

Response to Scrutiny Recommendations

1. The Scrutiny of the 2016-17 budget took place on 26th November 2015. The following key questions were addressed:

Corporate

- a) What is the impact of the national economic situation upon the County Council's budget?
- b) What is the forecast budget gap for 2016-17 and 2017-18?
- c) What assumptions about levels of funding and financial pressures have been relied upon in this forecast?
- d) 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?
- e) 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?
- f) What consultation is taking place on the development of budget proposals for 2016-17 and 2017-18?
- g) What is the capital programme for 2016-2019?

In relation to each service area:

- h) What is the current budget, how is this allocated across the Directorate and what is the forecast for 2015-16?
 - i) What budget pressures currently exist for this service and how are these anticipated to change over the next two years?
 - j) What options are available to ensure the council can set a balanced budget for 2016-17 and 2017-18?
 - k) 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?
2. After questioning Directors, Officers and Cabinet Members the committee discussed the budget papers and made a number of recommendations for Cabinet to consider at their meeting on 26th January 2016. These are set out below with the responses.
 - a) 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.

Response

The proposed budget includes a 2% precept to fund social care, which provides an additional £5.4m and has been added to the ACS budget

- b) 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.

Response

A report on the cost pressures faced in adult social care, including those from the Deprivation of Liberty case law, was discussed at Full Council on the 17th September 2015. The Council agreed, by a majority vote, to:

- i. Bring the pressures faced in Suffolk for adult care to the attention of national bodies representing local government such as the Local Government Association and the County Council's Network to support their submissions to Government ahead of the Spending Review; and
- ii. Inform local Members of Parliament so that they may assist in lobbying to get a fair settlement for social services.

Copies of the cost pressures report was subsequently sent out to relevant organisations.

- c) 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.

Response

It is recognised that the reduction in grants to voluntary and community sector organisations will be challenging for these organisations to manage but due to the financial situation that the Council faces it is not feasible to protect these budgets. These savings remain unchanged in the proposals but the Cabinet will continue to seek ways of mitigating the impact in 2017-18.

- d) 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:-
 - i. an outline of the vision for the Council and the strategy to achieve it upon which the budget proposals have been based;

Response

The Cabinet Report sets out the Council's vision and budget strategy in paragraphs 18-24

- ii. 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;

Response

Annex D includes tables showing the 2015-16 grants and those proposed for 2016-17 and 2017-18. Below are statements from Age UK, the Alzheimer's society, and the Bangladeshi Support Centre. The other organisations have not yet commented on the proposed grant reductions.

Age UK

“Supporting Lives, Connecting Communities (SLCC) is the adult care model of working in Suffolk. In essence it is built around supporting people to remain independent at home to delay or eliminate the need for long term and expensive care. The preventative work of AUKS makes a major contribution to delivering this model. It is a model that is enshrined in the Council's statutory obligations as set out in the 2014 Care Act and is one that is critical in managing the growing demands of an ever increasing ageing population.

The planned reduction in the financial support given to AUKS by SCC will result in a reduction in, or even the closure, of the services described above. It would mean:

- i. no information and advice line for older people, professionals and other organisations
- ii. fewer older people accessing their full benefit entitlement and therefore more people living below the poverty line
- iii. the loss of an expert and highly skilled workforce dedicated to supporting older people
- iv. more older people suffering from depression, poor mental health and other illnesses

The loss of all SCC funding will mean that it will have to rely even more heavily on public support, fundraising, retail sales through its charity shops and client charges to fund its services on an on-going basis. The potential for maintaining, let alone increasing, these sources of income are severely limited.

The range and scale of the services it is able to deliver in the future could look very different to now, meaning that fewer older people will receive the vital support necessary to live independently in their own homes.

While Age UK Suffolk acknowledges the massive financial challenges faced by the Council, it would ask it to reconsider its planned grant reduction as it is a false economy”

Alzheimer's Society

“I do understand you are unable to confirm finance until February, and the current economic climate, but a 20% reduction (16/17) is very concerning to us. Our workload is ever increasing, and has

taken a significant upturn since the disappearance of the Dementia Adviser service in Suffolk.”

