

# Meeting: Overview and Scrutiny Committee

**Date:** 6 January 2013

**Title:** Budget sub-group recommendations

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**Author:** Budget sub-group

Tel: 0191 643 5315

**Wards:** All

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## 1. Purpose of Report

To inform Overview and Scrutiny Committee of the work undertaken by the budget sub-group to scrutinise the 2014/15 budget proposals and subsequent recommendations for submission to Cabinet.

## 2. Recommendations

The Overview and Scrutiny Committee is recommended to refer the conclusions and recommendations of the budget sub-group, as set out in the report below, to Cabinet for consideration as part of the 2014/15 budget setting process.

## 3. Details

### Background

- 3.1 In November 2013 an invitation was extended to all members of the Overview and Scrutiny Committee, along with all Chairs and Deputy Chairs of scrutiny committees, to seek volunteers to serve on the budget sub group. The Council's constitution places a duty on the Overview and Scrutiny Committee to examine and contribute to the formulation of the Cabinet's budget and strategic planning proposals.
- 3.2 The following Members volunteered to serve on the group:  
  
Cllr Sandra Graham  
Cllr John O'Shea  
Cllr Pat Oliver  
Cllr Marian Huscroft  
Cllr Jim Allan  
Cllr Bill Caithness
- 3.3 An initial 2 sessions were held on 26 November 2013 and 2 December 2013 where Heads of Service and Senior Managers presented 2014-18 Growth Business Cases and 2014-18 CEI Savings Business Cases for all areas across the Council. A subsequent meeting was arranged for 3 December in order to address various queries that had been raised during the first 2 sessions and for Members to discuss the information they had received and formulate recommendations. The sub-group agreed to produce a short

report highlighting the main issues and recommendations raised. These issues and recommendations are set out in the following paragraphs.

### **Adult Social Care – Local Welfare Provision**

- 3.4 The sub-group discussed all the business cases presented and raised concerns in relation to 2 specific areas. The first of these was in relation to the Review of Local Welfare Provision scheme. This scheme replaced the Crisis Loan and Community Care Grant aspect of the Social Fund that was previously administered by the Department of Work and Pensions. The aim of the scheme is to provide practical assistance in the form of goods and services to individuals and families in immediate need. The group learnt that the budget proposals would mean a significant amount of money (£615k) is removed from the expected settlement for 2014/15, leaving £100k for the delivery of the service. Whilst the group acknowledged that in these tough financial times cuts will have to be made to service provision, there was concern surrounding the level of cut to Local Welfare Provision.
- 3.5 The group felt that, as the service has not been running a full year and so far a mild winter has been experienced, is it difficult to forecast the amount of money that would be needed in a full year to meet the demands of the service. Concern was also raised that in future years the service may be in more demand due to the impact of Universal Credit. The group sought a meeting with the Cabinet Member for Adult Social Care, Cllr Lesley Spillard, to discuss the concerns raised in further detail.
- 3.6 The Chair of the sub-group, Cllr Graham met with Cllr Spillard on 9 December to gain a better understanding of the rationale behind the proposals. The Chair was pleased to note that work was underway to look at how the Council can help residents with regards to building financial resilience and stability.
- 3.7 The group concluded that it was important to highlight the concerns raised in relation to the proposed budget for the Local Welfare Provision scheme and would urge officers and the Cabinet Member to ensure that within this allocated budget as many vulnerable residents are assisted as possible.

### **Children, Young People and Learning**

- 3.8 The second area of concern was raised when considering the business cases for Children, Young People and Learning. The sub-group took particular interest in the review of management and staffing structures, which proposed a reduction of staff across various teams. Concern was expressed in particular in relation to the proposed reduction in the safeguarding and looked after children teams. Members considered the average current caseloads that staff deal with and expressed concerns that the reduction in staff would cause caseloads to rise above the recognised limit for effective working. With caseloads in the safeguarding team currently at an average of 27, the group felt that there was a danger these proposals would cause this number to rise above 30. An active and prolonged caseload of 30 children is considered too high to allow effective work.
- 3.9 The group felt it important to raise the concerns they had in relation to this proposal and to suggest that officers carefully monitor the impact this has on individuals' workload and the quality of service that is being delivered.

## Contingencies

- 3.10 The sub-group discussed on several occasions throughout the study the use of contingencies within the budget and how these differed from the use of reserves. The group received a contingencies statement from November 2013 in order to gain a better understanding of the allocated contingencies for 2013/14 and the agreed budget for 2014/15. It was noted that it is proposed to increase the level of contingencies by £0.766m to £1.955m in recognition of the demand-led pressures particularly in Adults' and Children's Social Care areas, and the estimated pay award for 2014/15.
- 3.11 The group questioned the use of contingencies and whether budget holders relied on them from the outset, rather than trying to manage the service within the allocated budget. It was noted that during the process to develop the initial budget proposals challenge had been applied from senior officers which resulted in some contingencies being reduced for certain services. Members stressed the importance of services being challenged if they need to use contingencies throughout the year and to clearly demonstrate need and that the money is used for the intended purpose. It was noted that the use of contingencies was reported to Cabinet, though that this would be after the event. The group stressed the importance of the Cabinet Members for Finance and the relevant service area playing a key role in this process of demonstrating the need for the use of contingencies.

