

CORPORATE INFRASTRUCTURE AND REGULATORY SERVICES SCRUTINY COMMITTEE

29 January 2019

Present:-

Councillors A Dewhurst (Chair), H Ackland, Y Atkinson, K Ball, R Bloxham, J Brook, P Colthorpe, A Eastman, R Edgell, I Hall, J Hook, R Radford, M Shaw, C Slade,

Apologies:-

Councillors P Crabb and J Berry

Members attending in accordance with Standing Order 25

Councillors M Aschavin, S Barker, R Croad, A Davis, R Gilbert, R Hoskings, S Hughes, A Leadbetter, J McInnes, A Saywell and D Sellis

* 100

Minutes

RESOLVED that the Minutes of the meeting held on 27 November 2018 be signed as a correct record.

* 101

Items Requiring Urgent Attention

There was no matter raised as a matter of urgency.

* 102

Public Participation

There were no oral representations from members of the Public.

* 103

Budget 2019/20 and Capital Programme for 2019/20 to 2023/24

(Councillors Randall-Johnson, Sellis, Barker and Davis attended in accordance with Standing Order 25(1) and spoke to this item at the invitation of the Committee.)

(Councillors Atkinson and Colthorpe declared personal interests in this item by virtue of being a trustee of the Exeter Food Action and a trustee of Involve, Mid Devon CVS respectively.)

Councillors Randall-Johnson and Sellis as Chair and Vice-Chair respectively of the Health and Adult Care Scrutiny Committee and the Children's Scrutiny Committee reported on the proceedings and recommendations from their respective Budget meetings.

The Committee noted that the proposed budget for the 2019/20 financial year would be scrutinised by individual Scrutiny Committees according to the remit set out in the Constitution, with an overview of those issues arising being further debated by the Corporate Infrastructure and Regulatory Services Committee as well as draft budget proposals within the Committee's own remit, providing an opportunity for Scrutiny Members to comment on proposals for the Council's Budget in its entirety and also the Chairs of both the Children's Scrutiny Committee and Health and Adult Care Scrutiny Committee attending and presenting, as required.

The Chairs of the Children's Scrutiny Committee and the Health and Adult Care Scrutiny Committee will present any relevant resolutions and an overview of those issues arising to the Corporate Infrastructure and Regulatory Services Committee. This Committee will also

consider the draft budget proposals within its own remit, providing an opportunity for Scrutiny Members to comment on proposals for the Council's Budget in its entirety. The resulting resolutions from Scrutiny will be reported to Cabinet and Council.

This would follow the opportunity for individual Scrutiny Committees – at this meeting – to have an initial overview of the budget proposals and examine them to identify any specific issues or areas of interest that might be considered at the Corporate Infrastructure and Regulatory Services Committee for incorporation into any recommendations to Cabinet and Council.

The Committee then considered the joint report of the County Treasurer, the Chief Executive, the Head of Communities, Public Health, Economy and Prosperity and the Head of Highways, Infrastructure Development and Waste (CT/19/04) on the provisional financial settlement made by Government within the current and anticipated public sector funding regime and the spending targets set by the Cabinet for each service area which included inflation, commitment and service prioritisation reductions. The Report also detailed the proposed medium-term capital programme for the Corporate Infrastructure and Regulatory Services and how it was funded.

The Cabinet, at its meeting of 12th December 2018, had set Revenue Budget targets for 2019/20 which totalled £493.850 millions. The targets incorporated inflation and pressures and income initiatives and savings required to set a budget within reduced funding levels provided by Government in the recent provisional financial settlement. This included funding for budget pressures of £33.353 millions that mainly related to additional expenditure to allow for service growth to cater for demographic changes such as increased children and adult service users and unavoidable cost pressures. Savings and income initiatives of £13.398 millions were required to set a balanced budget. The target for Adult Care and Health also included £5.045 millions in relation to the One-off Improved Better Care Fund grant announced by the Chancellor in March 2017.

The Chancellor of the Exchequer presented the Budget to the House of Commons on the 29th October 2018; a month earlier than last year. The Budget contained additional funding for Local Government in both 2018/19 and 2019/20. The additional funding for the current year, 2018/19, was of a Capital nature and was set out in the Report. For 2019/20 the Chancellor announced an additional £650 millions of Revenue funding for Adult and Children's Social Care. £410 millions was for a Social Care Support Grant that was being given in response to concerns nationally of pressures in Social Care, including Children's. The remaining £240 millions was a Winter Pressures Grant and would need to be pooled into the Better Care Fund but was specifically for Councils to spend on Adult Social Care.

The Provisional Local Government Settlement for 2019/20 was announced on 13th December, a week later than originally scheduled due to the ongoing Brexit debates. 2019/20 was the final year of the four-year settlement and the core funding Provisional settlement of £101.5 millions was as expected. As the authority was a 100% Business Rates Pilot in 2018/19 a direct comparison of the Council's core funding was more difficult but on a like for like basis the 2019/20 Provisional Settlement represented a reduction, in cash terms, of £13.5 millions or 11.7%.

