

Initial 2017/18 budget proposals Summary of Scrutiny Board comments

Introduction

At its meeting on 14 December 2016, the Executive Board set out, for consultation, its Initial Budget Proposals for 2017/18. In accordance with the Council's Budget and Policy Framework, the proposals were subsequently submitted to each of the Council's Scrutiny Board for consideration, review and comment.

Scrutiny Board's consideration took place over a series of meetings in December 2016 and January 2017, as follows:

- Adult Social Services, Public Health, NHS Scrutiny Board – 15 December 2016 (working group)
- Children's Services Scrutiny Board – 15 December 2016
- Citizens and Communities Scrutiny Board – 9 January 2017
- City Development Scrutiny Board – 21 December 2016
- Environment and Housing Scrutiny Board – 19 January 2017
- Strategy and Resources Scrutiny Board – 19 December 2016 and 16 January 2017

Examination of the initial budget proposals included input from Executive Board Members, Directors and other Senior Council Officers.

Comments and observations from Scrutiny Boards

All Board's recognised the significant budget pressures facing the Council and the difficult decisions that are required to be made. A summary of the main issues and areas highlighted by the Scrutiny Boards are detailed below:

Adult Social Services, Public Health, NHS Scrutiny Board

- The Scrutiny Board recognised the overall and specific budget pressures across the Council, with a continuing reduction in core funding across the Council – including the 10% reduction in Public Health funding, against a background of the Council already being below the nationally determined needs-based target budget allocation.
- The Scrutiny Board recognised the relatively low Council Tax base (historically) and the impact this had on 'percentage' increases.
- The Scrutiny Board supported the emphasis on preventative services across both budget areas, but recognised the short-term challenges around 'delivering / maintain services' balanced with the longer-term challenge of 'investing in preventative services' to minimise the impact of increases in demand in the future.
- The Scrutiny Board recognised attempts to deliver statutory and discretionary services across both service areas.
- The Scrutiny Board highlighted a particular concern in relation to the uncertainty around future health budgets/ funding and the associated impact on the delivery of current and future integrated services.
- The Scrutiny Board highlighted the potential impact of removing/ decommissioning services and the need for effective communication about the impact of proposals – with a focus on the impact to individuals – i.e. the 'human

impact'. The Scrutiny Board agreed it would undertake more work in this area during 2017/18.

- The Scrutiny Board agreed that the proposed level of additional 'Social Care' precept was justified and recommended it should be pledged, with clear communication on how any additional monies generated would be used.
- The Scrutiny Board highlighted the importance of reviewing / auditing the impact of previous budget decisions, and agreed to undertake some focused work in this area, in order to:
 - (a) Ensure any impacts were sufficiently highlighted in the equality impact assessments.
 - (b) Review the effectiveness of any proposed mitigating actions; and,
 - (c) Help ensure 'intelligent' commissioning / decommissioning decisions were made in the future.

Children's Services Scrutiny Board

- The Scrutiny Board was concerned that £2.5m of income reflected in the draft budget, had not been secured from the Department for Education (Innovation Fund), and therefore represented a risk.
- The Scrutiny Board was concerned about the proposed reduction in learning improvement funding. While advised about the Council's commitment to learning improvement through a range of measures, particularly children's centre provision, the Scrutiny Board highlighted the proposed reduction in funding to Children's Centres from the Public Health budget and believed this could negatively impact on early intervention.
- While acknowledging the initial proposals focused on efficiency savings without having a negative impact on children or strategy; the Scrutiny Board stated that staff welfare should also be a key consideration if efficiency savings are likely to result in increased responsibilities and workload.

Citizens and Communities Scrutiny Board

- Local Government Pensions – the Scrutiny Board acknowledged that whilst an increase of 0.5% on the employers' contributions had been included in the proposed budget, this will need to be updated once the outcome of the 2017 actuarial valuation is known.
- Parish and Town Council Election costs – the Scrutiny Board sought clarification of the cost responsibilities linked to local Parish and Town Councils. It was noted that local Parish and Town Councils are responsible for covering their own election costs through their precept and that all local Councils have already been advised to plan ahead for the 2019 local elections.
- The Board acknowledged the proposed efficiency measures in relation to Communities Teams are primarily linked to a review of the management and leadership structures.
- The Board acknowledged the proposed saving linked to the reduction of service failure and the work already being undertaken by the Scrutiny Board this year to assist the directorate in achieving this target.
- Further to the recent work undertaken by the Scrutiny Board in developing a revised Council Tax Support Scheme, the Board acknowledged the potential impact of Council Tax increases on the scheme and therefore emphasised the importance of closely monitoring any impact.

