

Report from the Resources Scrutiny Commission - Budget Scrutiny Meeting on 06.02.2020

The purpose of this document is to distil the information that has been obtained from six meetings of the Finance Task and Finish Group and a number of Resources Scrutiny Commission sessions. It is not intended to replace the detailed papers that have been attached elsewhere for this meeting. It has been prepared as an aide for Members to consider what they feel are the most important and potentially difficult issues with the budget.

As part of this process, the Scrutiny Finance Task and Finish Group posed a number of questions concerning the Mayor's budget and the answers were helpfully provided by officers. The full written answers can be found in Appendix 1 at the end of this report.

Mayor Rees and Deputy Mayor Councillor Cheney attended the most recent Resources Scrutiny Commission meeting and provided some verbal context to their budget. They reaffirmed the scale of the challenge, highlighting that Councils had experienced significant funding cuts in recent years, equating to around 60 pence in every pound. Mayor Rees referred to the 8 years of austerity that had been imposed on this Council by central Government.

The Commission was assured by the Mayor, however, that despite these pressures a balanced budget had been prepared and no further savings were anticipated in the coming year.

The Chair of the Finance Task and Finish Group, Councillor Clive Stevens, introduced his report advising that they had undertaken a three-stage process that began in September 19 and aimed to add value at each stage. The Resources Scrutiny Commission meeting held on 6th February 20 was the final step of the budget scrutiny process for 2019/20.

Councillor Steven's summary of the conclusions from the Finance Task and Finish Group was as follows:

- One of the key changes this year was to look at the budget differently i.e. splitting one-off funding from ongoing payments (partially prompted by the large 'one-off' funding announcements provided last year by central Government). £18m of one-off payments were promised to Bristol City Council (BCC) this year but it could not be assumed that the Council would receive that much in future years. In the proposed budget before you, the £18m is used to top-up the Council's reserves and pay for this year's £6m overspend. Once the overspend (discussed below) was accounted for, that would leave £13m of the one-off payment. £10m of this would go into reserves for future years and the remaining £3m would be allocated for projects such as City Leap and Education Health and Care Plans (EHCP) for special educational needs. [The numbers, which don't appear to add up to £18m, are reconciled by the £1m coming from a different part of reserves.]
- Ongoing funding (referred to in the papers as 'base-line') included: £11m from the proposed Council Tax increase; £3m from business rates; £8m from the adult social care grant from central Government which partially funded the increased cost pressures on services; and £9m of savings (which were already agreed two years ago).
- Education funding appeared to be on a slightly better footing with a three year Government funding stream, but there were still pressures on the High Needs Budget which need to be explored in detail.

Members of the Commission noted the introduction from Councillor Stevens and agreed that the next part of the session would be framed around the questions put forward by the Task and Finish Group.

Review of Officers' Answers to Members' Questions (the full questions and answers are provided in Appendix 1)

The comments below are a summary of the Commission's deliberations around the questions and answers.

Growth and Regeneration Directorate:

Q1: Residents Parking (PL03): Members were advised that this question related to the costs of running the scheme which were showing at just over £1m and a £1.6m income stream. Members asked whether the £684k was effectively the net profit from parking and were advised that the total income from all the schemes was £4m which was reinvested into transport initiatives. The income was ring-fenced. *(Note – following the meeting officers confirmed that the difference between the stated income of £1.6 and the later figure of £4m was the full revenue and the £684k saving is because the capital cost has now been fully paid off and so that money is used for other transport schemes).*

Q2: Chocolate Path (PL09a)

The Commission noted that the Capital Fund specified that £7.4M of funding was required to make the necessary repairs, which was a significant investment. Members expressed some concern about the costs and asked if an initial assessment of the problems on the areas surrounding the path had been surveyed yet. Officers confirmed that the original assessments had been conducted to make the area safe. The exact costs of longer term repairs would be available once the tendering process had completed, thought to be end of February 2020.

Q3: Highways and Traffic Infrastructure (PL10)

Members asked for additional information about how the funding remaining in the budget would be invested, for example on walking or cycling, and expressed some concern that this information was not readily available. Officers confirmed that a full reply would be provided in due course. Members requested that if the funding was to be used for maintenance needs, clarification should be provided about how projects were prioritised.

Q4: Affordable Housing Grants PL30

Members suggested that the number of affordable homes being built by developers seemed to be reducing with affordable homes now appearing to be delivered primarily through grant agreements. Members considered that there were two issues to consider. The first related to the number of affordable homes being built by developers and whether the number funded in the normal way by S106 planning agreements was reducing. Officers advised that wasn't the case but did advise they would check the numbers to provide assurances. The second issue was the funding of grants that BCC gave to developers to enable affordable homes to be built. The 5 year funding plan of the £72m of affordable housing grants (PL30) shows £51m of it coming from borrowing.

Q5 Council Housing Investment HRA02:

Members stated they were satisfied with the written response that had been provided. They also appreciated that the Medium Term Financial Plan had not yet been recalculated.

Members understood that the Capital Strategy for the Housing Revenue Account (HRA) wasn't yet set but asked about the potential consequences of the decision not to increase rent rises this year. Officers confirmed that the Council's business plan had been prepared on the current figures with no rent increases.