The Provisional Settlement had set the Council Tax increase that would trigger a referendum, excluding the Social Care Precept, at 3% for 2019/20; the same level as 2018/19.

The Adult Social Care Precept regulations remained unchanged. In 2016/17, the Social Care Precept was capped at 2% per annum for the period 2016/17 to 2019/20. Members recalled that Government changed the regulations in 2017/18 and allowed Authorities to increase the precept to a maximum of 3% per annum over the period 2017/18 to 2019/20 as long as the total increase over the three years did not exceed 6%.

The Council increased the Adult Social Care Precept by 3% in 2017/18 and 2% in 2018/19 leaving 1% available for 2019/20.

In the summer the Government had invited Local Authorities to apply to become 75% Business Rate Pilots. It was hoped that the 2018/19 100% Pilots would continue into 2019/20 but this was not the case. As part of the Provisional Settlement the Government announced which applications had been successful for 75% Pilot, but Devon had not been selected.

The Committee were reminded that its consideration of the draft Corporate Infrastructure and Regulatory Services budget was just part of the process of setting the County Council's budget which, following this meeting, would culminate in the Cabinet on 15 February 2019 formulating a budget for consideration by the County Council on 21 February 2019.

The Chief Executive, County Treasurer and Head of Services commented on the likely implications of the 2019/20 target for their individual service areas, confirming that the overall approach had been to strike a balance between the reality of the financial challenges facing the Council and providing sustainable support services against the increasing demands of front-line services and operational demands.

The Leadership Group commentary in the Report referred to the turbulent financial climate for Local Government and the importance of getting the best value from every pound raised locally and ensuring investment went to the point of need. This included working with partners and being innovative, flexible and creative including the adoption of the digital agenda.

The Report also contained the detailed budget proposals for Corporate Infrastructure and Regulatory Services, prepared in line with the targets referred to above, reflecting the different pressures and influences faced by services.

The Communities, Public Health, Environment and Prosperity Services base budget was £38.577 millions (an increase of 0.7% from 2018/19) and included inflation, pressures and NLW of £1.431 millions and required savings of £762,000.

The Corporate Services base budget was £32,974 millions (a reduction of 6.6% from 2018/19) and included inflation, pressures and NLW of £1.476 millions and required savings of £3.808 millions.

The Highways, Infrastructure Development and Waste Services base budget was £54.547 millions (an increase of 0.7% from 2018/19) and included inflation, pressures and NLW of £3.700 millions and required savings of £3.317 millions.

Under the Equality Act 2010, the County Council had a legal duty to give due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations when making decisions about services. Where relevant, Impact Assessments were carried out to consider how best to meet this duty, which included mitigating against the negative impact of service reductions.

The Report now before the Committee referred to the Budget 2019/20 Impact Assessment, circulated prior to the meeting, giving an overview of the impact assessments for all service areas (available at: <https://new.devon.gov.uk/impact/budget-2019-2020>) for the attention of Members at this meeting in order that they may be aware of the equality impact assessments undertaken as part of the budget's preparation and that any risk assessments and projections were adequate and that the evidence supported the assumptions made in the formulation of the budget. Acknowledging also that the preparation of Impact Assessments was necessarily a dynamic process and that individual assessments for specific proposals may need 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.

Specific issues and observations arising from the current budget proposals raised at the meeting included the following:

Communities, Public Health, Environment and Prosperity Services

- consideration of the current commitments for flood work had resulted in an increase of the capital programme by £100,000 and a reduction of the revenue budget by £150,000. There had also been minor savings on other non-flood activity budgets based on reduced demand;
- the Communities Together fund had been reduced and the residual amount combined with other voluntary and community sector grants, where two funds would be created to further improve local capacity and resilience, and additional investment in crowd and match funding;
- a review of the Post 16 transitions contract had identified possible savings of £150,000 in 2019/20;
- the Government has guaranteed that the grant funding for all EU projects which were secured post Brexit but before 31 December 2020 will be guaranteed to the end of the project life; and
- the Public Health grant of £26.786 millions remained ring fenced for 2019/20, which represented a reduction of £726,000 (2.6%) from that received in 2018/19 (the Public Health budget had been scrutinised by the Health and Adult Care Scrutiny Committee.)

Corporate Services

- whilst savings of £3.808 were required to be delivered in 2019/20, the target included £1.941 millions in respect of savings that, whilst led by Corporate Services, would be delivered across the Council requiring the restructuring of services and other operational changes;
- future Strategies to be delivered included the implementation of a new Human Resources Management System which would generate savings by utilising self-service access and moving away from paper-based processes. However, the impact of delays to the original project would make delivery of savings challenging;
- continuing work on the Council's digital roadmap would enable further refinement of service delivery models in support of savings plans. There would also be an increased focus on business continuity, disaster recovery and cybersecurity;
- a review of income generation would reduce the impact of savings targets on operations by £140,000;
- the Country Treasurer undertook to revert to Members with a composite inflation figure across the whole Council.

