

Meeting: Overview, Scrutiny & Policy Development Committee

Date: 9 January 2018

Title: Budget Sub - group report

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Wards: All

1 Purpose of Report

To inform Overview, Scrutiny & Policy Development Committee of the work undertaken by the Budget Sub-group in scrutinising the 2018/20 Financial Planning and Budget proposals.

2 Recommendations

The Overview, Scrutiny & Policy Development Committee is recommended to refer the recommendations and views of the Budget Sub-group, as set out in the report below, to Cabinet for consideration as part of the 2018/19 budget setting process.

3 Background

The Council's constitution places a duty on the Overview, Scrutiny and Policy Development Committee to examine and contribute to the formulation of the Cabinet's budget and strategic planning proposals.

Invitations were extended to all non executive members of the Council to seek volunteers to serve on the Budget sub group.

The following Members served on the group:

Councillor Sandra Graham

Councillor Anthony McMullen

Councillor Jim Allan

Councillor David McMeekan

Councillor Muriel Green

Councillor John O'Shea

Councillor Janet Hunter

Councillor Lesley Spillard

Councillor Paul Mason

Councillor Judith Wallace

The group met on the 8 & 11 December where the Head of Finance and Senior Officers presented the 2018/20 Business Cases under the headings of:

- a. Cared For
- b. Great Place
- c. Housing Revenue Account
- d. Maximising Resources
- e. Fit for Purpose
- f. Investment Plan

The following Cabinet Members were in also in attendance to provide further insight if/when required.

Councillor B Pickard
Councillor Ray Glindon

The group raised its concern at the delay in provision of the Business Cases and considered this insufficient time to fully review them before the meeting. It should be highlighted that some business cases were provided the day before, whilst others were tabled at the start of the meeting, this was felt to be completely unsatisfactory and not conducive to good scrutiny.

Following the consideration of Cabinets Initial budget proposals and associated business cases, the group requested further information. Again due to the timing of the provision of the information a meeting was convened at short notice on the 20 December to consider the provided information so the group could formulate its views and recommendations. This was again a concern to the group as not all Members were able to participate fully.

The concerns of the sub-group were acknowledged by officers who explained that a lot of effort had been placed in trying to ensure that all the Business Cases presented were as complete as possible with the most up to date information. That the proposals were based on several years of cumulative effort to respond to reducing resources and rising cost and so contained a greater cumulative risk and require close attention to ensure delivery.

It was stated that budget process was extremely challenging and difficult as the Authority had to plan under an umbrella of uncertainty to what level the Local Government Finance Settlement would be received. The settlement was expected to be available in mid-December 2017.

It was noted that having a yearly Local Government Settlement has an impact on resources that could otherwise be channelled elsewhere and benefit other services of the Authority.

4 Budget Proposals

North Tyneside Council continues to operate in a very challenging financial climate. Resources continue to reduce in both the General Fund and the Housing Revenue Account, however, there are continued cost rises; particularly for the delivery of statutory social care services for adults and children.

It was acknowledged that in recognition to this the Government took some steps by nationally recommending an increase in Council Tax and the Better Care Fund, however this does not cover the full cost of rising demand and the impact of the National Living Wage in the care sector.

With this in consideration the initial budget proposals included the nationally recommended 3% Council Tax increase to fund Adult Social Care and nationally recommended 1.99% general Council Tax increase.

The initial budget proposals had been developed in the context of the Our North Tyneside Plan and reflected the Plan priorities. The proposals were aimed to reflect those services that residents had indicated were important to them and to protect vulnerable adults and children.

The initial budget included the proposed General Fund and Housing Revenue Account (HRA) Budget for the financial years 2018/19, together with indicative plans for year 2019/20 and a three year planning horizon for the Investment Plan.

The two year planning period for the revenue budget reflected the remaining time of the current spending review period to 2019/20.

The budget was developed in line with the challenges and opportunities facing the Authority the Borough, this was in respect of what the Authority has control and it can change itself, where its choices were constrained and how money would be raised and spent over the next two years.

It was important to understand that the Council was legally required to set a balanced budget for the General Fund to meet its statutory duties to provide services such as social care and environmental services.

In respect to the HRA, the Council tax payer cannot subsidise those living in social housing and therefore the rents and services charges paid by tenants cannot be used to fund unrelated council services.

On completion of the base budget review it was determined that there would be a funding gap in the region of £37m over the next two financial periods, with £11m identified for 2018/19.

Cost pressures

The need to find savings in 2018/19 and future years is driven by significant unfunded cost pressures arising from a number of sources as well as the net reduction in resources from Central Government. The Authority is experiencing the same service pressures as many other Metropolitan Authorities.

