



Overview and Budget Scrutiny Committee

26 January 2018

Budget Scrutiny Report

Purpose of report: Scrutiny of Budgets

Introduction:

1. During 2017 the Budget Sub-Group undertook regular budget monitoring and scrutiny on behalf of Select Committees with input from relevant Chairmen and officers. The Budget Sub-Group publically reported its finding to each meeting of the Overview and Budget Scrutiny Committee.
2. It was decided that Select Committees would undertake their own scrutiny of services' plans for the 2018/19 budget in November and December to facilitate the requisite due diligence in the short time period available to Members.
3. The Select Committees findings and the report made by the Chairman and Vice-Chairman of the Overview and Budget Scrutiny Committee to Cabinet are collected in this report. This information will be complemented by a supplementary set of papers that includes the January Cabinet Budget Report due for publication on 22 January 2017.

Select Committee Conclusions and Recommendations

4. Following a review of the notes from the budget discussions of the Select Committees, the following comments and recommendations were agreed for presentation to the Cabinet budget workshop on Tuesday 12 December 2017:

Corporate Services Select Committee

5. There should be a clear five-year strategy in place to deliver savings through improved energy efficiency across the whole of the Council's estate, including an awareness campaign to influence staff behaviour in relation to lighting and heating, replacement of existing lighting with LED bulbs, installation of passive infrared detectors, and effective management of energy contracts.
6. The Select Committee was informed that relatively little of the existing £4.7M invest-to-save reserve had been used to date to deliver the savings so far in Orbis. Consideration should be given to whether the objectives of Orbis could

be achieved without spending all of the allocated reserve, allowing this money to be used to reduce the budget shortfall in 2018/2019.

7. The Audit & Governance Committee to be asked to review the existing procurement governance arrangements, to ensure that contracts are implemented in a timely manner and managed in an efficient and cost-effective way.
8. Additional resources to be provided in Property Services to enable a separation between those officers supporting maintenance of the Council's existing property portfolio and those identifying new opportunities for investments which support modern service delivery: this will ensure that projects in other services which will achieve savings and/or relieve service pressure can be progressed in a more timely manner.
9. The policy of using capital investment to achieve revenue savings by bringing services back in-house (for example SEN and extra care housing) should be prioritised.
10. Further information will be sought about the focus and achievements to date of the Strategy and Performance Team in order to determine the value of its work to the organisation.

Adults and Health Select Committee

11. The Council's expertise in achieving successful outcomes from Continuing Healthcare Disputes should be marketed to other councils to generate income, with appropriate additional investment in current staffing levels to increase the team's capacity to carry out this work.
12. The Council to work with healthcare partners to reduce the number of disputed Continuing Healthcare Cases particularly those that are not with Surrey's six CCGs, to enable resources spent on administering these cases can be put back into the frontline.
13. Increased priority to be given to the provision of Extra Care services, in order to achieve a significant improvement in the level of delivery.
14. The Adult Social Care Directorate develop robust digital and assistive technology strategies in order to reduce demand on the service in the short and medium term.
15. Proposals to increase charges for the provision of adult social care services to be supported; this to be done in a sustainable way to ensure that it doesn't lead to more individuals being unable to pay for the costs of their care.
16. Cabinet continues to argue the case for fairer funding with Central Government in respect of Surrey's Public Health allocation;

17. The Council moves towards a targeted approach to the delivery of Public Health services to ensure that they reach those most in need of support.
18. Cabinet remains alert to the Council being too liberal in its interpretation of those initiatives that can be shadowed funded through the Public Health budget and is alert to the danger of the shadow-funding target leading to money being taken out of Public Health that would be better spent on the delivery of services actively commissioned by Public Health.
19. Officers investigate opportunities for collaborating with the Voluntary, Community and Faith Sector in the planning and delivery of services commissioned by Public Health.

Children and Education

20. Members questioned what the implications of the pressures, changes and required savings detailed in the Medium Term Financial Plan (MTFP) would be upon the improvement of Children's Services. Officers noted that approximately £48 million will have been invested in Children's Services between 2015-2018. It was noted that this would be unlikely to change or be affected significantly by the requirement to improve Children's Services.
21. Officers noted that the increasing complexity of the needs of children and the service practice response to these needs had significant financial implications for the service. Officers noted that the service had changed how it worked with adolescents and the increased volumes of Unaccompanied Asylum Seeking Children (UASC), noting that the impact on the care leaving service would increase as a result.
22. It was clarified that funding for UASC in Surrey was based mainly on legacy rates, which are significantly lower than the new rates paid to some Local Authorities. There was increasing lobbying of the government to end the two tier funding and pay all UASC at the new rates. It should be noted that the new rates, although higher than the legacy rates, still do not cover the full cost of care for UASC.
23. Officers explained that the high needs block Direct Schools Grant funding was insufficient to cover the current cost of service provision for children with Special Educational Needs (SEN). It was noted that the service was working with schools to help rationalise spend in the high needs block and ensure that the service is getting the best value for money. It was noted that some savings proposals were underway. Officers stressed that they were looking to work with schools more effectively to work towards increasing inclusion of SEN pupils in mainstream schools.

