

## **Scrutiny Committee Discussions on budget consultation 2017/18**

During December 2016 and January 2017, O&S Committees considered the budget proposals relevant to their remits. The following note summarises the key points:

### **Cross Cutting – Housing**

*(Housing and Homes O&S Committee)*

CC5 - Surpluses expected to be generated on the Housing Benefit Subsidy Grant

- Officers were confident in their ability to meet targets and generate the surplus. However, it was noted that the introduction of Universal Credit with payments in arrears could impact on the HRA.
- Members felt that Core Cities and other West Midlands authorities should be asked about how they are using their incentive payments.

### **Cross Cutting – FOM**

*(Schools, Children and Families O&S Committee)*

In relation to CC2: Introduce a Corporate Future Operating Model (FOM) across all support services and management structures for the Council Members noted that there had been many FOMs in the Council previously and not all of which has delivered the required savings. Also, there is a difficulty of attributing savings to this model and of avoiding double counting with the other saving targets. Therefore, Members wanted reassurance that there would be the capacity to deliver both the savings and the services if there were future cuts to management. However, it was suggested that staff within the proposed Children's Trust would not be subject to this FOM.

### **Homes and Neighbourhoods – Housing**

*(Housing and Homes O&S Committee)*

HN4 – Selective licensing

- Given the growth in the private rented sector and the ending of the rogue landlord funding, the importance of a team supporting tenants facing poor housing was noted as important.
- Concerns were raised about the costs of setting up a licensing scheme in advance of obtaining landlord revenues and whether this has been sufficiently costed in the budget proposals.
- Members will continue to examine the private rented sector in February 2017 and will form a view on the potential effectiveness of a wider licensing scheme. Representatives of the landlord sector warned that even blanket schemes can engage the good landlords, but still see poor landlords operating under the radar. Members

requested further details of the evidential basis for the 11 wards proposed and specific costs around the setting up of a licensing scheme.

#### HN7 – Asset and Property Disposal Programme

- Members initially questioned the capital values required for selling off assets to meet the revenue targets. They were subsequently informed that a three year disposal programme is planned (equating to £8m of operational assets and service outlets that are no longer required for the delivery of services). These assets will be identified during 2017/18 and the disposals are expected to commence in the final quarter of 2017/18 at the end of the year. The receipts will be used to repay debt and this will result in savings on our interest and debt repayments.
- Members reiterated the need for consultation with Ward Members prior to sale of assets.

#### HN11 – Extension of the INReach Housing Programme (up to 200 homes)

- Members felt that the level of detail in the budget consultation paper should be better explained. However, they did receive further information. The Council has already commenced the development of new homes for private rent through this Wholly Owned Company (InReach). The financial model for this approach is:
- Development of homes for PRS through the Council's Wholly Owned Company (WOC) InReach generates income for the General Fund;
- The sale of Council development sites to the WOC creates a capital receipt to the Council;
- The Council borrows money at Public Works Loan Board rates to lend on to the WOC at a (higher) commercial rate;
- Any surpluses generated by the WOC return to the Council to fund General Fund services.
- The model also provides opportunities to buy back council house right to buy stock and to build new social rented Council homes which are protected from right to buy discounts for 15 years.
- Members asked for further information about how 200 properties will be identified out of the 5,000 that become available each year and how these will then be let at market rates.
- Members were assured that around £60m a year is invested into existing stock within the HRA business plan.
- Members noted that InReach can be an innovative way of increasing provision of PRS housing and driving financial benefits to the Council, but raised some concerns about availability of voids to put into INReach whilst the waiting list for social housing gets longer.

#### HN12 – Realign funding of specific housing services

- Members were assured that this would not lead to a service reduction, but was about a more accurate balance of HRA and General Fund contributions.

### **Homes and Neighbourhoods – Environment**

*(Health, Wellbeing and the Environment O&S Committee)*

A possible commercial model around trade waste services was highlighted which would potentially give the Council the ability to make money out of trade waste. The feasibility and practicality of this needs to be explored.

### **Health and Wellbeing – Adult Social Care**

*(Health, Wellbeing and the Environment O&S Committee)*

1. There was acknowledgement that whilst the current adult social care financial gap is partly the result of increasing demographic pressures, growth in demand and previous unrealistic budgetary assumptions in relation to Council savings and about NHS contributions, the current adult social care funding gap is part of a wider national crisis in adult social care which is in large part the result of the national funding position.
2. The current proposals in relation to Councils being allowed to further increase the social care precept will not solve the problem.
3. Considerable concern was expressed about the impact of the proposal to reduce discretionary, preventative services such as Supporting People, upon both individual service users, but also the likelihood that such cuts will simply increase demand for statutory care services and thus result in increased costs to the City Council over the medium term, rather than savings. The Committee wanted to see evidence that these potential impacts had been modelled in advance of any decisions being taken.
4. The necessity of achieving better partnership working and genuine integrated working between health and social care in order to make any headway in solving the crisis.
5. Looking ahead, the scrutiny members emphasised that they want to actively engage with the delivery plans for implementing the proposals.

