Council faces. The Mayor needs to have confidence that the Transformation Programme will deliver the savings that he needs in order to present a balanced budget to Council.
- 7.3 It also needs to be recognised that the Transformation Programme will not solve the problem and that other solutions are needed.
- 7.4 The Board has identified some smaller areas of spend where it may be possible to find savings. This includes ensuring that the provision of any grant to an outside organisation is assessed against a set criteria and that consideration is given to finding alternative means of supporting such organisations.
- 7.5 However, the big areas of spend within the Council are Children's Services, Adults Services, Public Health and Waste, Cleansing and Natural Environment. The focus needs to be on ensuring that these services are delivered as cost effectively as possible.

- 7.6 The Board continues to have concerns about the budget position for Children's Services both in terms of the ability (with a demand-led service) to deliver a balanced budget in 2017/2018 and the additional savings to be made against the Medium Term Financial Strategy. The Children's Services Monitoring Working Party will continue to meet in the coming months and the Overview and Scrutiny Board will discuss progress against the Strategy at its meeting in September 2017.
- 7.7 [Add in recommendation/comment on Risk Share Agreement after an update is received from the Director of Adult Services at the meeting of the Overview and Scrutiny Board on 12 July 2017.]
- 7.8 The Work Programme of the Overview and Scrutiny Board for the coming year will focus on the elements within the Transformation Programme against which financial savings need to be made. This will help inform the Board's discussions once the Mayor's budget proposals are published for consultation.