These cost pressures arise for a number of reasons including:

- Legislative / regulatory changes mainly relating to external funding changes – cuts in specific grants (for example Housing Benefit Subsidy Administration Grant, Public Health Grant, New Homes Bonus and Education Services Grant);
- Pay and price inflationary increases – increases in pay based on an assumed 1% pay increase, the impact of the National Living Wage increases on social care providers and the impact of increased waste demand and the Retail Price Index (RPI) impact on the contract the council has for waste disposal;
- Increasing demand for services – increased demand for social care services (for example increased numbers of adults with complex learning disabilities) and for home to school transport;

- The impact of the improved Better Care Fund grant announced after the 2017/18 budget had been agreed including the additional impact for 2018/19; and
- Corporate pressures including pressures during 2017/18 within Adult Social Care where savings targets are not achievable, the impact of investment decisions on likely interest costs and the reversal of an element of the Minimum Revenue Provision (MRP) holiday adopted during 2017/18.

Taking into consideration the cost pressures and the reduction in resources in the future, the gap/efficiency requirement for 2018/19 is currently estimated at £11m with a total of circa £33m to the end of 2019/20 as set out in Table 1.

Table 1 2018-2020 General Fund Financial Plan

	2017/18 £m		2018/19 £m	2019/20 £m	2018/19- 2019/20 £m
General Fund Base Budget	153.945		152.360	147.979	152.360
Pay & Price Increases, Demand Led, Corporate, Legislative/Changes to Responsibilities Resource changes and 2017/18 in year pressures	16.753		11.504	16.304	27.808
Creating a Brighter Future Programme	-18.338		-11.023	-21.433	-32.456
Changes to Council Tax and LCTS			-4.862		-4.862
Total General Fund Financial Plan	152.360		147.979	142.850	142.850

With regard to inflationary pressures there had been an assumption in the initial budget that the employee pay award for 2018/19 would be 1% rise as in previous years, the sub-group were informed that local government employees had received a two-year offer of 2%, with lower graded staff receiving a higher percentage rise.

It was acknowledged that this would see further pressure and would need to be reflected in the final budget.

The Provisional Local Government Settlement 2018/19 was issued on the 19 December with no significant announcement included that impact on the 2018/19, with the only change to Council Tax referendum limit, with the option for a further 1% Council Tax increase which for North Tyneside would be in the region of £850k.

Efficiency Savings

In terms of delivering the overall budget, the Creating a Brighter Future (CBF) programme would continue to be a cross cutting programme to transform all parts of the Authority and the relationship with the residents of North Tyneside as set out in the “Our North Tyneside Plan”.

As with previous budgets the approach for 2018-20 was to achieve savings early where possible, to mitigate against future financial risks whilst working in different ways.

Expensive services would continue to be more effectively targeted only at the people who need them, ensuring that the most vulnerable residents had successful, healthy and safe future.

Universal services had been protected where possible e.g. Libraries, Customer Service Centres, Sport and Leisure and work to improve understanding and management of demand, concentrating wherever possible on enabling people to help themselves was continuing.

The Efficiency Plan that was first agreed in October 2016, set out a number of proposals for delivery that were designed to support the Authority in managing the change required to meet the significant financial challenge it faces.

The proposals consider how service delivery can be reshaped in order that the Authority is able to meet the demands it faces, consider how residents are supported to help themselves, and continue to develop the Borough in terms of a place to live, being attractive to businesses and have effective transport and physical infrastructure.

The sub-group received business cases that detailed the proposals for 2018/19, with the associated savings per theme as shown in Table 2:

Table 2: Efficiency Savings 2018-2020

CBF Theme	2018/19 £m	2019/20 £m
Existing Business Cases	-0.991	-0.459
Cared For, Safeguarded and Healthy	-0.980	-0.130
Fit for Purpose	-7.508	-0.063
Great Place to Live, Work & Visit	-0.777	-0.870
Maximising Resources	-0.190	0.000
Efficiency proposals	-0.577	-20.311
TOTAL	-11.023	-21.233

5 Business Cases

The sub-group considered the 9 Business Cases in detail, that were proposed would deliver the required efficiencies.

5.1 Cared For (total saving of £980k)

Value for Money Tested Social Care (saving £915k); long term national policy direction in social care had created a situation which was sometimes at odds with realistic outcomes and the financial position. The project would make changes to day to day commissioning and assessment processes to re-set the outcome of funded social care.

In partnership with the Clinical Commissioning Group and using a single trusted assessor, outcomes would be shaped by working with individuals to set realistic goals for independence and applying a value for money test to care at home versus other settings.

The business case included the following areas:

Ensuring customers with healthcare needs are appropriately funded

The Care Act 2014 is clear that Local Authorities must assess people to identify their eligible social care needs and arrange for those needs to be met. It is very clear that local authorities cannot and must not arrange to meet health care needs as this is a level of need that is outside of the social care remit.

The only exception to this is if the health need is ancillary or incidental to any social care needs.

