

Report to Resources Scrutiny from the Finance (Budget) Task and Finish Group - Chair Councillor Clive Stevens date: 31/1/20

We met on 24th January and our remit at this stage (3 of 3) of the process is to assist members of Full Council in understanding the Budget so they cast a well informed vote. We decided to do that by members of the group asking questions to Finance about the Cabinet Budget paper of 21/1/20 and we gratefully received the reply that we would get answers before the Resources Scrutiny meeting on 6/2/20. This is a quick turnaround so thank you in advance.

As always a big thanks to officers and councillors for contributing. Including Denise Murray, Jo Holmes, Tian Ze Hao, Mike Pilcher, Don Alexander, Tim Kent and Marg Hickman.

Our 12 questions, a comment on HRA and request for the High Needs Block are below:

Budget by Directorate (Cabinet 21/1/20 - p77 to 80)

Question 1) Line 14 ASC.

The P8 report forecasts a £154.4m outturn. (P9 is £154.35m). This needs to be reconciled with the 20/21 Budget of £145.55m to fully understand the challenges facing the ASC team in achieving this budget. On 27/1 We discussed and agreed the need for a reconciliation please in the form as follows:

P8 outturn £154.4m add back the £2.028m one off winter pressures income in 19/20 = £156.4m

Then reduce savings and add extra pressures from the £156.4m like:

- add in the £0.787m expected pay award,
- reduce £0.920m of costs transferring to housing dept,
- reduce £2.86m of iBCF funding and more....

This will come to a figure £Xm that is ASC costs before savings.

That figure £Xm compared with the new budget of £145.55m shows the true challenge (or gap) that needs to be made up from savings from approved programs like Better Lives, ASC Innovation and some capital spend as well as programs not yet finalised.

Question 2) Line 15 Children and Families Service.

Cost control depends heavily on the effectiveness of the Strengthening Families and Edge of Care programs (FP31). This has been working well and bucking the national trend. But I have heard of some recently expensive placements due to Court/Police decisions (out of our control). P9 outturn is £62.75m, similar to P8 so have these recent costs been incorporated into the outturn? If not are they significant? If they are significant how are they being mitigated this year and does that leave us in a more difficult situation next year? How much?

Question 3) Line 16 Educational improvement,

This is budgeted at £11.831m Does it include the costs of processing EHCPs? (If not where is it please). We note that P9 shows an expected outturn of £12.495m. This implies a saving of £0.65m to be made next year, what are the chances of containing this? (Note - this question was written before the SEND Scrutiny Day so it might need to be reworded at Resource Scrutiny in the light of further information).

Question 4) Line 38 Commercialisation

How much of the £1.4m of forecast savings next year are from income expected from commercialisation projects? What are the top 2 or 3 commercialisation projects in terms of forecast net income for 20/21 and what are the expected net incomes for those same projects this year? (If

these are related to the Capital Program lines PL35 and PL36 on page 82 and/or NH03 on page 86 what are the projected net incomes for 20/21 from the business plans for those projects please?)

Capital Program (Cabinet 21/1/20 - p81 to 88)

Question 5) Education, Schools PE01, PE03

Is any of this Capital program on p81 allocated for expanding in house SEND provision? We note that PE02 on page 86 describes additional SEN provision capital investment and this totals £42m. What projects might this include?

Question 6) Care Services PE08

This shows zero capital spend. Does this mean we have no social care infrastructure or that we don't need to maintain it? Or something else?

Question 7) Mobile working for Social Care RE05

This shows zero capital spend. This was an important project two years ago to help control Care spend. What is its status now? Has it been absorbed into the larger IT projects above that line. If so which one?

Question 8) Residents Parking PL03 p84

This shows zero spend for all 5 years. Or is all spend associated with existing schemes now revenue? If so how much and in which line?

Question 9) PL09a Chocolate Path

Currently down for £7.4m of capital. What is the likely cost looking like now?

Question 10) Highways and traffic infrastructure PL10

This is £38m over the 5 years. How is this broken down by transport mode (walking, cycling, bus etc) please?

Question 11) Affordable Housing grants PL30

What is the breakdown of the categories of the £72m five year investment please. And for the affordable housing grants (non S106 i.e. after permission has been granted) what are the sources of those funds?

Question 12) Council Housing investment HRA02

£148m to deliver new council housing stock over the next five years (p88) and yet it seems to decline slightly from 20/21 peak of £40.8m - why?

HRA Revenue.

Our Finance Group has decided to leave the HRA questions until the benchmarking work being done by Savills is completed later in the spring. Then it should come to scrutiny.

Dedicated Schools Grant & High Needs Block

P227 shows the high needs block funding at £62.38m for 20/21. The spend is set at the same amount. We query this; the P9 forecast for 2019/20 is £60.269m. But there are major pressures on that.

- A lot of work is going in to catch up on the EHCPs (and the reviews). Whilst some reviews might reduce the need it is assumed that most new ones will trigger new needs at £20k to £25k per head. So potentially the catch up and then providing resources for 400 extra SEND children could add £ multi millions of costs.

- Pay rises (if 2.7%) could be £1.5m on top. Some of the skills are in tight demand so inflation could be higher.

Therefore please we would like to see a more rigorous presentation of the predicted SEND needs (in finance terms you call it “demand”, I know parents don’t appreciate that terminology). The T&F group were insistent last year that this area is funded by needs and not be limited by just how much Government grants us.