

Scrutiny Report



Performance Scrutiny Committee – People

Part 1

Date: 23 January 2018

Subject 2018/19 Budget and Medium Term Financial Plan

Author Senior Overview and Scrutiny Officer

The following officers have been invited to attend for this item:

Role / Areas of responsibility	Lead Officer
Budget Overview and Process	Meirion Rushworth, Head of Finance
Overall Budget for People Directorate	James Harris – Strategic Director - People
Service Specific Proposals:	
Education	Sarah Morgan – Chief Education Officer
Children and Young People	Sally Jenkins – Head of Children and Young People
Adult and Community Services	Chris Humphreys – Head of Adults and Community Services

Section A – Committee Guidance and Recommendations

1. Recommendations to the Committee

The Committee is asked to:

- (i) Consider and the budget proposals relevant to the People Directorate;
- (ii) Determine if it wishes to make recommendations or comments to the Cabinet on the Proposals within the People Directorate;
- (iii) Determine if it wishes to make any comments on the budget process or the public engagement (to be forwarded to the Overview and Scrutiny Management Committee for consideration).

2. Context

- 2.1 In accordance with the constitution, the Cabinet is required to consult on the proposals before recommending an overall budget and required council tax to the Council for approval in March. Scrutiny Committees must be consulted as part of this process. The timetable for the consultation on the budget is as follows:

Cabinet agrees budget proposals as a basis for consultation	20 December 2017
Consultation period	21 December 2017 to 31 January 2018
Cabinet considers feedback from consultation and agrees final budget proposals for recommendation to Council	14 February 2018
Council approves the 2018/19 budget and council tax level	27 February 2018

Structure of Scrutiny of the Budget Proposals

- 2.2 Each Committee will meet to discuss the budget proposals in detail and formulate comments relating to their portfolio:

Committee	Date	Role
Performance Scrutiny Committee - Place and Corporate	22 January 2018	Savings proposals within the Place Directorate and Corporate.
Performance Scrutiny Committee - People	23 January 2018	Savings proposal within the People Directorate
Overview and Scrutiny Management Committee	1 February 2018	<ul style="list-style-type: none">• Coordination of comments from all Scrutiny Committees• Comments on the budget process• Comments on public engagement

- 2.3 Recommendations will be agreed verbally at the Committee meetings, the final wording will be approved by the Chairperson after the meeting. These recommendations will then be sent to the Overview and Scrutiny Management Committee (OSMC) at its meeting on 1 February 2018 to confirm the list of comments that will be submitted from Scrutiny to the Cabinet. The Chair of this Committee will be invited to attend the meeting of the OSMC where the Committees recommendations are discussed.
- 2.4 The role of the Overview and Scrutiny is to coordinate the comments from Scrutiny to ensure that there are no overlaps in what is being recommended and ensure that scrutiny as a whole provides a cohesive and consistent response to Cabinet. It also has overall responsibility for comments on the budget process, and public engagement, which it will be focusing on at its meeting.

3. Information Submitted to the Committee

3.1 The following information is attached:

(For ease of reference, the appendices numbers have been kept the same as the Cabinet Report.)

Appendix A Cabinet Report

Appendix 2 Budget Savings for Consultations

Appendix 6 Detailed Business Cases relevant to the People directorate:

- EDU181902 - Consolidation of the Educational Psychology, Additional Learning Needs, and Specific Learning Needs Teams into a 'Inclusion Enrichment Team'
- EDU181904 - Re-modelling of the Pupil Referral Unit
- CFS181901 - Review of Oakland Short Break Service
- CFS181904 - Restructuring of the Funding within Prevention Services
- CFS181902 - Integrated Family Support Team Restructure
- CFS181913 - Reduction in expenditure on placement for Looked After Children
- ACS181903 - Review of the Domiciliary Care Service
- ACS181904 - Re-provision of Supported Living Service
- ACS181907 - Reduction in Adult Budget

Appendix 7 Fees and Charges (People Directorate)

3.2 The draft 2017-18 Budget proposals and Medium Term Financial Plan were confirmed by Cabinet at its meeting on 20 December 2017. The full cabinet report is available on the Council's Website ([Cabinet Report](#)):

3.3 At this meeting, the Cabinet agreed the following proposals for public consultation:

- The budget savings proposals in **Appendix 2** (summary table) and **Appendix 6** (detailed business cases).
- The proposed increases to fees and charges in **Appendix 7**
- The position regarding the proposed school funding for 2018/19 in section 5.