The proposal ensures that all social work staff assess clients only for social care needs and ensure that support plans only encompass the care/support/services required to meet those needs. Anything outside of this would be escalated to the CCG for NHS funding for that part of the support service. **Providing a saving of £400k in 2018/19.**

Review Direct Payment rate

To review current Direct Payment rate payable to Personal Assistant's as there had been no change since April 2014; to identify any potential savings and to understand rates applied by other local authorities in the region. The rates paid for Direct Payments Support Services were outside the scope of the review. **Providing a saving of £100k in 2018/19.**

Residential care costs and Quality bands

The Local Authority commissions residential and nursing care placements for individuals who have been assessed as requiring a level of care and support. As part of this, the Local Authority is required to set its rate for these services and to communicate this to the provider market.

There are different fee levels for residential care and for nursing care with a further differential for general care and elderly mentally ill (EMI) care.

The Local Authority also operates a banding system whereby the quality of provision is assessed on an annual basis and each home is banded through band 1 to band 4. Therefore each placement is paid for at a specific rate taking account of the nature of care and support being delivered and also the latest banding level. The banding level takes account of the completion of an annual quality assessment tool (70%) and also an environmental assessment (30%).

The proposal was to review the current Local Authority quality payment banding system and take account of the Care Quality Commission rating as part of the overall assessment. This

would replace the environmental score within the current version of the quality monitoring tool. The impact of this would be to change the numbers of homes at band 1 and band 2 and the consequential payments to care home providers would change from April 2018, **with a proposed saving of £300k pa from 2018-19.**

Review and restructure Integrated Services Rehabilitation offer

The Community Occupational Therapy team is made up of Qualified Occupational Therapists and non-qualified Occupational Assessment Officers as well as Rehabilitation Officers. The team assess people predominantly in their own home for bathing, access and egress to their property or any mobility issues which prevent independence.

The outcome of the assessments could result in adaptations and/or equipment i.e. Stair lifts, grab rails, ramps etc. or advice and signposting. The Reablement service also has rehabilitation officers and staff who are carrying out a similar role whilst promoting independence.

Due to the potential to duplicate tasks this business case will review the roles and responsibilities of each team and seek to align the staff accordingly in order to create efficiencies from staff resources.

There had been a natural reduction in staffing hours due to flexible retirements and returns to work following maternity leave with reduced hours, which would go toward the efficiency target. By reviewing the rehabilitation offer across Integrated Services would result in a service restructure to maximise resources and create capacity in localities without the duplication of tasks. It is therefore proposed to consider Service Management, Occupational Therapy and non-qualified staff roles within this restructure providing **a saving of £50k in 2018/19.**

Review of block contracts

In the previous 5 years, Adult Social Care has moved from having large block contracts to more flexible and responsive framework agreements where payment are made based on service levels delivered or commissioned. In the main this is determined from a social work led assessment of need and a budget to meet that need. However there are a small number of block contracts still in place that cover a range of different service areas and service types that support a wider population base.

Some of these are preventative in nature and have different referral routes into them, rather than a social work led assessment process. As part of ensuring that value for money was being achieved in all aspects of Adult Social Care spend, these block contracts had been reviewed and there were options available to allow for an efficiency to be made from the spend in these areas.

In some cases, the amalgamation of services and service types and in others, it would be about reviewing the cost profile with the organisation delivering the service with an associated **saving of £65k in 2018/19.**

A New Model to Support Children (saving £65k): national policy direction, inspection and demand pressures have created an environment where local authorities are looking at alternative models to deliver services to support children, including collaboration. The project aim was to review best practice and the alternative approaches that would continue to build on the practical collaborations proposed on Fostering and Additional Needs as well as the strengths of the current North Tyneside team.

A continued look into the capability to grow direct provision as the market changes and the capability to deliver specialist housing and support grows. This continuation of the "Transforming Children's services" programme that included increasing the accommodation available to improve the early help offer and reduce the demand for external residential placements, with the potential to trade surplus capacity.

There would also be a review of the approach to the provision of financial support through the "S17 (assessment of financial resources) budget" to ensure the application and approval pathway for support follows a set of appropriate principles.

5.2 Fit for Purpose

How we are organised; as services change the organisation must change with them. This project aims to ensure the organisation is reshaped to reflect changes in services and reductions in resources. In addition to changes in service delivery it also aims to ensure the organisation's infrastructure is changed and shrinks in line with the rest of the organisation with resultant changes in overheads and recharges. This will include taking opportunities to streamline the Council's processes where appropriate. In addition making sure that infrastructure is tested against best practice, the priorities of the Mayor and Cabinet and the market

Renegotiation of fee paid to Engie (£150k)

Renegotiation of fee paid to Engie from commercial dialogue re contact centre and customer services offer

Feasibility fund (£100k)

Feasibility fund will reduce from £300k to £200k. The budget available for feasibility was previously increased from £100k to £300k and it is felt that £200k would be an appropriate figure based on our knowledge of likely projects

Reduce service Improvement fund (£100k)

The Service Improvement fund is currently £300k per annum but we have not required this entire budget and propose to reduce it to £200k.