Bangladeshi Support Centre (BSC)

“We hope SCC will reconsider its position on this issue given the immediate and long-term negative impact this will have on the Bangladeshi community in Suffolk, one of the largest of ethnic communities in Suffolk, potentially damaging SCC's excellent relationship with this community and the thousands of vulnerable and disadvantaged people who use our services on a regular basis, as well as our large pool of volunteers. As we pointed out in our meeting, BSC projects and services directly contributes to 4 out of your 5 Key Priorities and to cut funding from an organisation that delivers such value for money does not seem to make sense at all. We fully appreciate that SCC needs to reduce expenditure, but saving this amount of money may not make much difference to overall SCC budget, but it could lead to the closure of an important community organisation, the only one of its kind serving Bangladeshi and other ethnic minorities of 40 different nationalities across Suffolk. I hope this matter will be given due consideration by senior staff and elected officials at SCC going forward.”

- iv. an indication of the extent to which the assumptions underlying the proposed budget are considered optimistic or pessimistic;

The assumptions made during the budget planning process tend to be pessimistic. Appendix C explains these assumptions and how they compare against the Local Government Provisional Finance Settlement for 2016-17. This includes a table showing grant forecasts alongside those from the provisional settlement.

- v. details of income from all wholly owned and joint venture companies;

The Council has three wholly owned companies – Vertas, Concertus and OPUS People Solutions. In 2015-16 Vertas are expected to make an annual return to the Council of £0.7m. Concertus are expected to make an annual return to the Council of £0.4m. OPUS are expected to make an annual return to the Council of £0.3m

- vi. details of income generated from the clawback from BT through the broadband roll-out;

The contract with BT for the implementation of superfast broadband included a clawback mechanism if take up of services exceeded 20% of the level in the original investment case. To date this has generated £3.9m which it is planned to reinvest to meet the broadband coverage target of 98% by 2018.

- vii. the schedule of figures forecast for reserves and actual balance of reserves for the years 2011/12 to date;

Appendix B includes the balance of reserves at the end of 2014-15 and a forecast for the current year, 2016-17 and 2017-18 (Tables 1 and 2). In 2011/12 it was forecast when the budget was set that

reserves would be £85.7m, the balance at 31st March 2012 was £109.8m. In 2012/13 it was forecast that reserves would be £105.3m, the balance at 31st March 2013 was £129m. In 2013/14 it was forecast that reserves would be £117.6m, the balance at 31st March 2014 was £126m. In 2014/15 it was forecast that reserves would be £121.6m, the balance at 31st March 2015 was £140.5m. The variance between the forecast and actual balance on reserves is due to underspending and an increase in earmarked reserves.

- 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.

Response

The Districts and Boroughs have been asked for comments on proposals. These will be provided with the papers for the County Council meeting on 11th February 2016.

- 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.

Response

Appendix C, Annex C to this report sets out the budget for each directorate and shows the changes from 2015-16 and 2016-17.

- 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.

Response

It should be noted that the recommendation unnecessarily constrains the Highways Transformation Programme by requiring "improvements in working arrangements in the area offices". Moving away from the current area-based model to a more centralised approach will more readily drive consistency, efficiency and effectiveness in the highways service and thus achieve the "improvements in the delivery of the highways contract" suggested by the Scrutiny Committee. After review a decision has been taken that there is no change in Councillor's Highways Budgets in 2016-17.

- 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.

Response

These will be considered as part of the budget scrutiny exercise in November 2016

- g) To request information bulletin items on the following for the 10 February 2016 Scrutiny meeting:
 - i. details of the Safer Routes to School work and who was involved in this;
 - ii. a comprehensive list of capital projects for highways;
 - iii. details of proposals for funding of drainage improvement works;
 - iv. details of how data on Park and Ride usage had been gathered and over what period;
 - v. data to demonstrate the prevalence of hate crime in Suffolk.
- h) To request information bulletin items on the following:
 - i. 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;
 - ii. in six months' time, data to show trends in numbers of Looked after Children and unaccompanied child asylum seekers in Suffolk.

Response

These information bulletins will be provided as requested

- 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.

Response

The Cabinet is aware of the obligations and these will be taken into consideration in any future options appraisal.

- 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.

Response

Officers share the Scrutiny committee's disappointment. It is recognised that the Council would benefit from non-exec involvement but the right person has yet to be found. Considerable effort has been made to identify a suitable individual who has the right business skills, experience and knowledge to help the Council, but who is also not compromised by already being in a commercial relationship with the Council through their business activities. This issue was more recently discussed with the Scrutiny Committee in February 2015 with the recommendation that Scrutiny members consider their own networks of contacts and then "suggest in confidence a suitable person for consideration as a non-executive member of the Contract Management Board". Members should contact Aidan Dunn outside of the meeting if they have any suggestions.