Highways, Infrastructure Development and Waste Services

- Page 34 of the Report contained errors and should read as follows:
 - Cyclic Maintenance – the Gross Expenditure figure should read (2,599) instead of (27,401), and the Gross Income figure should read (2) instead of (29,968); and
 - Safety Reaction – the Gross Expenditure figure should read 6,462 instead of 36,462, and the Gross Income figure should read (93) instead of (30,063);
- the new term maintenance contract had generated significant savings in its first two years of operation and further efficiencies of £580,000 were anticipated during 2019/20, with an additional £630,000 of revenue savings being achieved from a greater focus on preventative roads maintenance;

- the initial impact of ash die back was expected to be seen during 2019/20, with £350,000 having been allocated to deal with affected trees at risk of falling onto the highway;
- income generation had been explored in order to reduce the impact on services of the savings required. A target of £1.25 millions had been built into the budget in respect of the introduction of the highways permitting scheme and other initiatives;
- the Waste Service faced increased expenditure arising from anticipated waste tonnage growth, contractual inflation and other pressures; and
- the County Treasurer undertook to revert to Members with details of the allocation of the £400,000 grant monies paid to the Citizens Advice Bureau.

It was **MOVED** by Councillor Dewhirst **SECONDED** by Councillor Colthorpe and

RESOLVED that Scrutiny Committees note the Government's provisional financial settlement and the spending targets determined by the Cabinet, expressing concern nonetheless at the continuing financial pressure faced by local authorities and the potential consequences on the ability of the Council to do what matters for the people of Devon; specifically, Scrutiny:

Welcomes and supports:

- (a) The proposed 1% Social Care Precept.
- (b) The commitment to invest monies from the business rates retention pilot scheme into Children's Services including for Edge of Care and Crisis Care, with an expectation of innovative invest to save initiatives.
- (c) Additional investment of:
 - i. £8.2 millions for looked after children;
 - ii. £1 million additional funding to support the scrutiny recommendation on changes to foster care allowances; and
 - iii. the planned investment of £2 millions in service improvement and development.
- (d) The Council's flexible and adaptable approach moving to direct delivery of the following services:
 - i. Residential Short Breaks;
 - ii. Rehab officers or Visually Impaired Children's Services;
 - iii. Public Health Nursing; and
 - iv. Portage.
- (e) Increased use of Capital prevention strategies to alleviate revenue spend on highways.
- (f) The continuation of service provision despite challenging budgets in the:
 - i. 50 libraries and 4 mobile libraries across Devon; and
 - ii. continued support for democracy and the effectiveness of scrutiny.

Records Concern:

- (g) That the budgets prepared based on Cabinet's approved targets are sufficient to meet the demands placed on those services and that the apportionment of resources between the various services is appropriate and proportionate. Most notably:
 - i. potential future overspend of the Children's budget, noting with concern the estimated future cost to the authority due to demographic pressure and increases in demand notwithstanding the recognition of the robust planning undertaken by the Service to address needs led budgets;
 - ii. the reduction in Public Health grant (as a key player in promoting health and wellbeing of the population); and the increased demand and budget pressures in adult social care and asks Cabinet to continue to put pressure on Central Government; and
 - iii. the impact of Brexit on the Council's budget and the impact on staff recruitment especially adequate recruitment of nurses to private residential homes.

Requests that Cabinet:

- (h) Continue to pursue the investment in Devon's children until funding for education is needs led and equitable with other similar local authorities. Scrutiny welcomes the endeavours undertaken by this Council to achieve fairer funding for children in schools across Devon and the additional £10.2million increase in the Dedicated Schools Grant. However, Scrutiny highlights the reality that this is mainly due to an increase in pupil numbers and in real terms there will only be an additional £10 per pupil and is still a **shortfall of £294 compared to the national average** funding for each pupil. Scrutiny encourages consideration of how parents and schools' voices' can be recognised and supported on these issues, including sharing information (e.g. a factsheet).
- (i) Continue to press Government for investment in SEND support; whilst commending the work in increasing specialist provision as well as the success in developing two new special schools in Tiverton and Newton Abbot.
- (j) Call on the Government for the swift publication of the Green Paper anticipated to address funding in adult social care including adequate funding for care workers, recognising the interrelated nature of system working with the NHS and highlights the limitations of short-term funding affecting long term planning for local services, most notably the Improved Better Care Fund.
- (k) Consider a co-ordinated approach to address concerns about recruitment and retention of teaching and learning support staff, including:
 - i. recognition and extension of Devon's approaches to mentoring, coaching and career development as well as the launch of a new DCC recruitment website with a dedicated section on the benefits of working in education in Devon; and
 - ii. lobby Central Government reflecting the serious concerns about recruitment and retention of teaching staff.
- (l) Consider additional funding to be made available to support winter planning for Adult Social Care if possible.
- (m) Ensures that all risk and impact assessments continue to be updated and are compiled with the evidence gathered during this budget preparation exercise and any subsequent engagement processes to support the proposed way forward.

Requests that the NHS:

- (n) Continues to work with the Council to ensure the continuation and extension of a comprehensive offer for 0-25 mental health prevention and support and requests further updates to scrutiny as available.
- (o) Support integrated working arrangements with Public Health around sexual health.

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

The Meeting started at 10.30 am and finished at 1.00 pm