

## COUNCIL OVERVIEW & SCRUTINY COMMITTEE

### Item under consideration: CORPORATE STRATEGY AND BUDGET

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#### Date Considered: 30 January 2014

- 1 At its meeting on 30 January 2014 the Council Overview & Scrutiny Committee reviewed the quarter 3 budget monitoring report for 2013/2014, the Corporate Strategy for 2014 to 2019, and the revenue and capital budget for 2014/2015 to 2018/2019.
- 2 The Committee recognised the Council's achievements in making savings in recent years to deal with increased demands on services and was pleased to note that £25m of Better Care Funding was being negotiated from 2015/2016. However the Committee was concerned about several uncertainties in the Council's budgetary planning:
  - A significant amount of the available reserves amounting to £26m are being used to balance the 2014/2015 budget, leaving considerably reduced reserves for the following years.
  - The budget is constructed on large savings being made by the new Family, Friends and Community Support initiative but present evidence suggests this is not attainable.
  - There is a reduction in the contingency for 2014/2015 from £13m to £5m and then another reduction to a nil contingency in 2015/2016, despite many savings programmes being uncertain.
  - Whilst noting that the Council will receive £18m of Whole Systems funding in 2014/2015, it is not clear how much of this funding or its equivalent will be available from 2015/2016.
- 3 The Committee recommended
  - (a) That the Cabinet address the following questions in relation to the proposed budget:
    - (i) How will the Cabinet bridge the gap in 2014/2015 given that the 2014/2015 proposals rely on some savings which we have been informed will not be met and other savings which are difficult?
    - (ii) How will the Cabinet deal with future budgets if the strategy of lobbying government and the NHS for better funding is not as successful as is hoped, given that there will be no contingency or reserves to cushion slippages?
- 4 Recommendation 6 of item 7 on the Cabinet agenda for 4 February 2014 proposes the establishment of a mechanism to track and monitor progress on the development and implementation of plans for achieving efficiencies. The Committee acknowledged that this was an enhancement to reflect the increasingly complex financial environment facing the Council rather than a response to a failure of existing monitoring mechanisms, and noted that the detailed objectives and procedures were still being determined. The Committee stressed the importance of the role of Select Committees in reviewing and advising on areas of concern at an early stage, and wished to

ensure that this was built into the process developed. The Committee therefore made the following **recommendation**:

(b) That the Council Overview & Scrutiny Committee be consulted on the proposals for a mechanism to track and monitor progress on the development and implementation of robust plans for achieving efficiencies in the MTFP, and that the mechanism makes provision for the early involvement of Select Committees in addressing any concerns identified by the process.

5 As part of its consideration of an interim report from its Welfare Reform Task Group, the Committee heard that many of the witnesses had expressed concern about the significant under spend of the Local Assistance Scheme (LAS) fund, which had been established by the County Council to provide emergency support to people in crises, particularly as a result of benefit changes. The underspend was due to a lack of publicity and difficulties faced by residents in some areas of Surrey in accessing support, given the limited geographical spread of CAB offices that process the scheme. The Task Group intends to meet with Shared Services, who are administering the scheme, to discuss these issues. In the light of the importance of this fund in providing emergency support, the Committee made the following **recommendation**:

(c) That any Local Assistance Scheme funding left unallocated at the end of 2013/14 be rolled over into 2014/15 and be ring fenced and continues to be committed to supporting severely affected residents to manage the impact of welfare reform changes: subject to detailed proposals for allocation by the Task Group, a proportion of this funding to be targeted towards early intervention support, particularly aimed at improving money management skills and general financial awareness.

**NICK SKELLETT**  
**Chairman of the Council Overview & Scrutiny Committee**

## Response to Recommendations (a) & (b):

I welcome the Council Overview and Scrutiny Committee's comments recognising the challenges in our MTFP as well as the enormous achievements of the council to date in terms of its budget.

I can confirm that the MTFP does depend upon us achieving the savings that have already been identified and agreed. It is crucial to note that at this stage services are not being asked to find additional savings.

I will now refer to some of the specific points raised by the Committee in the background to their report:

- Of the £26m reserves cited, £20m came from the Budget Equalisation Reserve. This is a reserve which has been specifically built up over previous years in order to smooth the council's spend across the medium term. Accordingly, only £6million is being applied this year from other reserves.
- The Committee is right in recognising that the savings anticipated from Family, Friends and Communities are significant. That is why there is already considerable work underway to confirm both the scale and timing of how these will be delivered. It is crucial to recognise that there is no question amongst my Cabinet that this is the right strategy; therefore the discussion is entirely about the execution of the approach. I am aware that both the Council Overview and Scrutiny and Adult Social Care Select Committees have already been involved in scrutinising this initiative and I would welcome their continued scrutiny as this project progresses.
- It is clear that the future of Adult Social Care services is fundamentally entwined with how we integrate health and social care. Detailed conversations are taking place with our CCG colleagues to confirm both how whole systems funding will work in 2014 – 15 and how we will work together with Better Care Funding proposals from 2015 onwards.

In reference to the Committee's recommendations, it is going to be a difficult year. My Cabinet has made no secret of this and it is why we have been adamant about the need for a sensible council tax strategy for Surrey.

It is wrong to say that there is no contingency or reserves to cushion slippages. The reserves are in a healthier position that they were in 2008 and I believe that we have reasonable levels. We also need to be mindful of not building up unnecessarily large reserves in a period when households are facing financial challenges.

I am happy that the Council Overview and Scrutiny Committee be consulted on the proposals for a mechanism to track and monitor progress of robust plans for achieving efficiencies in the MTFP.

**Response to Recommendations (c):**

Any decisions regarding the rolling over of unallocated funds will be made at the end of the financial year. However, I can assure the Committee that I am fully supportive of the Local Assistance Scheme. In fact, I have recently written to Brandon Lewis to ask him to rethink the proposal to withdraw funding for this scheme from 2015. I will ensure that the Welfare Reform Task Group is kept informed of the response.

**DAVID HODGE**  
**Leader of Surrey County Council**



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