

JOINT SCRUTINY BUDGET MEETING

30 January 2017

Present:-

Councillors J Brazil (Chairman), K Ball, A Boyd, J Brook, C Chugg, C Clarence, P Colthorpe, A Connett, A Eastman, R Edgell, M Edmunds, O Foggin, R Gilbert, B Greenslade, A Hannan, J Hawkins, R Hill, G Hook, R Hosking, B Hughes, R Julian, J Knight, J Mathews, E Morse, J Owen, R Radford, S Randall-Johnson, R Rowe, P Sanders, D Sellis, M Squires, R Vint, N Way, R Westlake, E Wragg and C Wright

Apologies:-

Councillors G Dezart, J Berry, F Biederman, P Bowden, C Channon, T Dempster, A Dewhurst, E Barisic and J Hone

Members attending in accordance with Standing Order 25

Councillors S Barker, J Clatworthy, R Croad, A Davies, J Hart, S Hughes, A Leadbetter, J McInnes, and B Parsons

* 1 **Items Requiring Urgent Attention**

There was no item raised as a matter of urgency.

* 2 **2017/18 Budget**

(Councillors Barker, Clatworthy, Croad, Davis, Hart, S Hughes, Leadbetter, McInnes and Parsons (Cabinet Members) attended in accordance with Standing Order 25(1) and spoke to this item at the invitation of the meeting).

Public Participation

No member of the public had given notice of intention to speak to or make representations at this meeting on any matter relating to the proposed budget, as provided for in the Council's Public Participation Scheme.

Budget Consideration

Members noted that, in line with previous practice, the proposed budget for 2017/18 was to be subject to a collective scrutiny exercise at this joint meeting, providing an opportunity for Members to comment on the Council's proposed budget in its entirety, following earlier consideration of service budgets by the relevant Scrutiny Committee.

The meeting examined and discussed the proposed budget(s) and had regard to the views, observations and comments of individual Scrutiny Committees, as set out below, for approval and/or incorporation into any final recommendations to Cabinet or Council on the overall implications of the budget proposals, if desired.

The meeting had been provided with the Officer's Reports and accompanying detailed budget proposals considered previously by Scrutiny Committees ([CT/17/2](#), [CT/17/3](#), [CT/17/4](#) and [CT/17/5](#)) which complemented the earlier Reports of the County Treasurer ([CT/16/81](#) and [CT/17/1](#)) relating to the provisional settlement and spending targets for 2017/18 endorsed by the Cabinet on 14 December and 11 January 2017, respectively.

The Reports referred to above, taken together, outlined (a) the provisional financial settlement made by Government within the current year, (b) the spending targets set by the Cabinet for Adult Care & Health; Children's Services; Communities, Public Health, Environment & Prosperity; Highways, Infrastructure Development & Waste and Corporate Services and (c) proposed service budgets, reflecting the aforementioned and the pressures and influences faced by those services.

As indicated, the aforementioned Reports had been prepared in line with the provisional settlement announced by the Secretary of State for Communities and Local Government, on 15 December 2016, of £128,300,000 (a reduction of £23,300,000 or 15.4% from 2016/17) together with details of a number of changes to the previously announced core spending power figures for the period 2016/17 to 2019/20.

The announcement of the final settlement and Council Tax Regulations was expected during the month of February 2017 and budget preparation had therefore necessarily been based on the provisional settlement: acknowledging that additional capital funding of £3,200,000 had been made available for 2017/18 for the Pothole Action Fund.

Members noted that while the Social Care Precept on Council Tax in 2016/17 had originally been set at 2% per annum for the period 2016/17 to 2019/20 inclusive, the terms of that additional precept had been altered to allow it to be increased by up to 3% per annum in 2017/18 and 2018/19 or 2% per annum over the remaining 3 years of the 'quadrennial' core spending period (i.e. a total increase of 6%). Changes to the New Homes Bonus allocations would see the County Council's allocation reduced by £709,000; acknowledging that such reductions nationally had been utilised by Government to create a new Adult Social Care Support Grant for 2017/18 only, the County Council's share of which was £3,592,000. Whilst changes in the Business Rates Retention system would result in an additional £74,000 in 2017/18 this would be offset by a reduction in the local element of Business Rates. The 2017/18 Public Health grant had been confirmed at £28,238,000 in line with expectations while confirmation of the Dedicated Schools Grant and some other smaller grants had yet to be received.

The targets for each service area, as set by Cabinet, were subject to different pressures and influences. Adult Care & Health services budgets were £216,493,000 providing for inflation and commitments of £26,936,000 and required budget savings of £8,190,000. Children's services budgets totalled £118,131,000 with inflation and commitments at £7,843,000 and required savings of £5,539,000. Communities, Public Health, Environment & Prosperity had a target of £35,203,000 incorporating inflation and commitments of £2,468,000 and savings of £576,000 needed. Highways, Infrastructure Development & Waste's target was £56,406,000 with inflation and commitments of £3,496,000 and required savings of £5,527,000. Corporate Services' target budget was £33,352 including inflation and commitments of £2,283,000 required savings of £2,397,000.