### **Health and Wellbeing – Supporting People**

*(Housing and Homes O&S Committee)*

- In the January meeting Members were updated on the consultation process. An initial meeting was held with commissioned providers on 1st December with an early indication of what might be included, and they met again on 13th December with representatives from the Citizens' Panel. A further meeting on 9th January was held with the relevant Cabinet Members. Following the closedown of consultation, providers said they will have to go back to their Boards to agree delivery models and

changes to and reductions in service, but they will need to know the outcome of budget discussions first.

- Members raised concerns about impact on vulnerable people, and the ability of third sector providers to mitigate the costs. Further concerns were raised about deliverability of the proposals and if details would be known prior to the budget vote;
- Members requested further details on the consultations, specifically:
  - Where will the impacts occur;
  - Evidence of views back from the Supporting People Engagement Group;
  - Details of proposed mitigation plans;
  - Equality Analysis.

### **Health and Wellbeing – Supporting People**

*(Schools, Children and Families O&S Committee)*

In relation to HW1: Supporting People savings proposals, Members were most concerned that these savings would result in added pressures to other portfolio budgets and savings proposal. For example, the work St Basil's does to support young people at risk of homelessness is effective and prevents a number of young people having to be taken into care which would be much more costly. Members also raised particular concern regarding the care leavers pathway.

### **Jobs and Skills**

*(Economy, Skills and Transport O&S Committee)*

1. We need to do more to attract businesses and manufacturing companies to the city to provide more opportunities for local people to utilise the skills they have and to provide increased opportunities for further training and skills development.
2. Reassurance was sought that the planned savings from the proposed merger of the youth and careers services can actually be delivered within the specified timescales.
3. The considerable opportunities from HS2 and the National College for High Speed Rail being based in Birmingham were highlighted but there is an urgent need to ensure that local people have the appropriate skills, especially in engineering, to be able to take advantage of and benefit from these opportunities.
4. Although the savings from the proposed reduction in the West Midlands Combined Authority Transport levy have been agreed for 2017/18, queries were raised about whether and how the proposed reductions from 2018/19 onwards could be delivered.

**Children** – response from Schools, Children and Families O&S Committee – see attached

## **Budget Consultation 2017+**

### **Schools, Children and Families O&S Committee**

## **1 Context**

1.1 The City Council's consultation on its proposed budget was launched on 8<sup>th</sup> December 2016. The closing date for the consultation is on the 18<sup>th</sup> January 2017. The Schools, Children and Families O&S Committee met on the 11<sup>th</sup> January 2017 to review the proposals as they relate to the committee's remit and considered four key questions:

1. What impact would the proposals have on citizens of Birmingham?
2. What assumptions underpin the budget proposals?
3. Are there any other options that could be considered / explored?
4. What are the proposals for delivery of the proposals?

## **2 Budget Consultation 2017+ Paper**

2.1 Members had a number of concerns regarding the consultation paper and made the following suggestions on how this can be improved:

- The budget lines should include the baseline budget figures so that the percentages of the savings can be known.
- It should be implicate that the budget being consulted on does not include savings already agreed for previous budgets.
- It should be explained that the savings per year are cumulative figures and each year shows the variance from the baseline of 2016/17.
- The narrative for the 'outline of the proposal' needs to clearly state how the savings are to be made as this was sometimes misleading.
- It was felt that the whole consultation was not clear enough for Members, let alone the public who are the audience for this consultation, even though it is the approach taken each year. In future there should be greater explanation of what the figures represent cuts from.

2.2 The Leader said at the last City Council meeting that each savings target would have a delivery plan attached to it with a named officer held to account for achieving it. These should be shared with O&S Committees to allow Members an opportunity to comment on them.

### 3 Children Budget Consultation

- 3.1 The Cabinet Member for Children, Schools and Families explained that these saving proposals are for £50.593m and are in addition to the £27.8m savings already consulted on and agreed previously. Some of these previously agreed savings have not yet been implemented.
- 3.2 Below is the feedback for the Cabinet Member for Children, Schools and Families portfolio (CH1 – CH6). This includes a risk rating of whether the Committee thought the savings are achievable (low risk to being achieved, medium risk to being achieved, high risk of not being achieved).

#### **CH1: Contact and Escort**

- 3.3 The proposed total saving for this is £100,000 from a £1.4m budget. Alastair Gibbons, Executive Director for Children's Services clarified that the service supervised too much contact and a number of visits need to be facilitated, rather than supervised. The number of supervised visits had reduced over the past two years and it was felt supervised visits could be further reduced, with the budget saving proposal having "no pain" and being achievable. On the information provided Members were satisfied with this proposal and the risk of this not being achieved was assessed as being low.

