

Minutes of the Scrutiny Committee Meeting held on 26 November 2015 at 10:00 am in the King Edmund Chamber, Ipswich.

Present: Councillors Mary Evans (Chairman), Peter Beer, Kathy Bole, Stephen Burroughes, Mark Ereira, John Field (Vice Chairman), , Sandra Gage, David Hudson, Sandy Martin, Graham Newman, David Ritchie and Jane Storey.

Also present: Councillor Colin Noble, Leader
Councillor Christopher Hudson, Deputy Leader
Councillor James Finch, Cabinet Member for Highways and Transport
Councillor Tony Goldson, Cabinet Member for Health
Councillor Matthew Hicks, Cabinet Member for Environment and Public Protection
Councillor Beccy Hopfensperger, Cabinet Member for Adult Care
Councillor Gordon Jones, Cabinet Member for Children's Services and Education and Skills
Councillor Richard Smith MVO, Cabinet Member for Finance
Councillor Sarah Stamp, Cabinet Member for Communities

Councillors Inga Lockington, Penny Otton and Bert Poole

Mr Paul McIntee, co-opted member of the Education and Children's Services Scrutiny Committee

Supporting officers present: Geoff Dobson, Director of Resource Management (RM)
Anna McCreadie, Corporate Director for Adult and Community Services (ACS)
Cathy Craig, Assistant Director for Social Work Services
Richard Hunt, Head of Service Development, ACS
Bernadette Lawrence, Assistant Director, ACS
Eric Prince, Assistant Director, Strategic Finance, ACS
Sue Cook, Director of Children and Young People's Services (CYP)
Gavin Bultitude, Assistant Director, Resources and Support, CYP
Richard Selwyn, Assistant Director, Commissioning, CYP
Tessa Lindfield, Director of Public Health
Mark Hardingham, Director of Public Protection
Dan Fearn, Assistant Chief Fire Officer
Aidan Dunn, Assistant Director, RM
Bryn Griffiths, Assistant Director, RM
Mark Stevens, Assistant Director, Operational Highways, RM

Theresa Harden (Business Manager, Democratic Services)
Linda Pattle (Democratic Services Officer).

33. Public Participation Session

Mr Anthony Hilton, Chairman of the Board of Trustees of DanceEast, addressed the Committee in relation to Agenda Item 5. He described the importance of DanceEast's educational function and spoke of the high standard of the output of DanceEast, which he said was recognised nationally as a centre of excellence. He spoke of the beneficial effect this had for Suffolk, and said it was estimated that every £1 spent on the arts generated £10 for the local economy. He reminded the Committee that potential outside funders were more likely to provide grants to an arts body if the body was supported by their local authority. He alluded to the high cost of maintenance of the DanceEast premises, and foresaw that the Council's budget proposals for the arts could lead to redundancies at DanceEast and a withdrawal from some areas of work. He urged the Council to reconsider its proposed reduction in funding of the arts.

Mr Tony Brown, Chair of the Board of Suffolk Libraries IPS, addressed the Committee in relation to Agenda Item 5. He said that one in six adults was held back by poor literacy, which had a detrimental effect on their health, job prospects, confidence and happiness. He reminded the Committee that in Suffolk educational standards lagged behind national averages and targets. Therefore he suggested that improving literacy should be a shared priority for the whole of the Suffolk community. He spoke about the high regard in which Suffolk Libraries were held nationally and described how the pioneering model of the library service was being emulated in other counties. He reminded the Committee that through its membership model Suffolk Libraries IPS had a great many articulate and vociferous supporters. He stated that, whilst the figures for the coming years had not yet been formally agreed, the Board of Suffolk Libraries was deeply disappointed by the Council's budget proposals. He described the key role played by Suffolk Libraries in improving literacy in the county, and called on the Council to protect the funding of the county's libraries.

