

Overview and Scrutiny Management Committee

Meeting held 14 February 2018

PRESENT: Councillors Chris Peace (Chair), Denise Fox, Douglas Johnson, George Lindars-Hammond, Pat Midgley, Josie Paszek, Mick Rooney, Ian Saunders, Steve Wilson and Cliff Woodcraft

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1. APOLOGIES FOR ABSENCE

1.1 Apologies for absence were received from Councillors Ian Auckland, Penny Baker and John Booker.

2. EXCLUSION OF PUBLIC AND PRESS

2.1 No items were identified where resolutions may be moved to exclude the public and press.

3. DECLARATIONS OF INTEREST

3.1 There were no declarations of interest.

4. MINUTES OF PREVIOUS MEETINGS

4.1 16th November 2017

4.1.1 The minutes of the meeting of the Committee held on 16th November 2017, were approved as a correct record.

4.2 23rd January 2018

4.2.1 The minutes of the special meeting of the Committee held on 23rd January 2018, were approved as a correct record.

5. PUBLIC QUESTIONS AND PETITIONS

5.1 There were no questions raised, or petitions submitted by members of the public.

6. REVENUE BUDGET AND CAPITAL PROGRAMME 2018/19

6.1 The Committee considered reports of the Executive Director, Resources, on the Capital Programme 2018/19 and the Revenue Budget 2018/19, which were to be considered by the Cabinet on the afternoon of 14th February 2018.

6.2 In attendance for this item were Councillor Olivia Blake (Cabinet Member for Finance), Eugene Walker (Executive Director, Resources), Marianne Betts (Director of Finance and Commercial Services), Dave Phillips (Head of Strategic Finance), John Doyle (Director of Business Strategy), Paul Schofield (Finance and Commercial Services Business Partner) and Damien Watkinson (Finance

Manager).

- 6.3 The Committee received a presentation from Marianne Betts on the Revenue Budget 2018/19. Referring to the key messages arising from the budget setting process, Ms Betts stated that, as in previous years, following cuts in Government funding, compiling a balanced budget for 2018/19 had been very challenging, particularly taking into consideration the increasing demands for Social Care. Ms Betts made reference to the last meeting of the Committee, at which Members had been informed of the process for compiling the 2018/19 budget. She referred to the overall position in respect of the budget, referring specifically to the increase in Social Care funding, and also reported on the proposal to increase Council Tax by 2.99%, in addition to the Authority taking the opportunity presented by Central Government to raise the Adult Social Care precept by 3%. With regard to the Capital Programme 2018/19, Ms Betts stated that the Council had made significant progress in terms of categorisation of investments against the City's priorities, which was reflected in the Capital Programme over the next five years.
- 6.4 Councillor Olivia Blake stated that, with regard to the proposed increase in Council Tax, the Authority would be increasing its hardship fund to assist those people who would be adversely affected by the increase. Councillor Blake added that she wished to place on record her thanks and appreciation to all Members and officers who had been involved in the budget-setting process, including Members of this Committee in terms of their scrutiny.
- 6.5 Members of the Committee raised questions and the following responses were provided:-
- Whilst it was difficult to make any definite forecasts in terms of the Authority's long-term financial sustainability, it was hoped that the implementation of the Improvement and Recovery Plans, particularly those regarding Adult Social Care and Children's Services, would help in terms of the Authority's medium to long-term financial planning. The Authority was predicting a £28 million budget gap by 2021/22, unless further savings were identified, and there were concerns that, unless there was a radical change in Government funding levels, there was a potential for the Authority's financial position in the longer-term to be unsustainable. It was believed that the Authority was doing everything possible, including working with all its partner organisations, to ensure that it continued to deliver a balanced budget, whilst meeting its priorities in terms of service delivery.
 - The Authority was aware that some other local authorities were investing in commercial property, with the aim of improving their budget position in the future. However, the Government was aware of this practice, and was looking to put restrictions on the ability of authorities to adopt this practice. The Authority had taken a prudent approach in this regard, unlike a number of other local authorities, therefore minimising any long-term risk.
 - Whilst the forecast extra pressures on Social Care services amounted to £37 million in 2018/19, the Authority had been able to allocate an additional £15 million into this area, with proposed portfolio savings bridging the gap. This

£15 million comprised a combination of the Adult Social Care precept (£5.8 million), the net increase in Better Care Funding (£5.7 million) and the use of one-off funds, such as a £2 million contribution from its Insurance Reserve. It was considered that the Government was still not recognising the extent of pressures on local authorities' Social Care services.