Pensions from Revenue (£250k)

Where pension enhancements were made, all pre 2000, these were funded through this revenue budget. As the number of these enhancements reduces over time a budget saving can be made in this area.

Management and Staffing savings (£2.5m)

Management and structures - In line with service redesign and the review of the Council's Core Offer is a fundamental look at the organisation and how it will continue to be reorganised to deliver the policy direction and redesigned services. This includes shrinking the management of the organisation to reflect reductions in resources and bringing together similar and linked services to ensure consistency and lowest possible cost

Business & Economic Development

Swans site management saving following improved security arrangements

The site has recently been protected by 2.4 metres high palisade fencing and a service level agreement for remote surveillance by the North Tyneside security team. The use of

the site for load outs necessitates 24 hour specialised security whilst vessels are berthed, so a revenue stream is still required but the capital expenditure together with the service level agreement will result in a phased saving on security services. In addition, in 2019/20 we will look to recover security costs from shipping agents visiting the Quay. It is considered too early to introduce this fee whilst the site is in a transitional state. Also in 2019/20, it is proposed to recharge elements of the cost of staff employed on Swans through load out and berthing fees. **(saving £28k)**

Restructure of the external funding team: taking into account the loss of European funding and reshaping of the business factory enterprise programme to deliver more services electronically is expected to release a Grade 9 post

The Funding Team will be reduced from 3 staff to 2 as there are fewer European Funding opportunities to bid for since the decision to leave the European Union. This will result in staffing **savings of £40k**

Commissioning & Investment

Supporting Commissioning arrangements around High Needs & Additional Support (saving of £100k)

Income to support Commissioned High Needs provision.

The Dedicated Schools Grant (DSG) income for 2018-19 will support the Local Authority statutory duty that included:

- Leading the strategic needs analysis for our cohort of children and young people with Special Educational Needs and Disabilities (SEND) and those with additional needs requiring access to alternative education provision through the High Needs Block
- Working strategically with schools and colleges to review the current sufficiency and cost of our education placement and wider support offer 0-25, including special schools, outreach provision, Additional Resourced Provision (ARPs), SEN support in mainstream schools, the Pupil Referral Unit and alternative education, FE and specialist colleges for post-16 placements. To include access to personal budgets and spend on 'top-up' budgets for those with the most complex SEND needs.
- Understanding government High Needs funding policy, preparing briefings, responding to consultations on behalf of Schools Forum
- Commissioning the right mix of provision in-borough and, where needed, externally e.g. for independent and non-maintained special schools and colleges via the collaborative commissioning arrangements of the NE12 group of NE Authorities
- Agreeing with the Schools Forum the annual High Needs funding allocations for all schools and providers
- Undertaking monitoring visits to schools and providers
- Costs associated with information systems covering placement monitoring and review, financial monitoring and reporting on quality and outcomes
- Sharing MI information with Schools Forum, NE12 group or other forums, including submitting returns and reports to DfE / EFSA.

An appropriate charge to the DSG High Needs Block from 2018/19 would be **circa £50-75K**

Facilities and Fair Access

An inflationary increase in annual charge to Schools for Cleaning and Catering Services would generate circa **£30k per year**.

Additional business opportunities within the borough and beyond its boundaries could secure an additional **£20k per year**.

Restructure Investment Service

Restructure within the service that would result in the deletion of Major contract Officer post (Grade 9) resulting in a net revenue **saving of circa £20k**.

Facilities and Fair Access

Restructure within the service that would result in the deletion of Education Welfare Officer post (Grade 11) resulting in a net revenue **saving of circa £50k**.

HR - Reduce Workforce development budget spend on corporate training

Reduce the workforce development budget spend on training provision **by £25k**. This will be achieved through a refocus on priority development and the move towards online/e-learning provision

Finance – reduction in fee paid to Engie due to the return of work to the Council Finance team **£57k**

Commercial & Business Redesign

Reorganisation of the C&BR team including separation of the team in to two distinct areas:

- Digital First (Customer Journey)
- CBF Projects and Commercial.

The Digital First team will be funded (subject to agreement) separately via either Change Reserves or Capital Funds.