#### **CH2: Residential Closure**

- 3.4 The proposed saving for this is £300,000 for 2017/18 and an extra £100,000 in 2018/19 from a £5.1m budget for the disabled children's homes run directly by the City Council. The Executive Director for Children's Services clarified that the proposed savings are for the closure of one disabled residential children's home and the increase of foster carers costs were not factored into this. Members raised concerns about the need for short term breaks for disabled children and the risk of not finding sufficient foster carers with the expertise to offer short breaks, if a home is closed. On the information provided the majority of Members were satisfied with this proposal due to the current underuse of these homes and awarded this a medium risk to being achieved, due to the phased nature of merging the two children's homes.

#### **CH3: CWD – Child Protection Resources (assessment of parenting capacity)**

- 3.5 The proposed saving for this is £200,000 from a £310,000 budget. Concern was expressed regarding the last sentence 'This may mean that the service provided is not as flexible and families may be required to wait longer for this specialist assessment'. Alastair assured Members that this wording was incorrect and it was not the case, as demand for this has reduced in the last four years and the remaining team of five within this service can be integrated into the main service.

On the information provided Members were satisfied with this proposal and the risk of this not being achieved was assessed as being low.

#### **CH4: Education Travel**

- 3.6 The consultation proposes that the baseline budget is increased by £476,000 in 2017/18, the baseline budget is then reduced by £824,000 in 2018/19 and a further £234,000 in 2019/20 (a total £1.058m from the baseline budget). However, upon questioning Members ascertained that these figures being consulted on are incorrect. Moreover, it became clear there was a huge level of uncertainty about the current baseline budget. The Cabinet Member agreed to check whether it was possible to amend the budget proposals within the current public consultation.
- 3.7 Members were informed that the 2016+ budget had agreed savings for this budget which had since been had been scrapped.
- 3.8 Given the challenges faced with historic poor service delivery and the need to address this during 2017/18 Members are concerned that the changes required to make the savings will not be in place and therefore felt that the savings have a high risk of not being achieved.

#### **CH5: Early Help – Commission and Brokerage**

- 3.9 The consultation proposes a saving of £200,000 for 2017/18 with an additional £500,000 for 2018/19 (£700,000 in total) from a £5.4m budget. The Executive Director for Children's Services clarified that some contracts were coming to an end and the proposal is to commission differently by the pulling together of contracts. However, this was not within his remit and came under another senior officer.
- 3.10 There was insufficient detail to assess the impact this would make on citizens. Previous scrutiny inquiries have highlighted the benefits that third sector organisations can bring to service delivery and it was unclear how commissioning will meet current needs. Therefore, as there are presumably many contracts with different outcomes, it is impossible to say what the impact could be, let alone whether it is likely to be achieved.

#### **CH6: Educational Psychologists**

- 3.11 There are no proposed savings for 2017/18. Savings of £50,000 is proposed for 2018/19 and a further £50,000 proposed for 2019/20 (£100,000 in total over 2 years) from a 2016/17 budget that was not shared. The Executive Director for Education explained that the proposal was to reduce the need for an Education Health Care Plan (EHCP) where support can be provided without these. The plan to produce a lower level of assessment that sits below EHCPs currently has no detail or costings attached. Members were concerned about whether these would be robust within the legal framework and thought the savings have a high risk of not being achieved in 2018/19.

## 4 Other Saving Proposals

- 4.1 The Cabinet Member for Children, Schools and Families highlighted a number of saving proposals not within her portfolio that may impact negatively on children:
- JS1: Museums & Arts.
  - HN1: Parks – 20% reduction to service.
  - HN9: Merge youth and careers Service.
  - HW1: Supporting People.
  - CC2: Introduce a Corporate Future Operating Model (FOM) across all support services and management structures for the Council.
- 4.2 In relation to HW1: Supporting People savings proposals, Members were most concerned that these savings would result in added pressures to other portfolio budgets and savings proposal. For example, the work St Basil's does to support young people at risk of homelessness is effective and prevents a number of young people having to be taken into care which would be much more costly. Members also raised particular concern regarding the care leavers pathway.
- 4.3 In relation to CC2: Introduce a Corporate Future Operating Model (FOM) across all support services and management structures for the Council Members noted that there had been many FOMs in the Council previously and not all of which has delivered the required savings. Also, there is a difficulty of attributing savings to this model and of avoiding double counting with the other saving targets. Therefore, Members wanted reassurance that there would be the capacity to deliver both the savings and the services if there were future cuts to management. However, it was suggested that staff within the proposed Children's Trust would not be subject to this FOM.

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