3.4 Under the constitution and our scheme of delegation, some budget decisions have to be taken by the Cabinet collectively or individual Cabinet Members. These proposals, totalling £2,393k for 2018/19 and £2,919k over the life of the MTFP, will form the basis of the public consultation on the budget this year (summary at **Appendix 2**).

3.5 Some lower level, more operational and efficiency type budget proposals are delegated to senior officers for decision and implementation. These proposals, totalling £2,947k for 2018/19 and £3,049k over the life of the MTFP are listed for reference. There are also savings that have been agreed in the previous years or are due to be implemented in 2018/19.

Reference to these is contained within the [Cabinet papers](#) and will be implemented separately from the public consultation. As these do not form part of the consultation, they are not being considered by the Scrutiny Committees, and are referenced for information only.

3.6 The Cabinet report (**Appendix A**) contains background information in the budget setting process, financial planning assumptions as well as outlining the budget process and planned consultation.

- 3.7 Within the report, paragraph 5 outlines the position regarding the proposed school funding for 2018/19 in paragraphs 5.1 – 5.6 which also forms part of the public consultation. These are replicated below for ease of reference:

Extract from Cabinet Report on Schools funding:

School funding

- 5.1 The current position assumes there is no reduction to school's funding, unlike other parts of the Council's budget where significant savings are being made. Cabinet are asked to consider the level of funding that will be delegated to schools for 2018/19. The current draft budget proposals for schools include funding for the following items:

Table 2: School budget pressures 2018-22

School Pressures	2018/19 (£'000)	2019/20 (£'000)	2020/21 (£'000)	2021/22 (£'000)	Total (£'000)
Inflation	-	1,163	1,181	1,199	3,543
Demographic Growth	-	539	826	807	2,172
Schools Reorganisation	1,028	1,307	1,006	1,050	4,391
Social, Emotional and Behavioural Difficulties (SEBD) school	285	200	-	-	485
Teaching Staff Increments	-	736	612	484	1,832
Continuation of one off funding	1,100	-	-	-	1,100
Total Pressures	2,413	3,945	3,625	3,540	13,523
Savings	(240)	0	0	0	(240)
Net Budget Pressure	2,173	3,945	3,625	3,540	13,283

- 5.2 This report proposes that the schools budget is kept at the current level for 2018/19, with the exception of:
- funding to cover the running costs of new schools; including a new Social, Emotional and Behavioural Difficulties (SEBD) school
 - continuation of the £1.1m one-off funding which was made available in 2016/17 from revenue budget underspends.
- 5.3 Overall, the total existing schools budget will be 'cash-flat' and schools will need to absorb cost pressures such as inflationary pay awards / pay increments etc. The existing budget will not be expected to absorb the cost of new schools as new, additional funding is included for this.
- 5.4 This is undoubtedly a challenging position for schools and is further compounded by reduced funding from their external grant. Although final allocations are yet to be determined across the Education Achievement Service (EAS) region, there is a headline cut to the Education Improvement Grant (EIG) of £3m (11.2%). We are yet to receive figures for the Post-16 grant, however projections of close to £0.5m reduction have been tentatively acknowledged by Welsh Government as being broadly accurate.

Extract from Cabinet Report on Schools funding:

5.5 In recognising the challenges the draft budget assumptions give, school funding in overall terms is better than other parts of the Council, and has increased, on average, over the last few years. The table below sets out the proposed percentage change to cash limits in 2018/19 for both schools and other areas of the Council. This excludes the impact of specific grants that have transferred into the RSG (£3,985k) but includes new responsibilities (£321k).