Savings will be made from the Information Systems Team via the re-negotiation of systems support and maintenance costs. The total savings on the General Fund of the activities above will **be c£25k**

Law & Governance

Currently all complaints against the Authority are managed centrally. The centralised administration provides for central recording of complaints on the CRM Complaints System, and advice and guidance on the complaints procedure, timescales etc. The Complaints Manager fulfils the Statutory Complaints Officer role and undertakes a key liaison role with the Local Government and Social Care Ombudsman/Housing Ombudsman and determines whether complaints proceed to consideration by Regulation and Review Committee within the Authority's Corporate Complaints process. **(£35k)**

Reduce the spend of the civic functions by one third **(£18k)**

Removal of catering budgets for council, cabinet and committee meetings. **(£10k)**

This business case indicated the largest reduction of FTE staff, however the group had difficulty to understand from the information provided the effect these reductions would have and which services would be affected. It therefore feels that this could not be scrutinised fully to the groups satisfaction.

The group therefore were unable to make any recommendation to the delivery of this business case.

5.3 Maximising Resources (Total saving £190k)

Sourcing, supply chain and commercials (saving £1.5m through maximising resources and fit for purpose activities) -More than half of the Authority's expenditure was to third parties and with a supply chain of over 4,000 organisations and individuals it was critical that sourcing, supply chain and commercial arrangements are as sharp as possible. The project aim was to look beyond the large-scale commissioning and major partnerships to ensure all of the supply chain was subject to a rigorous value for money test and best practice category management is applied.

Building upon the recently agreed Procurement strategy there is an opportunity for the Authority in conjunction with its partners to re-engineer its procurement function to realise additional savings and enhance its commercial support to the service areas.

Through some initial analysis carried out by Capita Procurement Solutions saving opportunities had been identified which were ambitious and only achievable alongside changes to the current operating model.

The savings projects identified considered both how to unlock benefits from large areas of spend (be that in existing contracts or strategic sourcing exercises) and how to manage the lower values of spend to achieve best value

Savings projects had been identified and work was being undertaken to realise the savings and a summary of savings opportunities initially identified for 2018/19 were presented.

In addition, work was underway that broaden the savings categories and potential projects under consideration, that would broaden the range of projects for future years' savings.

Through the consideration of this business case the group raised some apprehension to the use of an intermediary partner to conduct analysis for the Authority with regards to Health & Social Care.

It was questioned if this analysis could not be undertaken by the Authority internally. It was hoped that if the Authority needed to access specialist help in this area that all possible providers were considered to ensure best value to the Council and its residents.

Deliver our Fees and Charges Policy (saving £190k)

In 2012 work was carried out to set some guiding principles for discretionary charges which are set out below. These principles have subsequently been reviewed on an annual basis as part of the annual financial planning and budget process to test that they remain relevant and appropriate in the current planning horizon.

- **Fee set by statute;** a range of services provided by the Council are statutory functions and fees and charges are set by Government or within Government Guidelines, for example Planning Applications
- **Universal services are paid for universally – differentiated services are paid for by the user;** universal services the Council offer will be paid from the money the Council; where the service is differentiated and chosen by the consumer, then the services the Council offers will be paid for by the user
- **Matching the market;** where the Council operates in a market fees and charges will match that market and the quality of the product,
- **Staying in line with our neighbours;** where the Council operates a service that is statutory in nature or normal business for a local authority, North Tyneside will stay in line with its neighbours.
- **Considering ability to pay;** given the gap between the standard of living between the richest and poorest in the Borough and the Council's stated aim to raise aspirations and widen horizons the Council will consider and assess an individual's ability to pay for a service where that makes sense,
- **Differentiated pricing;** in addition to an individual's ability to pay, the Council will consider the personal circumstances and differentiate some services to reflect the fact that residents already pay tax in the Borough and that some activities are good for the health and wellbeing of the people of North Tyneside and therefore we might wish to incentivise some types of residents to participate by paying less.

The business case presented an update following a review of our Fees and Charges Contributions and Payments from Customers.

The group understood the need to ensure the correct level of fees and charges for residents, businesses and visitors was essential to ensure the use and uptake of services available. However it also understood the greater pressure the Authority has to ensure its children, young people and aged were provided good education, opportunities and were healthy and safe.

Recommendation 1: That consideration be taken to increase all Fees and Charges in line with inflation.

Recommendation 2: That a review of all charges for events carried out in the borough be reviewed to ascertain if the Authority is receiving value for money for the use of its resources to facilitate these events.

Court of Protection Team Charges (income £60k)

The Court of Protection team helps people who have lost capacity to manage their money safely – this includes cases of financial abuse where people entrusted with managing the money of vulnerable people have mismanaged the finances, sometimes to the point of jeopardizing a person's care.

The team currently provides Deputyship under the Court of Protection where people need someone to fully manage finance and sale of property. Consideration was to an appropriate level of fee to assist people with Court of Protection services.

Changes to the Social Care Charging Policy for Non-Residential Services (income £100k)

Through the Care Act 2014, the Department of Health prescribed the minimum amount of income support a person must be left with after charging for care and support whilst living in the community. This is referred to as the Minimum Income Guarantee (MIG).

North Tyneside Council currently uses the MIG +25%, which means that service users are left with a basic income plus a 25% buffer.