Mr Richard Fawcett addressed the Committee on behalf of the Friends of Thurston Library, in relation to Agenda Item 5. He emphasised the importance of having a free statutory public library service in rural parts of the county, and drew special attention to the role of the mobile library service. He reminded the Committee of the increasing problem of social isolation of the elderly and vulnerable in rural areas, due in part to reductions in bus services. He quoted the State of Suffolk report which had highlighted that there was strong evidence of a link between loneliness and isolation and poor physical and mental health and wellbeing. He stated that many users of the mobile library service regarded it as a vital way of combatting loneliness, and he questioned whether it would be feasible to provide the service using only volunteers. He urged the Council, in considering its budget proposals, to bear in mind that mobile libraries were not solely about books, as they held communities together and mattered far more than some people might realise.

34. Apologies for Absence and Substitutions

Apologies for absence were received from Councillor Trevor Beckwith (substituted by Councillor Mark Ereira), Councillor Jessica Fleming (substituted by Councillor Graham Newman) and Councillor Len Jacklin (substituted by Councillor Sandy Martin).

35. Declarations of Interest and Dispensations

There were no declarations of interest or dispensations.

36. Minutes of the Previous Meeting

The minutes of the meeting held on 29 October 2015 were confirmed as a correct record and signed by the Chairman.

37. Pre-Cabinet Decision Scrutiny of 2016/17 Revenue and Capital Budget

The Committee considered a report at Agenda Item 5, setting out information to assist in the scrutiny of the County Council's budget setting process for 2016/17. The report provided information about the current financial position of the County Council and outlined the process and proposals that had been developed to set the budget for 2016/17.

In addition, the following documents were tabled at the meeting:

- Budget Scrutiny Committee – Additional Information
- Supplier Spend >£1m during 2014/15

The Committee had an opportunity to ask questions of Cabinet Members and officers with regard to the following topics:

Corporate

- What is the impact of the national economic situation upon the County Council's budget?
- What is the forecast budget gap for 2016/17 and 2017/18?
- What assumptions about levels of funding and financial pressures have been relied upon in this forecast?
- What proportion of the Council's budget is spent on external contracts, and how are these contracts managed to ensure costs are controlled and the Council is supporting the local economy?
- What is the current position of the County Council's reserves and what plans are in place for use of reserves in 2016/17 and 2017/18?
- What consultation is taking place on the development of budget proposals for 2016/17 and 2017/18?
- What is the capital programme for 2016-2019?

In relation to each service area:

- What is the current budget, how is this allocated across the Directorate and what is the forecast for 2015/16?
- What budget pressures currently exist for this service and how are these anticipated to change over the next two years?

- What options are available to ensure the Council can set a balanced budget for 2016/17 and 2017/18?
- What are the uncertainties/risks associated with these options, including risk to the delivery of the Council's statutory responsibilities and the ability to provide sustainable services?

These questions were answered in a report at Evidence Set 1 appended to the report at Agenda Item 5.

The Director of Resource Management gave a presentation outlining his initial views on the anticipated impact of the Chancellor of the Exchequer's Comprehensive Spending Review and Autumn Statement (published on 25 November 2015).

The Leader of the Council made some introductory remarks about the budget consultation process. He stated that the Cabinet would welcome feedback on the proposals which had been put forward in the light of the need to deliver a balanced budget against a backdrop of a national requirement for significant reductions in local government expenditure.

The Cabinet Member for Finance confirmed that the members of the Cabinet would be open-minded within the financial parameters which had been set nationally. He emphasised that the Cabinet's aim was to protect the most vulnerable in society.