Table 3: Budget changes for schools and other areas of the council

	2017/18 Base Budget (Apr '17)	Inflation	Other Pressures	Savings	2018/19 Est Cash Limit	Growth/ (Reduction) in Cash Limit	Growth/ (Reduction) as % of net budget
Schools	90,297	-	1,313	- 240	91,370	1,073	1%
Other	176,075	2,273	4,940	- 7,168	176,120	45	0%
	266,372	2,273	6,253	- 7,408	267,490	1,118	

5.6 The table below shows how the overall schools budget has increased by over 7% over the last 4 years.

Table 4: School budget changes 2013-18

Year	Nursery	Primary	Secondary	Special	Total
2013/14	656	50,193	46,152	2,959	99,960
2014/15	585	52,234	47,165	2,894	102,878
2015/16	519	52,924	47,480	3,724	104,647
2016/17	494	54,627	48,619	4,040	107,780
2017/18	512	54,959	47,505	4,247	107,223
Increase in funding over 5 year period (incl specific grants)					7.3%
Increase in funding (excl specific grants & delegations)					7.7%

3.9 Below is a summary of the proposals relevant for this Committee to consider:

Relevant Proposals for this Committee - Appendix 2 and 6- Decisions with the People Directorate

	Service Group	Unique ID	Page Number	Proposal Title	Invitees	Decision Maker
1	Education	EDU181902	41 – 45	Consolidation of the Educational Psychology, Additional Learning Needs, and Specific Learning Needs Teams into a 'Inclusion Enrichment Team'	James Harris – Strategic Director – People	Cabinet
2		EDU181904	47 – 50	Re-modelling of the Pupil Referral Unit	Sarah Morgan – Chief Education Officer	
3	Children & Family Services	CFS181901	51 – 53	Review of Oakland Short Break Service	James Harris – Strategic Director – People Sally Jenkins – Head of Children and Young People	Cabinet Member
4		CFS181904	55 – 57	Restructuring of the Funding within Prevention Services		
5		CFS181902	59 – 61	Integrated Family Support Team Restructure		
6		CFS181913	63 – 65	Reduction in expenditure on placement for Looked After Children		
7	Adult & Community Services	ACS181903	67 – 69	Review of the Domiciliary Care Service	James Harris – Strategic Director – People	Cabinet Member
8		ACS181904	71 – 74	Re-provision of Supported Living Service	Chris Humphreys – Head of Adults and Community Services	
9		ACS181907	75 – 77	Reduction in Adult Budget		

Appendix 7 – Fees and Charges

	Service Area	Page Numbers	Invitees
10	Social Services	79 - 81	James Harris – Strategic Director – People Sally Jenkins – Head of Children and Young People Chris Humphreys – Head of Adults and Community Services

4. Suggested Areas of Focus

Role of the Committee

<p>The role of the Committee in considering the report is to:</p> <ul style="list-style-type: none"> • Assess and make comment on the proposals relevant to the People Directorate in terms of: <ul style="list-style-type: none"> ○ How reliable the savings forecasts are; ○ How achievable the proposals are; ○ Have risks / impact on service users been appropriately mitigated; ○ Is there sufficient and consistent information within the Business cases to enable Cabinet to make an informed decision; ○ How does it fit into the longer term strategic planning and vision of the Council; ○ Has the FEIA have been completed and used to develop the proposal; ○ The extent to which the Wellbeing of Future Generations Act has been considered; • Conclusions: <ul style="list-style-type: none"> ○ Feedback the Committees assessments of the proposals and highlight what the Cabinet need to be mindful of when taking the decision on the proposals. ○ Feedback to Overview and Scrutiny Management Committee in the process and public engagement.