The Department of Health circular LAC (DH) 2017 (1), advises that the MIG allowances for 2017/18

is to remain frozen at the rates first set in 2015/16. This means that North Tyneside is applying a higher buffer than it could otherwise do; the buffer within DH guidance is 18.6%.

The impact of the changes would see

- (30%) make a financial contribution towards the cost of their care.
- 70% of service users are currently on a zero charge would not be affected by this change in policy.
- It was proposed that full consultation be undertaken to seek the views of key stakeholders and the wider public including the community and voluntary sector, running from December 2017 to February 2018.
- The proposal would be implemented for new clients only from 1 April 2018, subject to the outcome of the consultation process

Bereavement Services (income £30k)

It is proposed to increase cremation, burial and purchase of grave fees between 1 and 3%.

5.4 Great Place (total saving of £777k)

Develop a 10 year plan for waste; for ecological and financial reasons it is necessary that local authorities have long term plans for waste. In collaboration with partners the project aim was to establish a 10 year plan to increase recycling and contain the growth of waste costs as well as developing a post 2022 solution for disposal of residual waste and exploring opportunities to enter the recycling business.

The authority received a grant that funded weekly collection that ended in 2016/17 and North Tyneside was currently one of the few remaining authorities to collect weekly. Consideration in developing the plan followed the cessation of grant, and the proposal was to move to fortnightly collection of waste. Over 76% of all local authorities collected waste on a two weekly cycle and this assists in the drive to increase recycling and therefore reducing the cost of waste collection providing a **saving of £318k** in 2018/19.

The group was in agreement that as the Government 's Weekly Collections Support Scheme was coming to an end it was wholly appropriate to look at alternative ways to provide cost effective approach to manage the borough waste collection for the next 10 years.

This was an area that the Budget sub – group 2017/18 recommended to be considered for review and it's Environment Sub-committee undertook an in- depth study, looking at alternatives and best practice both locally and nationally and provided a number of recommendations to aid the Cabinet.

The sub-group was in agreement with the proposed approach and recognised that the savings would benefit the wider service delivery to residents.

However concerns were raised that some concerns for residents using communal waste storage, such as Independent Living Homes and Care Homes.

Recommendation 3: That a review of the impact to Alternative Weekly collections be undertaken to provide assurance that this method of collection is the most appropriate, where communal waste storage in place.

Recommendation 4: That all residents be provided clear information to how Alternative Weekly Collection of their waste will have an overall benefit to the community.

Protect our environmental standards; in response to Government cuts the adjustment to standards and tested different approaches, significant savings had been realised.

The authority continues to find a way to deliver a consistent standard that reflects residents' priorities with less cost. A review would look to streamline all grounds maintenance across the borough with the intention to ensure the service was delivered in line with relevant legislation and to a decent baseline standard, providing a **saving of £100k in 2018/19.**

Protect and Develop North Tyneside's Cultural Offer; through financial pressures, North Tyneside Council had managed to sustain and develop a rich cultural offer. The Council was committed to protecting and developing the offer and had seen Investment that included Whitley Bay Regeneration Programme; The Dome, the North and South Promenade, St Mary's Island; The Wallsend Regeneration Programme; Segedunum Master Plan and the North Shields Master Plan.

The project aim was to work with cultural partners to protect and develop the offer where possible whilst making the most of the Authority's assets, with an optimum sport, leisure and library offer for residents, business and visitors. The business case proposed a reduction in opening hours of Libraries and Customer Service Centres with the approach being taken to being based on current levels of activity to ensure continuing to maintain appropriate access to facilities for residents, whilst providing a saving of **£359k in 2018/19.**

The sub group requested and received analytical data that provided a clear understanding to the rationale to how this business case was developed. The group considered the approach to reduce opening hours was more preferable to a possible alternative that would see the much needed community facilities under threat of closure.

It was also reassured that the measure proposed would ensure all areas of the borough would continue to have locally accessible library service.

Recommendation 5: That the scheduling of opening hours of Customer Service Centres and Library Services be in place to ensure that the service are available when residents most need them.

The group was also reassured that buildings would continue to be available for use by community groups.

Recommendation 6: That the use of Customer First Centre & Library buildings be promoted for the use by community groups to ensure that these facilities continue to be used in the most cost effective way for the local community.

Housing Revenue Account (saving £858k)

Service Charges – income from North Tyneside Living Schemes

Income from service charges, specifically in relation to the North Tyneside Living project, does not as yet fully reflect the full operation and potential take up of the schemes and hence the increased level of charges to be collected. These charges would continue to be reviewed as the schemes become embedded and move towards full occupancy.

North Tyneside Living – Transitional Protection

The agreed policy of providing transitional protection on rents for tenants who were existing tenants before the NTL scheme commenced, to protect them from large increases in rental charges. This has now reached the maximum level of protection, as the schemes are all complete and the properties are being let, there will be a gradual reduction in the protection provided.

