

Overview Select Committee (OSC) Finance Task Group – 2016/17 Period 3

8th September 2016, 3pm. Room 4.08, City Hall

Present:

Cllr Baljit Singh, Chair of Task Group

Cllr Jean Khote

Cllr Vi Dempster

Cllr Virginia Cleaver

Mark Noble, Head of Financial Strategy

Alistair Cullen, Principal Accountant

Apologies:

City Mayor

Alison Greenhill, Director of Finance

Cllrs Cutkelvin, Newcombe, Bajaj

1. Revenue Monitoring Report

- 1.1. Mark Noble outlined that 2016/17 was a critical year in the Council's financial strategy. The Council was now relying on reserves to finance the budget and a gap remained in 2017/18 which requires savings to be achieved in this year and next to balance the position.
- 1.2. Cllr Khote enquired about the budget position in Adult Social Care. Mark Noble outlined that budgets had been aligned to demand levels but future savings were unavoidable given the overall budget position (or savings would have to fall elsewhere).
- 1.3. Cllr Singh enquired about the progress on spending reviews. Mark Noble outlined the spending reviews that had reported since the 16/17 budget amounting to a full-year effect of around £8m. Cllr Singh discussed the link between the 16/17 monitoring and the ongoing spending review process and highlighted the need for clarity. Cllr Dempster also emphasised the need for clarity on the options being considered for making the savings outlined in the recent OSC paper on the budget strategy.
- 1.4. Mark Noble outlined that the emphasis of the revenue monitoring report was on the performance against the 2016/17 budget but that future reports could contain more links to the strategic position including a summary of spending reviews achieved to date. This will be included from the Period 6 report onwards.
- 1.5. Cllr Cleaver noted the links between different spending reviews and that any shortfall on one review would add pressure to other reviews. Officers confirmed this was the position. Mark Noble assured the group that there was pressure to ensure all spending reviews had reported by, or shortly after, the setting of the 2017/18 budget and outlined other measures that were being considered. He also emphasised that in spring 2017 a further strategic review of progress would be required to consider the outstanding cuts that would still be needed.

- 1.6. Cllr Dempster noted that the real impact of savings on frontline services needed to be set out to members alongside the financial picture.
- 1.7. Mark Noble outlined the position, as presented in the report, that currently it was expected all services would be able to manage within the set budget for 2016/17.
- 1.8. Cllr Singh enquired about the impact of vacancies within support services and Mark Noble assured the group that these were part of a managed approach and were not impacting excessively on services.
- 1.9. Cllr Dempster enquired about the position in the HR service given the level of work being placed on it by the demands of supporting organisational change. Officers assured her that the service was coping through efficiencies and changes to practices including greater use of self-service technology.
- 1.10. Cllr Khote enquired about waste services and Mark Noble clarified that the additional pressure of £0.3m was a result of changes on the landfill tax rate for sand.
- 1.11. Cllr Singh raised the issue of the potential for expansion in demand and cost of packages in Adult Social Care. Mark Noble explained that the budget had been set using better modelling and information than in previous years as a result of work over recent months. He assured the group that the assumptions made in budgeting have so far proved to be resilient although there was as yet no evidence to suggest the full budget would not be required, and there remained risks of unexpected increases in demand and/or the cost of placements. Cllr Singh confirmed that the group noted these two key risks and would continue to review the situation as the year progressed.
- 1.12. Cllr Singh noted the cuts to Housing Benefit for those in sheltered accommodation and Mark Noble explained that this was not an additional cost to the Council in itself but had negatively impacted on the development of Extra Care facilities which was one of the avenues open to the Council to reduce the pressures on Council care services. Cllr Cleaver outlined her experience of meeting care providers and raised concerns that the cuts to benefits would result in additional pressures if other care providers were not able to sustain their current services.
- 1.13. Cllr Singh enquired about the cuts to Public Health Grant. Cllr Dempster noted that the implications of the cuts to the funding needed to be made clear. Cllr Singh noted that the chairs of scrutiny commissions should receive regular updates on the ongoing organisational reviews in their areas. Members debated the balance between operational and strategic matters in respect of members' involvement in savings decisions. Cllr Singh noted that regular briefings and information were helpful.
- 1.14. Members discussed the ongoing uncertainty around the levels of Looked After Children (LAC) and in particular any potential new arrivals as a result of international tensions including the conflict in Syria. Members also discussed the ongoing issue of the costs of residential placements outside the city. Mark Noble clarified that there were currently 36 placements outside the city.

- 1.15. Cllr Dempster enquired about the financing of the budget in Children's Services given the ongoing pressures of agency staff as part of the improvement of the service following the OFSETD review. Mark Noble advised that the budget for the year had taken account of the "spike" in costs due to current pressures but longer-term measures were in place to reduce these costs over time by training more permanent staff. He also confirmed that there was planned use of one-off funding to manage these costs during 2016/17.
- 1.16. Cllr Cleaver enquired about the levels of support being provided to schools and school governing bodies around training to secure external funding given the success the Council has had in securing external funding in the past. Members discussed potential options by which schools could access relevant support.
- 1.17. Cllr Singh enquired about the £3m corporate contingency fund for 2016/17 and Mark Noble confirmed that no allocations had been required so far this year.

2. Capital Monitoring Report

- 2.1. Cllr Singh noted the level of re-profiling outlined in the report and Mark Noble clarified that spending re-profiled into future years remained part of the budget and that spending would still occur.
- 2.2. Cllr Cleaver advised that there had been issues around the funding of the Anchor Centre project and it had recently become apparent that the likelihood was that the scheme would have to be significantly amended or abandoned as a consequence of actions by the development partner NCP.
- 2.3. Cllr Singh enquired about the Extra Care scheme and Alistair Cullen confirmed that the scheme would not progress unless a favourable decision was made by the Government with regards to its proposed cap on additional Housing Benefit payments to residents in this kind of accommodation. The funding however remained available to support progress on these schemes should there be favourable developments at a national level.
- 2.4. Cllr Singh noted the overall positive impact of the schemes in the capital programme and the range of areas impacted.
- 2.5. Cllr Singh enquired about the Local Growth Fund. Mark Noble confirmed that funding was being received and outlined the nature of the schemes it was supporting.
- 2.6. Cllr Singh enquired about the process for determining the level of policy provision funding each year. Mark Noble confirmed that there was a range of drivers for the allocation of resources in the budgeting process including the political priorities of the elected Mayor and Council, and input and analysis from officers around suitable investments and spending necessary to support the Council's statutory and core functions.

The meeting closed at 4.30pm.