

**CORPORATE INFRASTRUCTURE AND REGULATORY SERVICES SCRUTINY
COMMITTEE**

30 January 2023

Present:-

Councillors A Dewhirst (Chair), C Slade (Vice-Chair), M Asvachin, Y Atkinson, J Berry, J Brook, P Bullivant, R Chesterton, P Crabb, M Hartnell, R Radford, I Roome and J Trail BEM

Apologies:-

Councillors J Hodgson and J Wilton-Love

Members attending in accordance with Standing Order 25

Councillors R Croad, R Hannaford, F Letch and S Randall Johnson

* **84** **Items Requiring Urgent Attention**

There was no matter raised as a matter of urgency.

* **85** **Public Participation**

There were no oral representations from Members of the Public.

* **86** **Budget 2023/24**

(In accordance with Standing Order 25, Councillors Hannaford and Randall Johnson attended and spoke in relation to the budget meetings and outcomes at their respective Scrutiny Committees; Councillor Croad attended and spoke as the Cabinet Member for Public Health, Communities and Equality; and Councillor Letch attended and spoke in regard to pay and display and impact in his division).

The Committee noted that the proposed budget for the 2023/24 financial year would be scrutinised by individual Scrutiny Committees.

The Chairs of the Children's Scrutiny Committee and the Health and Adult Care Scrutiny Committee presented their resolutions and gave an overview of those issues arising to the meeting. This Committee would 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 would 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 for incorporation into any recommendations to Cabinet and Council.

The Committee then considered the joint report of the Interim Chief Executive, Director of Finance and Public Value, Director of Public Health, Communities and Prosperity; and Director of Climate Change, Environment and Transport (DF/23/05) on the provisional financial settlement made by Government and the spending targets set by the Cabinet for each service area which included inflation, commitments and any service prioritisation reductions. The Report also detailed the proposed medium-term capital programme 2022/23 – 2027/28 for the Services and how it was funded.

The Cabinet, at its meeting of 11 January 2023, had set Revenue Budget targets for 2023/24. That Report outlined the targets in paragraph 3.8 which represented a net increase in service budgets of £66.2 million, which was a 10.5% increase.

As detailed within budget monitoring reports, significant pressures had been and were continuing to be experienced within Devon and across the country. The cost of living and geopolitical situation had created huge financial pressures nationally. As a consequence, the Authority had faced unprecedented price and demand pressures in the current year and although significant savings had been found to offset this many had been one off measures. In addition, there had been much more uncertainty in terms of central government funding to local government, combined with the most challenging budget round that the Authority had faced in recent decades.

Budget monitoring at month 2 had identified an unprecedented forecast overspend and therefore since the month 2 report, a Financial Sustainability Programme had been set up to address the level of overspending. The programme had been successful in containing some expenditure and making savings, which was reflected in a significantly improved outturn forecast by month 8.

The Capital Programme for 2023/24 to 2027/28 was detailed in the report and would be presented to Cabinet at the February Budget meeting.

On 19th December 2022, the Rt Hon Michael Gove, Secretary of State for Levelling Up, Housing and Communities, released a written Ministerial statement to Parliament setting out the provisional local government finance settlement for 2023/24 financial year. This was in line with the Spending Review 2021 and updated for the announcements made in the Autumn Statement of 17th November 2022.

The provisional local government finance settlement for 2023/24 was a single

Year settlement, as was the previous year. Government had outlined national funding levels for 2024/25 but uncertainty remained at individual council level, as distribution mechanisms for 2024/25 were unconfirmed.

The provisional settlement confirmed that the Core Spending Power included the flexibility in setting Council Tax for 2023/24 by setting the referendum limit at 2.99% and that social care authorities could increase the adult social care precept by 2% - and therefore raise Council Tax by up to 4.99% overall without a referendum being required.

Devon's Core Funding of £107.2 million (and grants announced so far) was as follows. Other existing grants were expected to be published soon and would be reported as part of the overall budget papers in February, if known by then.

	£000
Revenue Support Grant	669
Business Rates Central Government Top Up	83,428
Business Rates - Local Element	23,064
Core Funding	107,161
New Homes Bonus	883
Rural Services Delivery Grant	7,823
Social Care Grant	54,015
Improved Better Care Fund	29,127
Adult Social Care Market Sustainability Improvement Fund	8,373
Adult Social Care Discharge Fund	4,084
Services Grant	3,987
	108,292

The proposed service revenue budget targets for the 2023/24 financial year were set out in the table below.