**Recommendation 1:** The Chief Finance Officer and relevant Cabinet Members assure that appropriate challenge and checks are in place when service areas apply to use contingency funds.

## Strategic HR

- 3.12 The group discussed the staffing structure changes proposed in relation to the Strategic HR team. It was noted that savings were being made by the voluntary reduction of hours to several posts within the team. Members thought this was a positive step forward in making the savings without the need for compulsory redundancy and praised the team for working together in a cooperative manner to develop this proposal.
- 3.13 Whilst it was acknowledged that a reduction in working hours was an individual decision that would not be appropriate for all, Members suggested that more compulsory redundancies could be avoided by staff working together to achieve the savings through changes to working hours. Examples were raised where this approach had been successfully taken in other service areas. The group was informed that staff can apply to change their working hours (i.e. a reduction) at any time as part of the Council's work-life balance policy.
- 3.14 The sub-group felt that, as part of future staffing restructures, the options available to staff in applying to make changes to their working hours could be promoted more through service managers. The group also suggested that managers be provided with training on how to support teams where there are individuals that want to reduce their working hours, so that they can assist in working out projected savings and facilitating discussions in relation to working patterns.

**Recommendation 2:** Cabinet ask officers to ensure that, during future staffing restructures, the idea of reduced working hours is promoted to staff affected and that managers be provided with the appropriate training to support this process.

## **Wallsend Customer First Centre**

- 3.15 The sub-group discussed the revenue growth proposal in relation to Wallsend Customer First Centre, which is due to open in January 2014. Following the initial discussion, Members requested further information in relation to the decision making process for the progression of the centre, along with a breakdown of the leasing arrangements. The group learnt that the lease is for a term of 30 years at an initial rent of £363,353 per annum which will be reviewed every year in line with the Retail Price Index. Members expressed concern at the length and cost of the lease and questioned whether the financial assessment undertaken had been robust enough.
- 3.16 The sub-group were informed that the Customer First Centre would be located on the 1<sup>st</sup> floor of the building and that there are various options available around using the ground floor as commercial space. It was noted that currently there were no plans in place to utilise the 2<sup>nd</sup> floor of the building and that access issues limited the potential use of the space. Members stressed, due to the length and cost of the lease, the importance of finding a way to utilise the 2<sup>nd</sup> floor space and suggested that officers prioritise exploring the possible options.

**Recommendation 3:** Cabinet ask officer to prioritise exploring the possible uses for the 2<sup>nd</sup> floor of the new Wallsend Customer Service Centre.

## **Zero Base Budget**

- 3.17 The sub-group discussed the possibilities of during future budget setting processes carrying out a zero base budget exercise. This exercise would involve starting from zero and approving every item to be added to the budget, rather than the usual method of making variances to the previous year's budget. Members recognised that whilst this would be a resource intensive exercise, it would primarily identify statutory services that the Council deliver and may highlight areas where some services are no longer required or justified.
- 3.18 It was suggested that this approach be piloted in one service area which has a high spend to see if any significant savings can be achieved. It was suggested that this exercise begin in June/July 2014, as part of the budget setting process for 2015/16. If the exercise proved successful the principle could be used across the whole budget setting process in the future.

**Recommendation 4:** Cabinet ask officers to consider the feasibility of carrying out a zero budget exercise as part of the budget setting process for 2015/16.

## **Commercial approach**

- 3.19 The sub-group discussed the difficult financial circumstances that the Council is currently experiencing and will continue to experience in future years. With this in mind, Members stressed the importance of the Council aiming to increase income where possible and in some instances taking a more commercial approach to the charges it levies from public events. The sub-group felt for example the charges for renting land to hold fun fayres and markets within the borough were very competitive and that these could be reviewed to generate more income for the Council.

**Recommendation 5:** Cabinet ask officers to examine the current charges in place relating to public events and explore whether these could be reviewed to generate additional income for the Council.

## **LA7 joint working**

3.20 The sub-group discussed examples of North Tyneside working with other local authorities to deliver services and the advantages that this brings. It was noted that with the creation of LA7 there would be further opportunities for collaborative work in the delivery of services and that regional solutions to service delivery would demonstrate savings through economies of scale. Members thought that all opportunities for joint working should be explored to identify the level of efficiencies that could be gained.

**Recommendation 6:** Cabinet ask officers to explore all options for collaborative working with other local authorities in the region.

## **4. Background Information**

The following documents have been used in the compilation of this report and may be inspected at the offices of the author:

Cabinet Report – 2014-18 Financial Planning and Budget Process: Cabinet's Initial Budget Proposals