

TRAFFORD COUNCIL

Report to: Executive
Date: 28 January 2019
Report for: Consideration
Report of: Scrutiny Committee Chair

Report Title

OVERVIEW AND SCRUTINY REVIEW OF THE EXECUTIVE'S DRAFT BUDGET PROPOSALS FOR 2019-20

Summary

The Executive's Draft Budget Proposals for 2019/20 were agreed at its meeting held on 15 October 2018. The Leader of the Council gave a presentation to the Scrutiny Committee on 7 November 2018 setting out the proposals.

Two Budget Scrutiny Working Group sessions were then held on 4 December 2018 and 6 December 2018 with the relevant Executive Members and Senior Officers in attendance to provide background information on the proposals and to answer Scrutiny Members' questions.

This report reflects the outcome of those discussions and summarises issues for the Executive's further consideration in developing its final proposals and response.

Members welcome the balanced budget proposals for 2019/20, but this report also identifies some key areas of concern where the Executive needs to satisfy itself of the robustness of the proposals. These are:

- **Delayed Transfers of Care**
- **Demand Led Services**
- **Adults and Children's Social Care Budget Saving Proposals**
- **Budget Reserves and Provisions**
- **Budget Monitoring**

Scrutiny Members have identified these areas for follow up as part of its work planning for 2019/20.

Recommendation(s)

That the Executive receive, note, and respond to the report and its recommendations.

Contact person for access to background papers and further information:

Name: Peter Forrester, Head of Governance

Extension: 2019

Background Papers: None

BUDGET SCRUTINY REPORT - 2019/20

Foreword by the Chair and Vice-Chair of Scrutiny Committee

We welcome the opportunity for Scrutiny Members to review and comment on the budget proposals at an early stage. On behalf of Scrutiny Members, we would like to thank the Executive, Corporate Leadership Team and the Scrutiny, Health Scrutiny and Children and Young People's Scrutiny Members for their patience and contribution to the process.

Members acknowledged that the Council continues to work within an increasingly challenging financial climate, and the focus of Scrutiny input has been on the robustness and deliverability of the current proposals in the light of experience of budget savings already made in previous years, and the potential impact on communities and service users.

We hope that our Budget Scrutiny will contribute to the decision making process and in ensuring that robust processes are in place to manage changes. We have identified areas where we feel that there are risks and we look forward to receiving details of how the Executive will address these. We will be following up a number of areas in our work programmes for the next municipal year.

Councillors David Acton and Chris Boyes

Chair and Vice-Chair, Scrutiny Committee.

December 2018

1.0 Background

This year the approach to Budget Scrutiny was agreed by the Scrutiny Committee Chair and Vice-Chair, with a programme designed to forward any recommendations / observations to the Executive at the earliest opportunity in response to its consultation.

Two Budget Scrutiny Working Group sessions were held to look at the proposals. Scrutiny Members noted that the approach to eliminating the budget shortfall for 2019/20 and later years has consisted primarily of increased receipts from the council tax base, business rates relief, additional property investment income generated, and some one-off savings from housing benefit overpayment recovery and debt restructure.

The approach this year was to use the sessions to look at the current proposals in two sections:-

- i) Adult and Children's Health and Social Care
- ii) The Remainder of the General Budget

The main findings from the session are set out below.

2.0 Key Messages

Scrutiny is pleased that a balanced budget is now forecast for 2019/20. Members also welcome the fact that there will be no significant new changes to front line services as part of the proposals. Scrutiny would like to thank the Executive and the Officers for the informative presentations and for the hard work put in to produce a balanced budget proposal for the coming year.

However; although the draft proposals show a balanced budget for 2019/20, Scrutiny Members have identified the following issues:

- **Delayed Transfers of Care** – Members welcomed the improved performance in relation to Delayed Transfers of Care (DToC) and acknowledged the hard work of Officers in improving performance in this area. However, Scrutiny feels that improvements can still be made and will continue to monitor DToC via the Health Scrutiny Committee work programme during the 2019/20 municipal year.
- **Demand Led Services** – As has been the case in previous years with demand led services, any increase in the projected demand could cause a significant budget shortfall. Scrutiny will continue to monitor the Adults and Social Care services and their budgets via the Health Scrutiny and Children and Young People's Scrutiny Committees, and ask that they be kept informed of any expected demand increases as soon as they become apparent and what mitigating actions are being put in place to address any budget overspends.
- **Adults and Children's Social Care Budget Saving Proposals** – Scrutiny has some concerns around the savings proposals associated with the Adults and Children's Social Care budgets, as most of the proposals are considered to be 'cost avoidance measures' (as opposed to actualised savings), which are difficult to forecast accurately. The Health Scrutiny and Children and Young People's Scrutiny Committees will be monitoring the Let's Talk, Reassessments, and Right Care For You savings targets as part of their 2019/20 work programmes.