Recommendation: The Committee agreed:

- To recommend that, following the announcement of the Chancellor of the Exchequer's Spending Review on 25 November, the Cabinet should give full consideration to raising a 2% precept to fund social care.
- To recommend that the Cabinet should enlist the support of other local authorities to campaign for funding from central government to meet the additional costs associated with Deprivation of Liberty Safeguards.
- To recommend to the Cabinet Member for Finance and the Director of Resource Management, in the light of the social and economic value created, and the reliance upon the voluntary and community sector for the Council's overarching strategy, that the proposals relating to reductions in grants to libraries, arts, culture, sports and the voluntary and community sector should be reconsidered and funds found from reserves to negate the proposed savings.
- To recommend to the Leader of the Council, the Cabinet Member for Finance and the Director of Resource Management that the following information should be included as part of the report to the Cabinet on 26 January 2016:-
 - an outline of the vision for the Council and the strategy to achieve it upon which the budget proposals have been based;
 - a full list of grants paid to voluntary and community sector organisations in 2015/16, and any grant reductions proposed for these organisations in 2016/17 and 2017/18;

- iii. an Appendix providing brief statements from voluntary and community sector organisations explaining the impact the proposed grant cuts would have on them;
 - iv. an indication of the extent to which the assumptions underlying the proposed budget are considered optimistic or pessimistic;
 - v. details of income from all wholly owned and joint venture companies;
 - vi. details of income generated from the clawback from BT through the broadband roll-out;
 - vii. the schedule of figures forecast for reserves and actual balance of reserves for the years 2011/12 to date;
 - viii. an Appendix providing brief statements from each of the District and Borough councils in Suffolk giving their comments on the potential impact of the County Council's proposals from their perspective, and whether the budget proposals will result in cost-shunting.
 - ix. Clear indication of budget changes for each distinct service area, so that each part of a Directorate's responsibility is identifiable within the report.
- e) To recommend to the Cabinet Member for Highways and Transport that changes should not be made to Councillors' Highways Budgets unless, and until, the improvements in working arrangements in the area offices and delivery of the highways contract outlined to the Scrutiny Committee on 29 October 2015 are in place.
- f) To agree that, for the budget scrutiny exercise in November 2016:
- i. evidence should be requested to demonstrate how the County Council had worked with the District and Borough Councils in the development of budget proposals, to avoid potential cost-shunting;
 - ii. evidence should be requested to demonstrate how the voluntary and community sector had been involved in the development of budget proposals;
 - iii. consideration should be given to the way in which the report was set out, to ensure that Directorate responsibilities could be clearly identified;
 - iv. evidence should be requested to show how the budget safeguarded Suffolk's rural communities;
 - v. the actual budget, against which the saving was proposed, should be clearly shown.
 - vi. a schedule of figures forecast for reserves and actual balance of reserves for the years 2011/12 to date should be included;
 - vii. details of the budget spend in 2011/12 and current spend should be included;
 - viii. a breakdown of contracts over £1m spend, across directorates, should be included;

- ix. details of past capital spend should be included, so the Committee could see how the Council fared at spending its capital budget;
 - x. the Committee should give greater focus to understanding the potential impact of the proposals;
 - xi. evidence should be given to explain the modelling process used to arrive at budget decisions.
- g) To request information bulletin items on the following for the 10 February 2016 Scrutiny meeting:
- details of the Safer Routes to School work and who was involved in this;
 - a comprehensive list of capital projects for highways;
 - details of proposals for funding of drainage improvement works;
 - details of how data on Park and Ride usage had been gathered and over what period;
 - data to demonstrate the prevalence of hate crime in Suffolk.
- h) To request information bulletin items on the following;
- on a quarterly basis, information about how the County Council was working to engage with and support Suffolk's voluntary and community sector and to encourage volunteering;
 - in six months' time, data to show trends in numbers of Looked after Children and unaccompanied child asylum seekers in Suffolk.
- i) To draw the Cabinet's attention to the planning obligation relating to the future of the Martlesham Park and Ride site, and potential costs associated with this.
- j) To express deep disappointment that the Scrutiny Committee's recommendation of July 2014 to appoint a Non-Executive Director to the Contract Management Board had yet to be actioned.