Members noted that the budgets now proposed were currently predicated upon the assumption that the Council would be asked to agree to raise Council Tax by up to the maximum permissible (i.e up to 4.99%) in 2017/18, including the additional permitted 3% precept for Adult Social Care.

The Leader of the Council commented on this being the eighth year in a row where the Council had been required to set a budget with reduced funding levels and that, in the current public sector funding regime, it was becoming more and more difficult to achieve the reductions required. Members also noted that some £267,000,000 had been taken out of the Council's budget over that period of time.

The Leader and Cabinet Members also outlined the strong representations they had regularly and consistently made – and continued to make - to Government, Ministers and to Devon's Members of Parliament about the difficult choices being faced in Devon and for fairer funding for schools and for health and social care.

The Leader, Cabinet Members and Officers also spoke of the difficulties in delivering budgets with below average levels of funding – especially in relation to demand led services - while endeavouring to strike a balance between financial realities and ensuring the delivery of essential services, protecting the most vulnerable or at risk and ensuring resilience of services. The margin of flexibility or change was increasingly tight and the Council would face even greater challenges in 2018/19 hence the direction of travel in the proposed budget for 2017/18 which was concentrated upon those most in need, driving out waste, adding value, adopting a ‘whole council’ approach and working more closely with partners and other providers.

In considering the issues and/or observations identified by individual Scrutiny Committees set out hereunder and the further examination at this meeting, Members acknowledged the difficulties facing the Council in determining its budget with increasing pressures on both statutory and non-statutory services welcoming also the contribution of partner organisations and volunteers in the delivery of such services, while remaining cognisant of the impact of the Council’s actions and expenditure on the residents of Devon and users of services. The issues and/or observations made by individual Scrutiny Committees were:

Health & Wellbeing Scrutiny Committee

- that the proposed budget did not differ markedly from the previous years, there being no significant reductions or variations;
- the historical low level of funding for public health in Devon (the 6th lowest funded) and the adverse impact of any reduction thereto on the ability of the Council to deliver its statutory responsibilities;
- the importance of the need for early intervention and improved public education to prevent health problems developing in the future.

Place Scrutiny Committee

- the need for Cabinet to take account of impact assessments and ensure appropriate mitigations were put in place where appropriate;
- possible adverse impact on future budgets for services of reductions in specific or dedicated grants;
- acknowledging the benefit for the Council’s budget of maximising recycling (through the waste hierarchy); joint arrangements with District Councils and action taken to minimise waste; the creation of energy from waste and improving public education.

People’s Scrutiny Committee

In relation to Adult Social Care:

- noting the vagaries of a demand led service, acknowledging that there had been a 15% increase in Adult Social Care budgets over the last two years which, in parallel with the general aim of promoting independence for people to live more independent and fulfilling lives, would achieve best outcomes and achieve value for money;
- acknowledged the certainty created in future expenditure with the recently agreed contract for Living Well at Home and the need to similarly review contractual arrangements for residential care in light also of revised standards of external assessment and the Council’s duty to ensure, inter alia, market sufficiency under Part 1 of the Care Act;

- welcomed and endorsed the fact that the budget, as now proposed, was predicated on a 3% increase in the Social Care precept for 2017/18 and had been formulated so as to achieve required savings identified in the target budget and deliver services differently as outlined above; although it was accepted it was not possible to give a 100% guarantee that the budgets would be sufficient given the largely demand led nature of the services.

In relation to Children's Services:

- that whilst regarding an overall 2% increase in Children Services budgets this was nonetheless against the background of significant savings required under the target budget;
- the impact on the Council's budget of any 'perceived' shortfall in government grant to fund directed activities such as Unaccompanied Asylum Seeker Children;
- recognising the importance of adequate provision and integrated working to ensure support for vulnerable persons to maintain access to services (through children's centres) acknowledging also the inherent value of informal contacts and networks and co-location of services and the vital need for appropriate checks and balances to reduce risk;

Generally, supporting the Council's case for increased funding for education and social care services in rural areas like Devon.