	2022/23 Adjusted Base Budget £000	Inflation and National Living Wage £000	Other Pressures £000	Savings, alternative funding and additional income £000	2023/24 Target Budget £000	Net change £000	
Integrated Adult Social Care	311,968	29,535	29,999	(32,200)	339,302	27,334	8.8%
Childrens and Young Peoples Futures	176,205	9,585	32,376	(9,563)	208,603	32,398	18.4%
Public Health, Communities & Prosperity	20,308	874	617	(404)	21,395	1,087	5.4%
Corporate Services	42,213	4,470	623	(2,458)	44,848	2,635	6.2%
Climate Change, Environment & Transport	79,117	7,037	214	(4,468)	81,900	2,783	3.5%
Service budgets total	629,811	51,501	63,829	(49,093)	696,048	66,237	10.5%

2022/23 Base budget adjusted for permanent virements

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 meeting on 10th February 2023 formulating a budget for consideration by the County Council on 16th February 2023.

The Chief Executive, Director of Public Health, Communities and Prosperity; and Director of Legal Services and Democratic Services and their respective Heads of Service commented on the likely implications of the 2023/24 target for their respective 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. In order to deliver budget targets in Services budget reductions were required across all service areas.

The Leadership Group commentary in the Report referred to the increasing needs and demands coupled with rising inflation and legal obligation to set a balanced budget and actions to reduce costs and find savings.

The Report also contained the detailed budget proposals across the Services within the remit of this Committee, prepared in line with the targets referred to above, reflecting the different pressures and influences faced by services. The Target Services' budgets for 2023/4 was detailed in the table above along with the required savings.

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 before the Committee referred to the Budget 2023/24 Impact Assessment, circulated prior to the meeting, giving an overview of the impact assessments for all service areas (available at: [Budget setting 2023/2024 - Impact Assessment \(devon.gov.uk\)](https://www.devon.gov.uk/budget-setting-2023-2024-impact-assessment)) for the attention of Members so they were aware of the equality impact assessments undertaken as part of the budget's preparation, that any risk assessments and projections were adequate and the evidence supported the assumptions made in the formulation of the budget. Also bearing in mind that the preparation of Impact Assessments were a dynamic process and that individual assessments for specific proposals may need to be 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 in discussion with the Directors and Heads of Service included the following:

(a) Communities, Public Health, Environment and Prosperity: - it was noted that the Public Health budget had been scrutinised at the Health & Adult Care Scrutiny Committee and this Committee would now scrutinise the

Communities and Prosperity / Economy, Enterprise and Skills Services and raised the following points:

- (i) Members re-iterated concerns about the late notification of the Public Health grant from Government which made effective planning and budget setting more problematic;
- (ii) additional resources for the Communities team to help address poverty and resilience, for example food vouchers for children (who received free school meals) during School holidays and other forms of support and advice for vulnerable families; (and more information available at: [Cost of living | Help and advice for people in Devon | Devon County Council](#));
- (iii) Members' concerns about the proposed reduction in Locality Budgets which would impact on local initiatives and projects and reduce their interface with local communities; and
- (iv) support for the proposed additional funding for the Citizens Advice Bureau;

Economy, Enterprise and Skills:

- (v) progress in developing Skypark and funding arrangements and on which further reports would be made to this Committee; and
- (vi) the more fragmented funding arrangements which now replaced (at lower levels) former regional EU support; and initiatives and support to improve technological, mathematical and literacy skills for adults

(b) Corporate Services HR Services, Legal Services, Digital Transformation and Business Support:

- (i) difficulties in the recruitment and retention of professional legal staff and resulting inflationary pressures and the development of a HR Strategy to address the issues and scope for improving local salary packages within a national framework;
- (ii) allocation of resources for the development of an IT Road map including cyber security and device management, and development of the equality initiatives and overall strategy; and
- (iii) the possibility of more savings from adoption of hybrid arrangements for formal Council committee meetings for voting members, which would improve flexibility/attendance etc (which would require approval from Government);

(c) Climate Change, Planning and Transportation:

(i) increased inflationary pressures and costs which led to an unavoidable increase in the term maintenance contract;

(ii) the policy approved by Cabinet on the introduction of advertising on Highways assets on which more information was available at: [Highways and Traffic Management Policy Reviews - Final.pdf \(devon.gov.uk\)](#);

(iii) the invest to save £4.237m for [Telensa](#) cells in Appendix B of the Report would allow the Authority to continue the roll out to approximately 80% of its 81,000 streetlights; and as the current technology was not cost effective when considering more remote communities with low numbers of streetlights; but as technology improved it was anticipated that the remaining 20% would be provided countywide control;

(iv) the continuing work in developing an updated pricing strategy within the Waste Recycling Centres and noting that whilst domestic waste had reduced there was a corresponding increase in domestic waste rates;

(v) the National Lottery Food rescue project (minimisation of food waste) on which more information would be circulated to Members;