Garage & Other Rents – rent increases and rebasing.

Garage rents are not subject to any legislation and are at subject to market conditions. It was recommended that they are increased in line with the government's long-term aim for Consumer Prices Index (CPI), which is 2% per annum. A review was ongoing of the whole Garage Rent system and the levels of charge applied. Shops and commercial premises rents are subject to a rolling programme of asset management reviews of the commercial leases in place. Any community buildings are subject to application of the Council's Community Lettings policy, which determines the level of potential discounts on rent.

North Tyneside Living – PFI Contract Monitoring and operational Client team costs.

The level of funding provided for monitoring arrangements within the contract as per the financial model. The construction phase of the contract is completed and thus changes to the resources required for the team that handle Tenant Liaison and monitoring of the contract and to help to manage tenant moves between schemes during construction. This work has come to a natural end and a phased reduction in the staffing resources required is being managed.

HRA Existing (pre self-financing) Debt – Interest Charges

The financing charges paid on the HRA's share of the Council's overall debt portfolio allocated prior to the self-financing deal. As loans mature some debt would be repaid by debt set aside that would reduce the overall liability and, for the elements that require to

be re-financed, opportunities would be taken to look at a mix of temporary and long-term borrowing options, that would realise some interest savings according to debt profile, particularly in the current climate of low interest rates.

Repairs – Kier North Tyneside Joint Venture (JV) - VFM savings – 1% reduction in Guaranteed Maximum Price (GMP).

Overall levels of rental income continue to be reduced by the Government's decision to reduce rent by 1% per annum for 4 years from 2016-17. The JV was initially protected from the direct impact of this change, as well as the direct impact of reducing stock numbers. It was decided for 2017-18 and the remaining two years of the policy, that the Business Plan could no longer afford not to pass on the impact of the legislative change and Cabinet agreed, that the available budget to fund Workstream 1 GMP (Housing Repairs) of £11.3m for 2016-17 is reduced by 1% per annum for the remaining 3 years of the rent reduction policy.

5.5 Investment Plan

All proposals for capital investment follow a structured gateway process, that challenged by Members and senior officers, from the initial ideas stage, through the delivery stage and finally to post implementation. All proposals are considered in terms of their strategic alignment with the Our North Tyneside Plan, Creating a Brighter Future Programme and the Target Operating Model.

As part of the 2018/19 budget process, there were two additional projects considered.

(a) Forest Hall district shopping area improvements

Improvements include for footpath widening and resurfacing, replacement street lighting, introduction of trees, reconfiguration of parking arrangements, improvements to Station Road and Forest Hall Road Junction and refreshing street furniture. This was proposed to be funded through the Council's Investment Plan for 2018/19.

Total cost £500,000 spend profile as follows:-
£250,000 2018/2019 QRT1
£250,000 2018/2019 QRT2

(b) A189 Improvements – Haddricks Mill to West Moor

The project involves improving accessibility in the A189 corridor, a strategic link serving substantial employment sites, dovetailing with adjacent A189 Haddricks Mill improvements in Newcastle. It would involve upgrading and signalling A188-A189 West Moor roundabout; provision of a new southbound bus lane linking from Quorum, Balliol and Gosforth business parks; introduction of cycling infrastructure and a link into traffic management technology using the Tyne and Wear UTMC (Urban Traffic Management and Control) system.

Total value of bid including match funding – £5,473,840

6 Engagement

North Tyneside Council had a commitment to being a resident-focused, listening Authority and included giving residents and other key stakeholders an opportunity to be involved in shaping the decision making in relation to the Financial Planning and Budget process.

The approach taken was to allow the public opportunities to have their say throughout the year, through a series of different methods, including engaging with the Elected Mayor, Cabinet and ward members through the Mayor's Listening Events and Community Conversations as well as a broad range of both on-line and face to face engagement or consultation exercises on different key issues such as the Resident's Survey.

Between July and September 2017 there had been a programme of engagement across the borough through the Big Community Conversation. The feedback from this programme and other activity throughout the year including the State of the Area event had informed the initial Cabinet budget proposals.

Further engagement on Cabinet's initial budget proposals would continue through November 2017 to January 2018.

Target Audiences

The engagement approach aimed to reach different sectors of the population through a targeted approach. The approach delivers both universal engagement as well as engagement with particular groups e.g. carers, people who are deaf or hard of hearing.

Approach

The approach aim was to maximum reach by offering a range of different opportunities for people to have their say. In line with the Authority's Engagement Strategy principles, these opportunities are:

- Inclusive: making sure that everyone is able to engage in the process
- Clear: being clear on the aims of each engagement activity at the outset and the extent to which residents can be involved
- Integrated: ensuring that engagement activities are joined up with the relevant decision making processes
- Tailored: aiming to better understand our audience and using different methods appropriately to enable and encourage people to be involved
- Feedback: giving feedback through agreed channels when engagement activity is completed
- Timely: aiming to give sufficient notice to make opportunities available to all and taking into account those times when it is more appropriate to engage depending on our target audience.