Communities

24. The Committee supports the strategy being developed by the Library Service on the reclassification of Surrey's libraries.
25. Encourages the Library Service to progress its development of community supported libraries.
26. Recommends that the Library Service undertakes appropriate public consultation regarding future changes to libraries in early 2018.
27. Recommends that Surrey Fire and Rescue Service investigates using a portion of its overtime budget to employ permanent, full-time staff to mitigate risks related staff resilience.
28. Encourages a more proactive approach to collaborating with East and West Sussex fire authorities as detailed in Surrey Fire & Rescue Service's Public Safety Plan to deliver on potential savings that can be achieved through effective collaboration.
29. Notes the steps being taken by Surrey Fire & Rescue Service to become a more a modern fire service that is fit for the 21st Century.

Environment & Infrastructure

30. It was highlighted that there was an increasing need to focus on statutory requirements, with savings being made in discretionary services. These included a reduction in bus subsidies, community transport and a shift to LED street lights.
31. It was highlighted that services had been able to manage demand through productivity gains in the contracts it held. Savings had also been realised through delaying expenditure in some areas, such as the Eco Park, and looking to manage vacancies. The service anticipates a 12% rise in energy prices, creating additional pressures for the year ahead. It was confirmed that district and boroughs had largely agreed to absorb the reduction in maintenance funding for grass and weeds.
32. The Committee expressed considerable concern with respect to the highways funding to Local Committees, and it was noted that it was an area that may need to be reconsidered given the present funding challenges for the Council. There was no support for a reduction in this area.
33. The Committee discussed future proofing, and wanted to explore further how the services could invest in new technologies, such as electric car charging.

34. It was suggested the Committee should also review the capital budget, income opportunities and the key risks in the services, in order to understand where key strategic investments were being made and where there was scope to invest to save.

Cross Service

35. The Council's travel policy to be reviewed and updated as necessary to ensure that it supports the aim of minimising costs by:
- Influencing staff behaviour (for example, encouraging the use of video conferencing, discouraging unnecessary travel and identifying whether lower cost alternatives are available), and
 - Encouraging services to review operational arrangements (for example the frequency and level of attendance by fire crews in response to automatic alarms).

Cabinet Feedback

The Chairman and Vice-Chairman presented Select Committee findings to Cabinet who had the following feedback:

36. The Leader advised that the energy costs within the current contract had recently increased and asked for the OBSC sub-group to assist the Cabinet Member for Property and Business Services in reviewing the contract to assess if savings could be made.
37. The Director of Finance confirmed that proposals were being studied with Property around the Council's use of LEDs. Realising benefits would involve a significant capital investment. The Director of Finance was also doing some work with Orbis, primarily around IT, with the intention of getting a refreshed to invest-to-save figure.
38. The Vice-Chairman asked about the possibility of approaching other Local Authorities to take on their Continuing Health Care responsibilities. It was agreed by the Cabinet Member for Adults and the Strategic Director that too much resource would be required, and doubted there would be sufficient interest from other councils as a result the focus of the Directorate would remain on prevention.
39. The Strategic Director for Adult Social Care & Public Health had a productive conversation at a recent Select Committee around digital care and assisted technology. As a result the strategy was currently being refreshed and a research study was being implemented around learning disabilities.

40. The Leader commented that the new Chief Executive would bring fresh ideas around addressing the concern around how the Council looks after adults with learning disabilities and how to support the transition between children's and adult services.
41. The Cabinet agreed that a bigger emphasis was required around the Council embracing technology for meetings to reduce travel time and costs. It was stressed that it was also important for Members to understand and utilise Skype.

Conclusions:

42. Members have consistently noted the need for an increase in the pace of change at the Council to ensure services can continue to meet the needs of residents and save money.
43. Related to this, Members have concerns about the organisation's current capacity to deliver transformational change and emphasise the need to expand its work with partners such as other local authorities and the NHS among others to achieve the required changes to make budgets sustainable.

Recommendations:

44. That the Overview and Budget Scrutiny Committee, with input from Select Committee Chairmen in attendance, agree the final recommendations to the Cabinet on the 2018/19 budget proposals and include any conclusions drawn on the budget scrutiny process undertaken in recent months.
45. The Budget-Sub Group continues to regularly monitor the Council's budget identifying priority areas for scrutiny and undertaking in depth investigative work as necessary.
46. Additional to the above, the Budget Sub-Group further investigate the costs and benefits of the council developing a range of in-house residential services for children and adults that require social care to reduce the amount of spend on external providers and report back to this Committee with their findings as agreed in November 2017.

Next steps:

- Recommendations agreed by this Committee to be reported to 30 January 2018 Cabinet meeting.
- From February Select Committees (or sub-groups thereof) to review new fees and charges and service plans to realise 2018/19 budgets and report to 22 March 2018 Overview and Budget Scrutiny Committee.

- Plans to be formulated and agreed across the Select Committees to track progress against the refreshed Medium Term Financial Plan and proposed transformation work to achieve a sustainable budget.

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Background papers:

Cabinet Budget Monitoring Report, 14 December 2017 – Annex 1

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