- **Budget Reserves and Provisions** – Scrutiny note the general downward trend for budget reserves and provisions over recent years, as well as the projected decrease in future years. Although Scrutiny recognises that in the current financial climate reserves will generally decrease as budget shortfalls are addressed, Scrutiny asks that assurances be provided to ensure that this downward trend is appropriate, and that that future issues are identified and reported to Scrutiny at an early stage. Scrutiny Members are concerned that these reserves and provisions will not be available in perpetuity, and if the Council reached a stage where these reserves and provisions have been exhausted, any unforeseen increases in demand led services could create a budget deficit with no way to remedy it.
- **Budget Monitoring** – Scrutiny would like more information on the decision to change the reporting frequency of the budget monitor from monthly to bi-monthly, and would like to understand the reasons behind the change. Some Scrutiny Members feel that the information being presented and scrutinised at meetings of the Executive is at times out of date, and that the budget needs monitoring more closely in these times of economic uncertainty and funding reductions. Scrutiny asks that the Executive give consideration to producing budget monitors monthly again. However, Scrutiny would not want this to be implemented if it was to have significant staffing capacity and / or financial implications.
- **Future Budget Shortfall** – Scrutiny welcomes the balanced budget proposals for 2019/20 but notes that a potential future shortfall of circa £25m by the end of the 2021/22 financial year remains. Members acknowledge that the current financial climate for Local Authorities remains challenging, but Scrutiny would like assurances that proposals are already being discussed on how the potential shortfall will be addressed. Scrutiny is concerned by some of the major changes coming in 2020/21, in particular the reset of the business rate retention scheme which is likely to impact on the level of resources the Council will have to support its services.

In addition to the above, Scrutiny would ask that the following be considered as part of the final budget proposals:

- **Scrutiny Budget to Seek Expert Advice** – A motion was agreed at the full Council meeting on 28 November 2018, which committed the Council to declare a Climate Emergency. The motion also called for the establishment of a new Task and Finish Group which should seek advice from experts to develop a carbon budget and set a challenging target date for carbon neutrality in Trafford. The hiring of these experts would generate a cost, so Scrutiny asks that a budget be made available to seek the relevant advice to inform the Task & Finish Group’s work.

The following recommendation and response was made as part of recent review of the Council’s Scrutiny (these recommendations were presented at the same full Council meeting where the aforementioned motion was agreed).

Scrutiny Recommendation	Executive Response
Recommendation 11 – That a budget be made available to Scrutiny for the hiring of external experts when necessary.	This will need to be considered as part of the annual budget making process.

Once again, Scrutiny would like to thank the Executive, Corporate Leadership Team and Scrutiny Councillors for their patience and contribution to this year's Budget Scrutiny process.

BUDGET SCRUTINY ACTION PLAN

Issue	Scrutiny Recommendation	Executive Response
<p>Delayed Transfers of Care – Members still feel that this is an area of concern and has a significant effect on the budget.</p>	<p>Health Scrutiny will be closely monitoring Delayed Transfers of Care as part of its 2019/20 work programme.</p>	
<p>Demand led services – As has been the case in previous years with demand led services, any increase in the projected demand could cause a significant budget shortfall.</p>	<p>Scrutiny will continue to monitor the Adults and Social Care services and their budgets via the Health Scrutiny and Children and Young People’s Scrutiny Committee work programmes in 2019/20, and ask that they be kept informed of any expected demand increases as they become apparent.</p>	
<p>Adults and Children’s Social Care Budget Saving Proposals – Scrutiny has some concerns around the savings proposals associated with the Adults and Children’s Social Care budgets, as most of the proposals are considered to be ‘cost avoidance measures’ (as opposed to actualised savings), which are difficult to forecast accurately.</p>	<p>The Health Scrutiny and Children and Young People’s Scrutiny Committees will be monitoring the Let’s Talk, Reassessments, and Right Care For You, savings targets as part of their 2019/20 work programmes.</p>	
<p>Budget reserves and provisions – Scrutiny note the general downward trend for budget reserves and provisions over recent years, as well as the projected decrease in upcoming years.</p>	<p>Scrutiny asks that assurances be provided to ensure that this downward trend is appropriate, and that that future issues are identified and reported to Scrutiny at an early stage.</p>	
<p>Budget Monitoring – Some Scrutiny Members feel that the information being presented and</p>	<p>Scrutiny asks that the Executive provides more information on why the budget monitor changed</p>	

<p>scrutinised at meetings of the Executive is at times out of date, and that the budget needs monitoring more closely in these times of economic uncertainty and funding reductions.</p>	<p>from being produced monthly to bi-monthly to help them understand the reasons behind the change.</p> <p>Scrutiny asks that the Executive give consideration to producing budget monitors monthly again. However, Scrutiny would not want this to be implemented if it was to have significant staffing capacity and / or financial implications.</p>	
<p>Scrutiny Budget to Seek Expert Advice – A motion was agreed at the full Council meeting on 28 November 2018, which committed the Council to declare a Climate Emergency. The motion also called for the establishment of a new Task and Finish which should seek advice from experts to develop a carbon budget and set a challenging target date for carbon neutrality in Trafford. The hiring of these experts would generate a cost.</p>	<p>Scrutiny asks that a budget be made available to seek the relevant advice to inform the Task & Finish Group’s work.</p>	
<p>Future Budget Shortfall – Scrutiny welcomes the balanced budget proposals for 2019/20 but notes that a potential future shortfall of circa £25m by the end of the 2021/22 financial year remains.</p>	<p>Scrutiny would like assurances that proposals are already being discussed on how the potential shortfall will be addressed.</p>	