Suggested Lines of Enquiry

- 4.1 Councillors have a fundamental democratic right to commission financial information and provide challenge to executives and officers about finances. Scrutiny councillors are not expected to be financial experts, but they have a key role in ensuring **accountability** and **value for money** are demonstrated to the public.
- 4.2 The following has been adapted from Section 3.1-3.4: Source: Grant Thornton – Local Government Financial Resilience Review 2012 (“Towards a tipping point?”) to provide examples of the questioning and lines of enquiry that the Committee may wish to consider:

Individual Proposals	<ul style="list-style-type: none"> • How reliable are the proposed savings? • Is there sufficient evidence within the business cases to have confidence that the proposals are achievable? • Is it clear how this proposal will be delivered and how the savings will be achieved? • Timing of the implementation – will this achieve a full year’s savings? Will anything delay implementation (such as the consultation process for any redundancies)
Links to Strategic Planning	<p>How does the proposal contribute to the achieving corporate priorities?</p> <p>How do these proposals fit into an overall budget strategy / what is the long term approach to budget at the Council?</p>

Assessing Impact	What is the anticipated impact of the budget proposal on: <ul style="list-style-type: none"> ○ Services ○ Performance (including performance indicators and standards) ○ Clients / services users
	If there is a risk identified, has this been appropriately mitigated? Is this clear within the business case, and is it achievable?
	How will we measure the success / impact of this proposal?
Fairness and Equalities Impact Assessments	Have these been completed?
	Have any impact identified within the FEIA been considered within the business case?

4.4 All plans / decisions / policy changes now need to be made in line with the Wellbeing of Future Generations Act, and this should be considered in Scrutiny's consideration of budget proposals.

Wellbeing of Future Generations	How will this decision / policy / proposal impact upon future generations? What is the long term impact?
	What evidence is provided to demonstrate WFGA has been / is being considered?
	How are the Wellbeing goals reflected in the policy / proposal / action? <ul style="list-style-type: none"> • <i>A prosperous Wales</i> • <i>A resilient Wales</i> • <i>A healthier Wales</i> • <i>A more equal Wales</i> • <i>A Wales of cohesive communities</i> • <i>A Wales of vibrant culture and thriving Welsh language</i> • <i>A globally responsible Wales</i>
	Does the report / proposal demonstrate how as an authority we are working in accordance with the sustainable development principles from the act when planning services? <ul style="list-style-type: none"> • Long Term <i>The importance of balancing short-term needs with the need to safeguard the ability to also meet long-term needs</i> • Prevention <i>How acting to prevent problems occurring or getting worse may help public bodies meet their objectives</i> • Integration <i>Considering how the public body's well-being objectives may impact upon each of the well-being goals, on their other objectives, or on the objectives of other public bodies</i> • Collaboration <i>Acting in collaboration with any other person (or different parts of the body itself) that could help the body to meet its well-being objectives</i> • Involvement <i>The importance of involving people with an interest in achieving the</i>

well-being goals, and ensuring that those people reflect the diversity of the area which the body serves.

Section B – Supporting Information

5. Further Guidance on the Scrutiny Role

- 5.1 The information in the following section has been taken and adapted from the CfPS / Grant Thornton Finance Scrutiny Guide (pdf) published in June 2014. The extracts reproduced here focus predominantly on Councillors' role in the annual budget setting process.
- 5.2 For further information, Members are invited to read the original publication which includes more detail about scrutiny's role in financial planning and management, as well as case studies and best practice examples.

Understanding Roles and Responsibilities

- 5.4 Councillors and officers have a collective and individual responsibility for ensuring that a council's finances are effectively managed. Within the Annual Budget process:

Council	Agrees the policy and budget framework.
Cabinet/Executive	Cabinet agrees a series of proposals for public consultation, which form the draft budget proposals. Scrutiny must be consulted as part of this process. Responsible for proposing the policy and budget framework and key strategies, including the MTFP and annual budget. It has power to take all executive decisions within the policy and budget framework agreed by the Council.
Scrutiny Chairs	The Chair should encourage all scrutiny councillors to take a full part in scrutiny, including taking part in any agreed work outside of the formal meetings. Focus the Committee on their role in providing constructive challenge as a consultee in the budget process.
Scrutiny Councillors	The role of scrutiny councillors is to review policy and challenge whether the executive is making the right decisions to deliver policy goals and achieve Council's agreed objectives. Their role comprises <ul style="list-style-type: none"> ○ Providing constructive challenge on the draft budget proposals and ensure that properly costed policy and budget proposals are implemented. ○ Monitoring the service and financial performance of the council and its partners and examining the impact and implementation of cabinet decisions and policies ○ Holding the council leader, cabinet and senior officers to account in how effectively they deliver a balanced budget.
Heads of Service	Within the policy and budget framework and decisions taken by executives, Chief Executives, Chief Finance Officers and Monitoring Officers have key responsibilities for the way Councils are run in terms of compliance with