City Development Scrutiny Board

- With a proposed net decrease of £4.8m in 2017/18 budget, the Scrutiny Board noted the key proposals for 2017/18, including planned efficiencies, changes to services and additional income targets.
- The Scrutiny Board acknowledged the proposed sources of additional income and the overall strategic approach which sought to minimise the impact on front line service delivery.
- The Scrutiny Board also acknowledged the recruitment of additional Highways Engineers to reduce external spend.

Environment and Housing Scrutiny Board

- The potential for significant cost savings arising from proposed efficiency measures within Leeds Building Services that would also help make this service more competitive.
- The Board was pleased to note the involvement of frontline staff to help inform proposed changes to routes for refuse collection and stressed the importance of engaging effectively with Elected Members too. The Scrutiny Board agreed to keep a watching brief on the implementation of the proposed changes.
- An acknowledgment that a number of proposed efficiencies were linked to the Council-wide review of Locality Working. The Scrutiny Board was keen to monitor the potential impacts of this review in relation to Environmental Action services and particularly street cleansing.
- In acknowledging the range of charging proposals being put forward, the Board emphasised the importance of maintaining some flexibility to be able to review and revisit such charges where appropriate.
- The Scrutiny Board specifically noted that discussions with the Police and Crime Commissioner (PCC) regarding future funding arrangements had not concluded and were still ongoing.

Strategy and Resources Scrutiny Board

- The Scrutiny Board identified some concerns around the assumed level of income, specifically in relation the Children's Services application for Department for Education 'Innovation Fund'.
- The potential generation of £6M additional income through fees and charges – reflecting the significant work undertaken by the Scrutiny Board in 2015/16.
- The Scrutiny Board also noted there was the opportunity to keep 'fees and charges' under review, in order to consider further options for income generation across the Council during 2017/18.
- The Scrutiny Board noted, with some concern, that a full response to its previous 'fees and charges' recommendations was not presented and therefore other potential charges (e.g. levy's) were not considered as part of the 2017/18 budget proposals.
- The Scrutiny Board supported and reinforced the need to produce and take into account equality impact assessments when considering proposals in more detail.

As part of its further consideration, the Scrutiny Board noted a number of matters within the initial proposals, including:

- The potential impact / additional financial pressure of increased pension costs – with the West Yorkshire Pension Fund (WYPF) actuary now indicating an employer's contribution rate of 15.9%.

- Budgeted commissioning savings and the responsibility placed upon each directorate to effectively measure, monitor and report the impacts of these.
- Concern remained that the Council was still awaiting approval for the Children's Services application for Department for Education 'Innovation Fund' and, if unsuccessful, the shortfall would be funded through Council Reserves during 2017/18. Should the use of reserves become necessary, it was important to produce a detailed plan to show (a) how the reserves would be 'paid back'; and (b) how the shortfall would be addressed in the longer-term.
- Children's Services Dedicated Schools Grant Overspend and the potential impact on the general fund if the Schools Forum does not agree for the deficit to be carried forward into 2017/18 and in subsequent years until the deficit is eliminated. The Board stressed the need for a clear position / decision to be made before the Executive Board's February meeting.
- The Scrutiny Board also discussed key areas of Children's Services budget overspend in 2016/17 and the consequential impacts on the 2017/18 budget. Particular reference was made to the impact of the number of Children Looked After (CLA) and Transport Costs: The Board questioned why these budget pressures had not been anticipated earlier.
- The Scrutiny Board also reflected on its ongoing consideration of 'the Leeds £' and how this impacted on the Council's budget.

Recommendations

The following recommendations were agreed for consideration by the Executive Board:

Scrutiny Board (Strategy and Resources)

- (1) That for all proposed budget savings, the Executive Board ensures there is a clear narrative that explains how the savings will be achieved, including (but not limited to) service redesign and service commissioning/ decommissioning.
- (2) That, during 2017/18, the Executive Board supports a further review of Fees and Charges, including revisiting the previous report and recommendations from Scrutiny Board (Strategy and Resources) to help ensure the Council maximises its income streams.
- (3) That, as part of the development of the 'Leeds £' approach, Executive Board supports the need for a review of joint funding arrangements in order to help ensure a consistent and strategic approach that is fair and equitable to all partners involved.
- (4) That, where any directorate is anticipating a significant budget overspend, the Executive Board supports the need for the Section 151 Officer and the relevant director to work closely and proactively with the relevant Scrutiny Board to provide suitable assurance that there is robust financial risk management and transition planning in place.

Scrutiny Board (Adult Social Services, Public Health, NHS)

- (5) That the proposed level of additional 'Social Care' precept for 2017/18 is justified and should be included in Executive Board's final 2017/18 budget proposals to Council.
- (6) Alongside the additional 'Social Care' precept for 2017/18, there should be a clear communications plan, detailing how any additional monies generated will be used.