Corporate Services Scrutiny Committee

in relation to Corporate Services:

- acknowledging, firstly, the inherent risks associated with Corporate Services target budgets which were necessarily predicated, at a time of increasing demands, on the needs of front line services and the levels of corporate support required and, secondly, re-affirmation of the assurances given previously over the capacity of the support envisaged through and adequacy of the proposed budgets;
- recognition that a number of reductions were also predicated upon changes to the costs of democracy arising from the introduction of new electoral arrangements for the County Council at the next quadrennial elections and any resulting reviews of democratic structures and support;

generally:

- while acknowledging the success of the County Council in attracting and/or drawing down Government grants to improve the highway network, the continuing pressures on maintenance of the highway network (utilising both revenue and capital budgets) remained a cause for concern, particularly in the more rural parts of the County;
- that, as previously indicated at both the Cabinet and People's Scrutiny Committee, the significant cost pressures relating to the High Needs Service were largely due to increased demand where the cost of educating pupils with complex educational and physical needs could be significant and volatile and that whilst additional funding had been made available within the proposed budget, management action was still needed locally to address the problems with the national issues around the Dedicated Schools Grant: this to include increasing capacity in maintained special schools and disinvesting from the more expensive independent sector;

- that the Cabinet and Council should continue to press Government for a fairer funding allocation for schools in Devon to bring expenditure per pupil closer to the national average.

In addition to the aforementioned, further specific matters or issues identified or raised at this Joint Meeting included:

- the need to attract and retain essential key staff and maintain and deliver effective integrated working and services for vulnerable persons and those in most need;
- confirmation that since the County Treasurer's Reports had been published funding for the Devon Rape Crisis and North Devon against Domestic Abuse would again be available from the Safer Devon Partnership in 2017/18 and that the draft budgets now being considered would be updated accordingly.
- the work being done jointly with other Devon Councils to improve recycling rates generally, including community composting, and that given the importance of this area of activity the Council should re-assess future funding to offset any proposed reductions in this discretionary element of funding through any future procurement exercise;
- a desire that any additional funding received through the final settlement or savings accruing in-year be directed/re-directed to the rural road network and highway maintenance;
- the need to identify new additional sources of income to offset the impact of budgetary reductions.

The Leader also welcomed the observations of Scrutiny Committees and those expressed at this meeting – all summarised above - which would be taken into account in formulating a budget for consideration by Cabinet and the County Council.

The Reports now before the Committee referred also to the Impact Assessment for the 2017/18 Budget, across all service areas, which had been circulated for the attention of Members at this meeting and previous Scrutiny Committee meetings examining the budget, in order that Scrutiny Committees not only had access to all necessary equality impact assessments undertaken as part of the budget's preparation but could have regard to and be satisfied that those assessments, risk assessments and projections were adequate and the evidence supported the assumptions made in the formulation of the budget, to meet the Public Sector Equality Duty imposed upon the Council under s149 of the Equality Act 2010. That Assessment contained links to other service specific assessments undertaken as part of the budget preparation process, and referred to therein. Moreover, and acknowledging that the preparation of Impact Assessments was necessarily a dynamic process and that individual assessments for specific proposals might necessarily have to be developed and updated with time, Members of the Council must have full regard to and consider the impact of any proposals in relation to equalities prior to making any decisions and any identified significant risks and mitigating action required.

Following further discussion and deliberation:

It was then **MOVED** by Councillor Randall Johnson, **SECONDED** by Councillor Radford, and

RESOLVED

(a) that Scrutiny Committees' note the Government's provisional financial settlement and the spending targets determined by the Cabinet, expressing concern nonetheless at the continuing scale of reductions being imposed on local authorities and the consequences of those reductions upon the ability of Councils to meet the needs of all of its citizens;

(b) that the Cabinet/Council should continue to press Government for a fairer allocations for Devon – particularly for health, social care and education - recognising and reinforcing the impact of providing services in a rural area;

(c) that Scrutiny supports the County Council taking advantage of the opportunity to raise Council Tax both by an additional 3% in 2017/18 to help cope with the costs of adult social care and the maximum of any other increase permitted (i.e 1.99%), to safeguard the Council's budgets to the fullest extent possible;

(d) that Cabinet urge Devon MPs to speak and vote against the Finance Bill should the provisional financial settlement for Devon be not significantly improved against the lack of progress demonstrated by Government in rebalancing funding as between urban and rural authorities;

(e) that the specific observations of individual Scrutiny Committees and identified at this meeting, as set out above, be also commended to Cabinet in finalising its recommendations to Council;

(f) that the Cabinet satisfy itself that the budgets prepared on the basis of its approved targets are indeed sufficient to meet the demands placed on those services and that the apportionment of resources between the various services is appropriate and proportionate;

(g) that, acknowledging the options and/or alternatives discussed and identified in the proposed budgets and in the accompanying Reports and Impact Assessments referred to above and recognising also that this is a dynamic process, Scrutiny Committees again re-iterate the need for Cabinet to satisfy itself that all Assessments continue to be updated and are complied with and that the evidence gathered during this budget preparation exercise and any subsequent engagement processes supports the proposed way forward.

***DENOTES DELEGATED MATTER WITH POWER TO ACT**