The group considered the engagement approach appropriate but raised slight concerns to the membership of the groups that were to be targeted. The group sought assurance that those groups targeted were from all wards of the borough and were a good reflection of the residents on North Tyneside in respect ensuring all 9 protected characteristics as set out in the Equality Act 2010 were represented.

At the point of writing this report this information was still outstanding.

7 Conclusions

The understanding where any increase in Council Tax will be spent needs to be understood by all residents of North Tyneside.

There was a view that some residents still did not understand the full impact that local authority's face and more is still needed to be done to inform and ensure the pressures the authority is under to continue to provide services with less money and higher demand in those services with a greatest cost is understood

The Budget Sub-group can only consider and comment on the information that has been provided to them.

As with previous years the timely provision of information to the scrutiny sub-group was again an issue and raises concerns that an effective and comprehensive scrutiny cannot be undertaken.

Recommendation 7: That following the implementation of the 2018/19 Budget. A review be undertaken to investigate how future scrutiny of the budget process can be improved.

It is acknowledged that the Authority is continuing facing an incredibly tough and challenging time and is faced with steeply declining government funding as well as relentless pressure on already reduced budgets.

The proposals aim was to continue to protect essential services and make sure that the Authority operates in as efficient a way as possible. However, there is continued concern that some service users could be missed or resistant to access services online and the move to further self service using the Target Operating Model.

The sub-group recognised that the delivery of the proposals and financial savings have an impact on the size and shape of the workforce.

It was reassured that the Council's Restructure and Redundancy Procedure would be used to try to prevent any compulsory job losses and the council would continue to seek expressions of interest for voluntary redundancy.

There was a desire that the Authority develops greater commercial opportunities by advertising and selling its services to other Local Authority's, schools, businesses and residents. It also believed the North Tyneside Trading Company with its associated benefits should be utilised more to provide increased revenue into the authority.

Recommendation 8: That greater emphasis be given to increase the commercial opportunities of the North Tyneside Trading Company to increase revenue.

There is still a lot of uncertainty in respect of the impact of Central Government's devolution agenda as well as the future impact of Brexit. There continues to be real concern to the how the managing of the increasing demands for both Adult and Children's Social Care. There were also concerns as the Cabinet report (27 November 2017) also indicated that many authorities were overspending against budgets for both Adults and Children's Services in order to meet increasing demand and cost and these pressures were evident for North Tyneside and there was a need to continue explore new financial and organisational initiatives to meet this significant challenge.

8 Presenting Officers

The following officers presented to the sub-group:

Janice Gillespie - Head of Finance
Phil Scott - Head of Environment, Housing & Leisure
Mark Longstaff - Head of Commissioning and Investment
Jacqui Old - Head of Health, Education, Care and Safeguarding
Darrell Campbell – Principal Accountant
Scott Woodhouse - Strategic Commissioning Manager, Adults
Ellie Anderson - Assistant Director Business and Quality Assurance
Haley Hudson - Assistant Director Strategy and Transformation
Gill Baker - Assistant Director Prevention and Early Help
Samantha Dand - Senior Manager Local Environmental Services
Dave Foster - Senior Manager (Housing Property and Highways Investment)

9 Background Information

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

2018-2020 Financial Planning and Budget Process: Cabinet's Initial Budget proposals

2018/20 Business Cases for:

- a. Cared For
- b. Great Place
- c. Housing Revenue Account
- d. Maximising Resources
- e. Fit for Purpose
- f. Investment Plan

10 Recommendations

Recommendation 1: That consideration be taken to increase all Fees and Charges in line with inflation.

Recommendation 2: That a review of all charges for events carried out in the borough be reviewed to ascertain if the Authority is receiving value for money for the use of its resources to facilitate these events.

Recommendation 3: That a review of the impact to Alternative Weekly collections be undertaken to provide assurance that this method of collection is the most appropriate, where communal waste storage in place.

Recommendation 4: That all residents be provided clear information to how Alternative Weekly Collection of their waste will have an overall benefit to the community.

Recommendation 5: That the scheduling of opening hours of Customer Service Centres and Library Services be in place to ensure that the service are available when residents most need them.

Recommendation 6: That the use of Customer First Centre & Library buildings be promoted for the use by community groups to ensure that these facilities continue to be used in the most cost effective way for the local community.

Recommendation 7: That following the implementation of the 2018/19 Budget. A review be undertaken to investigate how future scrutiny of the budget process can be improved.

Recommendation 8: That greater emphasis be given to increase the commercial opportunities of the North Tyneside Trading Company to increase revenue.