(vi) the savings which arose from the reduction of concessionary travel numbers which were still below pre-pandemic levels; and reasons behind the increased staffing within the Transport co-ordination Centre;

(vi) the increased number of highways maintenance gangs to address the continuing and immediate safety defects and the long-term decline in the network condition both in terms of revenue support for maintenance and longer term capital programmes, which resulted in a managed decline; and

(vii) the ongoing review of the economic impact from the introduction of Pay and Display car parking arrangements in town centres;

The Committee also received data in relation to grants paid to external organisations; staffing changes; and also considered the Capital Programme 2023 - 2028 and noted that external borrowing related to Freeport project Plymouth/South Hams would be externally financed via local business rates.

It was **MOVED** by Councillor A Dewhirst, **SECONDED** by Councillor C Slade and

RESOLVED that this Committee

Welcomes and supports:

1. The overall 10.5% increase in the budget and specifically the 18.4% increase in the budget for Children's Services and the 8.8% increase in the budget for Integrated Adult Social Care. Scrutiny looks forward to seeing the resulting improvement in Children's Services and Adult Care, recognising the increasing demands in the system;
2. the efforts of Devon County Council staff in continuing to support the most vulnerable people and providing essential services:
3. the endeavours of the Cabinet Member for Children's Services and Schools as a member of the F40 group to continue to press for fairer funding for Devon's Children; and .
4. the work done by the Communities team in partnership with District Councils to support those hit the hardest by the increase in the cost-of-living.

Record concern:

5. The realism of achieving the savings outlined across the budget, particularly the
 - (a) the £9.6 million in-year savings and particularly the £2.4 million from school transport, anticipating the fees and charges review; whilst appreciating the service has embedded Scrutiny's previous comments and now provides in-house transport; and
 - (b) the Integrated Adult Social Care in-year savings set at £30 million; against not yet achieving the in-year savings of £18million, coupled with the continued increase in demand and inflation pressures;
6. uncertainty around senior leadership changes in Children's Services in supporting the pace of change of the Authority to rise to meet the challenges in Children's and the resulting pressure on the budget;
7. the continued reliance on agency staff in Children's services, acknowledging the progress made in permanent staff recruitment to reduce this;
8. the ongoing uncertainty with government regarding the Special Educational Needs Disability (SEND) high needs block safety value process considering the cumulative deficit of £127 million to the end of the current financial year; and
9. the introduction of the Care Quality Commission inspection regime for Adults will place an additional burden on the Council and its partners. The Committee seeks assurance preparations are comprehensive and vigorous to meet these new requirements.

ask Cabinet to:

10. Support Scrutiny in their critical friend challenge of the in-year financial position:

(a) for Children's this should include monthly monitoring reporting to Committee members to include direction of travel and value for money in the following areas: -

- Education Health and Care Plans
- External Care and SEND placements
- Recruitment and Retention / Agency figures
- School transport

and trialling this governance approach for 3 months; and

(b) for Integrated Adult Social Care this should involve regular monitoring reports to Committee including benchmarking with other local authorities where appropriate;

11. explore the expansion of curriculum support and mental health provision to schools, with a view to providing a broader curriculum creating a positive learning environment for all pupils and especially those with Social Emotional and Mental Health Needs (SEMH) to reduce permanent exclusions and improve attendance;

12. increase the pace of work to support the needs of key workers by working with Devon stakeholders to embed an essential offer including accommodation, training, and travel. The Scrutiny Committee strongly believes this will help ease the financial burden on the authority;

13. lobby government to highlight the difficulty of operating services in the financial climate and ask for changes against the following:

(a) the disparate nature of the grants received in Adult Social Care and the unhelpful impact of piecemeal multiple grants;

(b) the uncertainty about the anticipated changes to Liberty Protection Safeguards;

(c) the unknown grant settlement for Public Health and resultant difficulties in plan making;

(d) the 1-year financial settlement for the Council against demand-led costs, not accounting for inflation and the resulting challenges in developing strategy with financial risk; and

(e) investment in highways to arrest the ongoing decline in the state of the highway;.

14. lobby government to request a change in legislation to allow formal Committee/County Council meetings to be undertaken as hybrid meetings;
15. review how the Council is offering support to the voluntary and Community Sector both through tactical access to grants and clear communication channels of the County Council;
16. consider additional investment in highways.
17. at the stage when the public health grant is known Cabinet to invest in public mental health; and
18. recognising the financial challenges of the organisation, Scrutiny approves the reduction to Members locality budgets on the basis that they are reviewed in the future and ask that future changes include consultation with Members.

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

The Meeting started at 9.30 am and finished at 12.17 pm