Reason for recommendation:

- a) The Committee was aware that the Chancellor had announced that a new optional "social care precept" would be introduced. Upper-tier local authorities would be able to increase council tax levels by up to 2% specifically to fund adult social care. Evidence presented to the Committee indicated that the impact of an aging population, increased frailty, and longer life expectancy of people with complex needs were resulting in a demand pressure for ACS. As part of the Summer Budget, the Chancellor had announced a new 'national living wage' for all workers aged over 25, to be introduced from April 2016. Members foresaw that this would result in additional costs to ACS through pressure on rates paid for care to the private and voluntary sector as they sought to recover the additional costs that this change would bring. For these reasons, the Committee recommended that the possibility of increasing council tax levels should be fully considered.

- b) The Committee was aware that in March 2014 the Supreme Court had revised the criteria with regard to cases of Deprivation of Liberties (DoLs). Since this ruling there had been a significant increase in the number of applications received by ACS for DoLs. In 2015/16 £0.35m had been allocated to Suffolk for this, but there was currently no indication of any funding beyond 2015/16. Members considered that there was a need to lobby central government to provide appropriate funding for DoLs.
- c) The report at Agenda Item 5 included a proposal for a 31% reduction in the arts, museums and sports grants budget. Members of the Committee expressed their concerns that this would have a detrimental social and economic impact, might result in reductions in inward investment in Suffolk from national bodies and could lead to the closure of some organisations. They were aware that many of the organisations concerned, whilst small, played an important role in working with the most vulnerable in society.

The Committee noted that discussions were underway with Suffolk Libraries IPS on how the Council could continue to maintain its statutory duty to provide a comprehensive and efficient service whilst still achieving savings at a level of 11% over two years. Members recognised that the county's libraries were social hubs and that they played a significant role in improving literacy.

The evidence before the Committee suggested that the Council's contingency reserves were in a healthy state, therefore members recommended that the Cabinet should consider whether this gave sufficient flexibility to allow a reconsideration of the proposals relating to reductions in the grants to libraries, arts, culture, sports and the voluntary and community sector.

- d) The Committee considered that the additional information suggested would assist the Cabinet in drawing up its budget recommendations to the Council.

With regard to recommendation (d) (i), the Committee considered that there was a need to demonstrate how the proposed budget reflected the Council's overall vision and strategy.

With regard to recommendations (d) (ii), (v), (vi) and (vii), members considered that these specific pieces of further financial data would add clarity to the budget discussions.

With regard to recommendations (d) (iii) and (viii), members wished the Cabinet to be informed whether any voluntary sector organisations might be at risk of closure through reduction or loss of grant. They also wished the Cabinet to be made aware of any cases where savings to the County Council might be expected to lead to additional costs for district or borough councils.

With regard to recommendation (d) (iv), the Committee noted the assumptions which had been made in calculating the expected level of funding, as set out in paragraph 7 of Evidence Set 1. Whilst recognising

the need for exercising financial prudence, some members considered the assumptions to be too pessimistic, bearing in mind that outturn usually varied from forecast and that actual reserves at year end tended to be higher than forecast.

With regard to recommendation (d) (ix), the Committee considered that the current lay-out of some sections of Evidence Set 1 was confusing. In particular, members were aware that the travel transformation programme had an impact on the budgets of Resource Management and CYP. Consequently, proposals for the Ipswich Park and Ride Service had been included in the section on CYP. They considered this inappropriate.

- e) The Committee heard that discussions were ongoing about the future of councillors' highways budgets. The Cabinet Member for Roads and Transport expressed the opinion that this method of funding highways improvements did not necessarily provide the best value for money. However, Committee members considered that all councillors valued having the ability to fund improvements in their divisions, and regarded the highways budgets as part of their locality budgets.
- f) The Committee appreciated the hard work done by officers and Cabinet Members to produce the report at Evidence Set 1 of the report at Agenda Item 5. Nevertheless, they considered that the 2016 budget scrutiny exercise would be improved if additional information could be provided.

With regard to recommendations (f) (i) and (ii), the Committee considered that the 2015 budget scrutiny papers provided insufficient evidence that: the Cabinet had fully engaged with the county's district and borough council's in developing its budget proposals; or that the Cabinet had fully consulted with the voluntary organisations which were likely to see a reduction in their grant from the Council.