People Directorate Questions:

Adult Social Care (ASC): the spreadsheet shows the detailed breakdown of ASC costs and the budget challenges (see bottom line of spread sheet in the appendix below):

The Commission were advised that the gap between the current spend (i.e. for 19/20) and the 20/21 budget was a negative figure of £3.7m (the 'Gap'). The Task and Finish Group and the Commission were somewhat sceptical that the quoted £3.7m represented the true extent of the Gap. In order to limit the Gap to that figure, Better Lives must somewhat improbably deliver £6.3m of savings. £4.3m of this figure needs to come from Adult Social Care savings not delivered this year (19/20) and therefore 'rolled-over.' The additional £2m of savings was also part of Better Lives and is budgeted to come from additional Adult Social Care savings.

In addition, Members were concerned about contract inflation, in part as a result of the 6.2% increase in the Living Wage. This would mean that the Gap (which perhaps should be renamed as the 'Challenge' at this

point) could well be over £10m. The Commission imagined that other Members would share their concerns around the issue, particularly as there had obviously been problems with the Adult Social Care budget in previous years, especially in 19/20.

Officers emphasised that the ASC service was facing very challenging circumstances; the health system had experienced unprecedented levels of activity which had in turn resulted in high demands in home care and residential care. Services had tried to manage demand but had been buffeted by wider pressures. It was highlighted that this represented a nationwide trend, partly due to funding reductions from central government but also alongside the huge demands currently being put on NHS and adult social care. It was said that the Local Government Association (LGA) has estimated a £3.6b hole in ASC funding across the country.

One of the underlying issues was recruiting sufficient numbers of home-care workers, partly due to outdated perceptions about working conditions, pay and career progression. There needed to be a broader pool of carers to draw from and therefore increase capacity so more people could continue to be cared for at-home. This could lead to improvements in service user experience as well as cost savings. Officers said they were reaching out to attract new providers and encouraging them to diversify. More 'Extra Care' housing was also needed.

Officers went on to advise that Bristol was a high cost provider. However, a number of measures were in place to move service users over to more efficient models of service delivery. Officers were keen to point out that lower costs did not necessarily lead to lower standards of care.

Members raised concerns about the potential for continued increases in service demand impacting on the budget but were assured that early signs indicated that they were managing to keep it on track and they were confident about the future.

Members flagged ASC as a potential area for further in-depth scrutiny in the next municipal year and this was welcomed by officers.

Q2. Children and Families Service

Members acknowledged the difficulties in setting a budget under the current funding arrangements. They did however want to understand why the costs were so high. Officers confirmed that placement costs were significant, especially for children, and that nationally this was a 'dysfunctional market'.

Q3. Educational Improvement

Members were satisfied with the reply to the part of the question dealing with Educational Health and Care plans (EHCP). With regards to Home-to-School Transport there were some concerns about the savings being deliverable, however, officers confirmed that they were on track following a staff restructure and the introduction of new software.

Q4: Education

Members commented that they were encouraged by the replies provided by officers i.e. that the Council was investing in capital to help save revenue costs to deliver a better service. They went on to query the plans in relation to 'mothballing' schools (rather than closing or moving them) so they could potentially provide additional places for children with special needs. Officers confirmed that at the recent Scrutiny SEND Inquiry Day, the idea of resource centres working well had been confirmed by head teachers. Officers were looking at specialisms that would enable more children to stay in mainstream schools.

There had previously been a bulge in numbers of children in primary schools that was now moving though to secondary schools so there could be more capacity in the primary school system going forward.

Q5: Care Services

Members said they were happy with the written response provided.

Q6: Mobile Working for Social Care RE05

Members noted this was something the Resources Scrutiny Commission had recently looked at due to the delays in the project and subsequent risk to savings. In particular, there were concerns about the number of additional applications needing to move over to Windows 10. Officers advised they would come back with a full reply in due course.

Q7 Dedicated Schools Grant & High Needs Block

Members were concerned with the answer provided, especially the part that said 'the detail on the High Needs Block spend and wider Education Transformation Programme would be presented at the Schools Forum on 31 March 2020' since this would be after the budget setting Full Council meeting on 25th February 19.

They went on to note that 400 Education, Health and Care Plans (EHCP) were going through currently which could cost around £5m. Officers confirmed that the cost of top-ups could be as high as £20k per child. The rules had however changed and the Council were now permitted to go into deficit that could be carried forward until the funding situation had been resolved. Central Government have accepted that current funding is not sufficient. The Council will carry forward the deficits and lobby strongly for additional funding.

Resources Directorate:**Q4: Commercialisation**

Members advised that they were happy with the written answer that had been provided but commented that the '£210k of the savings relating to commercialisation projects' appeared to be low. It was confirmed this figure did not include the income generated by the Council's Legal Service.

Officers commented that the target had been £0.5m (and that £290k had already been delivered) and that some projects would start small but could still make significant savings in the longer term. This figure was a particular savings target but it was not the whole picture in terms of commercialisation. It was still expected that the projected savings for 2019/2020 would be realised.

Members confirmed that they were very supportive of the Commercialisation and Income Generation Programme.

General Comments:

Members asked for more details about the funding set aside to address the Climate Emergency and were advised that £3m had been set aside for that purpose.

The Chair concluded by thanking officers for their expertise in preparing a viable budget, following a prolonged period of austerity.

The Chair of OSMB and the Deputy Mayor both thanked the Finance Task and Finish Group for their work.

Process:

It was agreed that the report of Scrutiny Members' comments would be approved by the Resources Scrutiny Commission and Overview and Scrutiny Management Board (via email) and submitted to Full Council on the 25th February.

Councillor Stephen Clarke, Chair of the Resources Scrutiny Commission