	<p>legal duties.</p> <p>Section 151 of the Local Government Act sets out requirements to prepare a prudent and balanced annual budget including maintaining reasonable levels of reserves and the role of the Head of Finance (as the designated 151 Officer) within this. Other members of the corporate management team are responsible for administering annual service budgets.</p>
Finance Professionals	Such as auditors and accountants, should identify how financial planning and management processes can ensure time and space for scrutiny to add value and make a difference.

Fairness and Equalities Impact Assessment (FEIAs)

- 5.5 Fairness and Equality Impact Assessments (FEIA) are a systematic approach to ensure that the Council takes decisions that balances the needs of people, local culture, the economy and the environment over time. FEIAs assist the Council in ensuring that our decision-making process is inclusive. They are used to look at the effect of any change to Council services or employment from everybody's viewpoint, to make sure that changes are fair and do not discriminate.
- 5.6 Officers have a responsibility to inform decision makers of all the relevant implications of any proposal and provide evidence on which they will base their decisions. FEIAs help decision makers understand service users, employees and other stakeholders' perspectives, and provide evidence that citizens have shaped the council's work. There is legal requirement to publish FEIAs.
- 5.7 Within the Budget proposal Business Cases, there is an indication as to whether or not an assessment is necessary for a proposal and.

Savings Proposal	FEIA necessary? (taken from the Business cases)
EDU181902 - Consolidation of the Educational Psychology, Additional Learning Needs, and Specific Learning Needs Teams into a 'Inclusion Enrichment Team'	Yes
EDU181904 - Re-modelling of the Pupil Referral Unit	Yes
CFS181901 - Review of Oakland Short Break Service	Yes
CFS181904 - Restructuring of the Funding within Prevention Services	Yes
CFS181902 - Integrated Family Support Team Restructure	Yes
CFS181913 - Reduction in expenditure on placement for Looked After Children	No
ACS181903 - Review of the Domiciliary Care Service	Yes – a FEIA will be completed once we fully understand details of the transfer arrangements
ACS181904 - Re-provision of Supported Living Service	Yes
ACS181907 - Reduction in Adult Budget	Yes

- 5.8 These are published on the Council's Equalities page on the website ([link](#)).

Links to Council Policies and Priorities

6. The overall aim of the budget and MTFP is to ensure resource allocation is based on priorities, supports the delivery of the Council's change programme and saving proposals and protects the financial health of the Council. Scrutiny should seek to ensure that the MTFP and Draft budget proposals contribute to this aim.

Financial Implications

7. The financial implications are contained within the report to the Cabinet on the draft budget proposals 2017/18. Scrutiny is being asked to make recommendations and comments to the Cabinet for consideration on these proposals

8. Background Papers

Cabinet Report – Draft Budget Proposals (21 December 2017)

Grant Thornton – Local Government Financial Resilience Review 2012 (“Towards a tipping point?”)

The full cabinet report is available on the Council's Website ([Cabinet Report](#)):

Report Appendices:

- Appendix 1 [Budget investments](#)
- Appendix 2 [New budget savings for consultation](#)
- Appendix 3 [New budget savings implemented under delegated authority \(Head of Service\)](#)
- Appendix 4 [Budget savings previously approved](#)
- Appendix 5 [Savings summary](#)
- Appendix 6 [Budget savings for consultation – Business Cases](#)
- Appendix 7 [Fees & Charges for consultation](#)