

Councillor Tim Barker – Chairman of the Performance and Strategy Scrutiny Committee

## **REPORT OF SCRUTINY ON EXAMINATION OF PHASE 1 BUDGET SAVINGS 2012/13**

### **1.0 Summary**

1.1 This report details the comments made by the Council's Scrutiny Committees on the implementation of the Council's agreed financial plan, in particular the comments on the details of the first phase of savings for 2012/13.

1.2 The five Scrutiny Committees have all held additional meetings and have met within a tight timescale in order to examine the phase 1 budget savings 2012/13, with particular emphasis, as follows:

- Enterprise and Growth Scrutiny Committee – 15 September 2011 - procurement
- Protecting & Enhancing our Environment Scrutiny Committee – 15 September 2011 - Carbon Savings and the Integrated Streetscene and Highways contract
- Joint meeting of the Healthy Communities and Safe & Confident Communities Scrutiny Committee – 19 September 2011 – Children's Centres and assessment and eligibility
- Performance & Strategy Scrutiny Committee – 20 September 2011 – Management review, staff terms and conditions, investment income and general overview

### **2.0 Recommendations**

2.1 Performance and Strategy Scrutiny Committee, after having given consideration to the paper before Council on the 22nd and having considered the matters raised by the four meetings held by the other scrutiny committees, recommends to Council the agreement of the Phase 1 savings identified within Appendix 5 of that paper; and

2. 2 Agrees that where the implementation of phase 1 savings extends beyond 1 April 2012, additional savings will be delivered in future years as detailed in the paper, without the need for Council to duplicate decision making and
- 2.3. Notes both the further savings, relating to 2013/14, identified for decision by Cabinet alongside phase 3 2012/13 savings (and subject to scrutiny thereafter) as well as the updated information contained within the Medium Term and Long Term sections of the paper.

## **REPORT**

3.0 The main points raised by each Scrutiny Committee are as follows:

3.1 Performance and Strategy Scrutiny Committee

- 3.2 In considering the phase 1 budget savings the majority agreed that there was no need for the Council to duplicate decision making where the implementation of the savings extended beyond 1 April 2012 delivered additional savings in future years. However, given the extent and impact of the proposed budget savings, a minority urged the Council to undertake an extensive programme of public consultation before setting its budget particularly given the cumulative effect of the proposed cuts on a small minority of service users.
- 3.3 Whilst acknowledging the need to avoid duplication of decision making, the Committee recognised that scrutiny had an ongoing role to monitor the implementation and impact of the phase 1 budget cuts.
- 3.4 The Committee did not consider it appropriate to comment at this time on the savings resulting from the staff terms and conditions but noted the resultant level of savings that could be achieved.
- 3.5 Savings resulting from the senior management review were noted, together with the short term interim management arrangements that would render the 20% budget reduction by 2013/14 achievable.
- 3.6 In depth consideration was given to the budget savings identified for adult social care. The Committee received a detailed explanation of the changes in the Council's provision of adult social care.
- 3.7 The Committee also received a detailed explanation of the funding of this service area comprising an additional £3 million built in to the Council's Revenue Support Grant together with additional funding received from the NHS. The allocation of the £3.74 million NHS funding for 2011/12 had already been considered in detail at a recent meeting of the Shadow Health and Wellbeing Board and it was likely that funding levels in 2012/13 and 2013/14 would equate to a total of £9 million for adult social care in the county over the next three years.

3.8 Given the extent of the changes in the area of Adult Social Care and the complex funding relationship between the Council and the NHS, the Committee requests that the issues be fully examined by an appropriate scrutiny body to be set up in conjunction with the Director of People. This will allow further scrutiny of this area and the changes in service design that will result from the implementation of the 'Live Life Your Way' strategies.

#### 4.0 Enterprise and Growth Scrutiny

4.1 The Committee concluded that targets set for the next two years in the area of Procurement Savings would be achievable.

4.2 Significant savings had already been made through reduction of spend on agency staff but reassurance was requested that these savings were not offset by the successful recruitment of full time staff

4.3 Reassurance was requested and given that driving agency costs down would not impact on services through lower quality staff.

4.4 Members asked for and were given reassurance that there would be no 'double counting' of savings with the shared services workstream, particularly in the area of IT expenditure.

4.5 The Committee expressed satisfaction with the savings envisaged from the re-tendering of community alarm services to replace existing equipment with modern 'plug and play' moveable equipment. Members felt this change was likely to lead to improvement in services.

4.6 The Committee asked that future reports include an extra column showing the existing budget so that the context for the level of saving could be understood.

#### 5.0 Protecting & Enhancing our Environment Scrutiny Committee

5.1 Carbon Savings - Hoping to establish a 25-year contract with Government which will guarantee income for that period from the feed-in-tariff. The income received would cover the cost of the prudential borrowing required and would make a profit for the Council. Photovoltaic systems could be placed on Council buildings, Schools and potentially Council Housing.