With regard to recommendation (f) (iii), the Committee considered that the lay-out of some sections of the 2016 budget scrutiny papers was confusing.

With regard to recommendation (f) (iv), the Committee wished to see a recognition of the rural nature of many of Suffolk's communities.

With regard to recommendations (f) (v), (vi), (vii), (viii), and (ix), members considered that these specific pieces of financial data would add clarity to future budget discussions.

With regard to recommendation (f) (x), members wished to be able to gain a better understanding as to how the Council's budget proposals would affect the lives of Suffolk residents.

With regard to recommendation (f) (xi), the Committee sought evidence that the modelling process used to develop budget proposals was sound and had fully appraised the options and evaluated the potential impacts associated with them

- g) The Committee wished to receive further information at the next meeting on the subjects referred to in recommendation (g) above because:

- Members sought confirmation that appropriate interested parties were being involved in the Safe Routes to School work, including the police and schools road safety team.
 - Non-Kier contract items were not easily identifiable in the information provided about highways capital projects.
 - Remediation works to the highway drainage infrastructure was currently funded from the On-Street Parking Account surplus. However, it was recognised that a more consistent funding source was needed, and members wished to know what changes were proposed.
 - Members were aware that if the Park and Ride service was unable to become self-financing, the Council would consider withdrawing from the entire operation. Members wished to know whether, in collecting data on Park and Ride usage, officers had taken into account considerations such as seasonal variations and the impact of Travel Ipswich on bus services.
 - In relation to the budget for community safety, it was recognised that work had begun, under the Director of Public Health, to identify gaps and remove areas of duplication. Members were aware that protecting the most vulnerable in society was a key priority for the Council, therefore they wished to know more about the prevalence of hate crime in the county.
- h) The Committee wished to receive regular updates on work being done to engage with and support Suffolk's voluntary and community sector and to encourage volunteering, because members recognised the valuable contribution made by volunteers, and wished to see volunteering fostered. The Committee also wished to receive information about trends in numbers of Looked after Children and unaccompanied child asylum seekers in Suffolk, because currently the numbers were increasing and an overspend was projected, despite efforts to reduce the numbers.
- i) Members were aware that there were a number of planning obligations attached to the Martlesham Park and Ride, including provisions in the event of closure which would require conversion of the area back to its natural state.
- j) On 23 July 2014 the Committee had recommended that consideration be given to appointing a non-executive member(s) to the Contract Management Board. This recommendation had been accepted, but an appropriate person with the right skills, knowledge and contacts had not yet been identified.

Alternative options: None considered.

Declarations of interest: None declared.

Dispensations: None noted.

The meeting was adjourned for lunch between 1:20 and 1:52 pm.

Councillor Sandy Martin and Mr Paul McIntee left the meeting at 3:00 pm.

Councillor Jane Storey left the meeting at 4:18 pm.

*Councillor Stephen Burroughes left the meeting at 4:28 pm.
Councillor Mark Ereira left the meeting at 4:40 pm.*

38. Key Decision Forward Plan and Scrutiny Forward Work Programme

At Agenda Item 6 the Committee considered the Key Decision Forward Plan and the Scrutiny Committee Forward Work Programme.

Decision: It was agreed that the scrutiny of the County Council's arrangements for contract management should be scheduled for the meeting on 9 March 2016.

Reason for decision:

The Committee was aware that the Council spent over half of its revenue budget on contracted goods, services and works. A focus on contract management was one of the ways in which the Cabinet intended to address the budget challenge and deliver the Council's five key priorities. Therefore the Committee wished to consider contract management arrangements across the Council in order to scrutinise how costs were controlled and how the local economy was supported.

Alternative options: None considered.

Declarations of interest: None declared.

Dispensations: None noted.

39. Urgent Business

There was no urgent business.

The meeting closed at 4:50 pm.

Chairman