- Whilst it was accepted that, as a result of the budget pressures, the Authority would not be able to undertake the level of early intervention work it would like, specifically with regard to Adult Social Care and Children's Services, it was hoped that the Improvement and Recovery Plans would assist in terms of undertaking such work in a more efficient and cost-effective manner. An example of this had been the recent publicity and communications work in connection with foster carers, which had resulted in the Authority receiving a large increase in inquiries from potential carers.
- The Authority had lost £195 million per annum of Government grants since the start of austerity in 2010, and including pressures, it has had to identify £430 million of savings to enable it to continue to set balanced budgets.
- The figures in terms of levels of spending per head in respect of Adult Social Care were not available at the meeting, but could be forwarded to Members. There was now a greater emphasis on ensuring service quality by assisting people to live independently, and for longer, in their own homes and communities which, whilst often being the right thing to do for the individuals, due to their complex needs, required more costly care packages, and such people would always take priority in terms of the Authority's funding allocations., which would hopefully result in savings in the longer-term.
- The Authority had released some of its Pensions/Redundancy reserves, having been under-utilised in 2017/18. Further use of reserves may be required in 2018/19 to cash-flow the Improvement and Recovery Plans in Social Care. If reserves were used, every effort would be made to replace them as soon as possible.
- The 56% of residents who, as part of the consultation on the budget, had supported a rise in Council Tax, represented the diversity of the City. There was a map showing the number of respondents per Council Ward, which could be provided to Members. It was noted, specifically, that the average age of respondents was lower than in previous years.
- Whilst there had been a significant level of lobbying of the Government by local authorities in connection with their rights to be able to raise other taxes, such as a tourist tax, it was believed that there were no statutes which currently enabled local authorities to do this.
- The Advanced Manufacturing Park was situated on a site split between Sheffield and Rotherham, therefore the income from Business Rates was shared between the two Authorities. With regard to the Council's use of financial incentives to encourage businesses to relocate to Sheffield, the Authority could offer some limited incentives on a case by case basis, but

their use had been very limited, as research had shown that business rates had only a marginal influence on a businesses' decision on where to relocate.

6.6 RESOLVED: That the Committee:-

- (a) notes the contents of the reports of the Executive Director, Resources, on the Capital Programme 2018/19 and the Revenue Budget 2018/19, together with the comments made and the responses provided to the questions raised;
- (b) recommends that the reports of the Executive Director, Resources, on the Capital Programme 2018/19 and the Revenue Budget 2018/19, be submitted to the Cabinet without amendment;
- (c) believes that the approach of Central Government to Local Government, a combination of incompetence and deliberate action, has led the Authority to critical point in Local Government finance; the Committee has concerns about the longer-term financial sustainability of Local Government, without changes in how Central Government chooses to fund Councils;
- (d) believes that the Social Care crisis, which is the driving force behind many of the difficult budget decisions Councils are having to make, is a national crisis borne almost entirely by Local Government, and exacerbated by similar challenges facing the NHS;
- (e) pays tribute to the Council's frontline staff who, it believes, go above and beyond in terms of time, capacity and compassion in delivering services in difficult circumstances;
- (f) acknowledges and thanks volunteers and community groups in the City who work tirelessly to tackle the negative effects of austerity that so many local communities are facing;
- (g) agrees to include greater oversight of the budget in its Work Programme, both in terms of in-year monitoring to support the implementation of this year's budget, and being involved in the process for putting together next year's budget proposals, particularly in the approach to public consultation; and
- (h) thanks the Cabinet Member for Finance, the Cabinet and all officers involved for their hard work in delivering a balanced budget for 2018/19.

7. DATE OF NEXT MEETING

- 7.1 It was noted that the next meeting of the Committee will be a special meeting, and will be held on Thursday, 22nd February 2018, at 11.00 am, in the Town Hall.