5.2 The result of the Asset Management Review were needed before deciding which buildings would be included as part of the Carbon Management Scheme. Savings could be made through energy efficiency measures and income could be generated from the feed-in-tariff, subject to obtaining the 25-year contract. It was hoped that 40 school boilers would be replaced in 2012 with wooden pellet boilers as part of the renewable heat incentive scheme.

5.3 Highways and Street Scene Integrated Contract - Five tenders had been received which were currently being reviewed. The quality and price assessments were being kept completely separate. A decision notice would be

posted on the 24 November. The Committee considered that it was impossible to quantify what savings would be made at the present time.

- 6.0 Healthy Communities and Safe & Confident Communities Scrutiny Committee
- 6.1 Children's Centres
- 6.2 Effects on Partners - Members noted there would be closer partnership working in future. There was discussion about the evolution of services and the natural progression of local communities taking on a greater role in providing services. A question was asked about whether partners would be in a position to take on additional staff currently employed by the council.
- 6.3 Implications for Staff - There was discussion on the implications for staff currently working for Shropshire Council including whether there may be redundancies for front-line staff. It was confirmed that the majority of posts were part-time and casual. An active vacancy management programme had been in place over the past 12 months to ensure there was no recruitment into posts which the Council may lose in future. It was noted that staff were well-trained and well-placed to take advantage of opportunities in related areas of work.
- 6.4 Front-line Services - A key theme was the need to ensure there were no reductions to frontline services and Members sought assurances that the proposed savings would not affect the frontline.
- 6.5 Risk Management - A point was raised under risk assessment/equalities assessment that the majority of employees affected by the proposed changes would be women. In response, it was confirmed that risk assessment was considered at each stage of the process.
- 6.6 Another point raised was how to address the public perception of a reduction in service as a result of the proposed changes. It was confirmed this would be managed by clear communication with service users.
- 6.7 The question was raised whether there would there be a risk to primary schools as a result of these proposals. It was clarified that the proposals related to a change to the administrative areas and not a reduction in services. If a Children's Centre was on a shared site, it would be possible to ascertain from the school if they wished to use the building for another purpose which would enable them to offer more facilities than in the past.
- 6.8 It was noted there was nothing in the financial strategy paper about risks or implications to the quality of provision of Children's Centres, only about risk of Ofsted performance during the transition period (page 35, final bullet point). In response, it was noted that Ofsted verified the quality of provision. There had been three inspections to date, two of which were outstanding and one which was good.

- 6.9 A point was raised about targeting services on those most in need and the danger that this could result in a stigma being attached to services, whereas universal provision militated against this. Members were informed there had always been a mix of services between targeted and universal services and officers were well aware of this particular risk.
- 6.10 Budget - Specific questions were raised about the budget for Children's Centres. Members were informed the budget for 2012-15 was £4.1 million with savings of £1.1 million required. These savings would be achieved by the reduction in administrative areas, from 18 to 13, which would result in fewer Ofsted. Additional funding was available from Health for the 29 extra Health Visitors; a grant, Payments by Results, had been applied for and the outcome awaited; an increase in funding for disadvantaged 2-year-olds would come into effect in 2013.
- 6.11 Consultation - Members noted that a consultation on the proposed changes was due to be undertaken and stressed the importance of the scrutiny committee receiving an update on its completion. There was discussion about the nature of the consultation, e.g. whether service users would be asked about the convenience of current services. Members were reassured to hear that the Ofsted satisfaction surveys showed consistently high satisfaction rates.
- 6.12 Assessment and Eligibility
- 6.13 Reablement and Telecare (use of technology to support those in need) - The proposed move towards more use of reablement and telecare was generally welcomed. It was emphasized that telecare was not being used instead of traditional methods of support, but that the two could complement each other. It was further clarified that telecare may not be a suitable option for some people, who would continue to access other types of support.
- 6.14 There was discussion about the savings from reablement on pages 36-37 of the financial strategy report. The calculations behind these figures were explained to provide reassurance to Members.
- 6.15 General
- 6.16 Members were reassured that the demographics of the county (high proportion of elderly) were taken into account at all stages.
- 6.17 A request was made for future budget reports to show the percentage of total budget spend for each area, which would make the reports easier to understand.

**List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)**

Medium Term Financial Plan 2011/12 to 2013/14 - Budget Paper (Council 24 February 2011)

Medium Term Financial Plan - Strategic Framework of priorities for reshaping the role of the council and redesigning service delivery (Council 24 February 2011)

Financial Strategy 2011/12 to 2020/21 - Cabinet 20 July 2011

**Cabinet Member:** Councillor Keith Barrow

**Local Member/s:** All Members of Council