

**MINUTES of the meeting of Health & Social Care Overview and Scrutiny Committee held in the Council Chamber, The Shire Hall, St. Peter's Square, Hereford, HR1 2HX on Monday 14 November 2016 at 9.30 am**

**Present:** Councillor PA Andrews (Chairman)  
Councillor J Stone (Vice Chairman)

Councillors: PE Crockett, MD Lloyd-Hayes, MT McEvelly, GJ Powell, A Seldon, NE Shaw, D Summers and EJ Swinglehurst

**In attendance:** Councillors JM Bartlett, WLS Bowen, H Bramer, J Hardwick, EPJ Harvey, AW Johnson, JG Lester, PM Morgan, AJW Powers and SD Williams

**Officers:** Jo Davidson, Audrey Harris, Geoff Hughes, Josie Rushgrove, Martin Samuels and Mark Taylor

**112. APOLOGIES FOR ABSENCE**

Apologies were received from Cllr CR Butler, Cllr ACR Chappell and Cllr CA Gandy.

**113. NAMED SUBSTITUTES (IF ANY)**

None.

**114. DECLARATIONS OF INTEREST**

None.

**115. MINUTES**

**RESOLVED**

That the minutes of the meetings held on 28 September 2016 and 19 October 2016 be agreed as correct records of those meetings and signed by the chairman.

With reference to the minutes of 28 September (minute number 104, penultimate paragraph), membership of a task and finish group on child and adolescent mental health services was considered and agreed as: Cllr Crockett, Cllr Lloyd-Hayes, Cllr Norman and Cllr Summers. It was agreed that Cllr Powell would chair the group.

**116. SUGGESTIONS FROM MEMBERS OF THE PUBLIC ON ISSUES FOR FUTURE SCRUTINY**

No suggestions were received.

**117. QUESTIONS FROM THE PUBLIC**

No questions were received.

## 118. DRAFT 2017/18 BUDGET AND MEDIUM TERM FINANCIAL STRATEGY (MTFS) UPDATE

The interim director of resources gave a presentation on the 2017-18 budget. It was noted that the Chancellor's autumn statement was due on 23 November and it was suggested that there be a further scrutiny meeting after that.

The budget delivered the key priorities for the council; these were to:

- enable residents to live safe, healthy and independent lives;
- keep children and young people safe and give them a great start in life;
- support the growth of our economy; and
- secure better services, quality of life and value for money

It was a statutory requirement to approve the council tax base (which was set at 2% plus a 2% precept for adult social care), the gross revenue budget, and the net spending limit for directorates.

A more detailed review of the core grant and the capital programme would take place at the general overview and scrutiny committee today. However, the main points were that:

- the calculation of the capital finance requirement was reflected in the revenue budget;
- it was a statutory requirement to state the deliverability of the budget plus the level of reserves to ensure protection for unplanned circumstances;
- the efficiency plan for a four-year funding settlement had been submitted and agreed with the government;
- there were significant pressures and increased demand for services alongside increasing costs and inflationary issues that could have an impact;
- grants had reduced significantly, the core by some 90% since 2010, and it was necessary to identify savings and reduce costs from the business to operate within available funding;
- council tax revenue was the new driver, through the delivery of new houses in the county;
- revenue from business rates was also a factor although in the county this was limited as employers tended to be small and the impact of statutory relief on business rates, such as for charities, requires review;
- reserves were generally sufficient at the present time;
- pressures on the budget included inflationary costs, demographics and long term contracts where pressures had to be absorbed, as well as statutory pressures such as the living wage which also affected contractors;
- pressures were being offset through savings generated, creating efficiencies and reducing waste. Service reviews contributed to this, in changing service delivery methods, supported by a business-like approach to fees and charges within the market context;
- the overall picture was reflected in the medium term financial strategy over four years, a final review with the three directorates of proposed budget savings was planned to assess deliverability.

The net revenue budget is currently £139.8m. Although the council tax base was known, it was noted that there were business rates appeals in process.

It was not anticipated that there would be significant changes following the autumn statement, although there could be some adjustments, an example being the better care fund. The public health grant and the better care fund were ring-fenced, although the public health grant could be used to support other activities. It was clarified that the better care fund was separate from the troubled families budget.

Given the austerity measures and the extent of global political changes it was not realistic to expect significant cash injections. A further scrutiny review was proposed following the autumn statement. Most of the budget consultation was completed and being analysed, and the budget would be finalised at the council meeting on 3 February 2017.

A member asked for clarification regarding adult preventive measures of 600k income. The head of corporate finance explained that an additional £800k was allocated on a one-off basis and this represented the recoupment

In response to a member's comment that the sustainability and transformation plan (STP) could add pressures to adult social care, the director for adults and wellbeing explained that there could be challenges arising from the STP and this had been raised with NHS England. Although the STP was not yet in the public domain, there was commitment from NHS England to publish it before Christmas and the clinical commissioning group in Herefordshire planned to hold public meetings towards end of this month. The impact on adult social care was not yet clear and although there were legitimate concerns over the development of the STP, it was positive that the NHS planning process had sought to involve councils from the outset.

A member requested that the figures in relation to savings and recommissioning be clarified to show the net effect of managing contract inflation.

With regard to a projected overspend of £1.4m for learning disabilities against a savings plan of £700k, a member asked for more detail about the number of people receiving support and how the funding was used.

The director for adults and wellbeing clarified that people with learning disabilities had an increased life expectancy and so there was a larger proportion of the population of working age. This was a national trend although Herefordshire was the eleventh highest spender, spending significantly more per head in comparative terms. This was being addressed through developing new pathways, strengthening capability within the workforce and financial forecasting, which had resulted in a reduction in the projected overspend. This was a key area for focused improvements and there was an imperative for improved outcomes.

With regard to commissioning, the director explained that contracts for services were being renegotiated to reflect changing needs and there was more confidence that savings were deliverable. It was recognised that there were genuine inflationary elements to account for such as the living wage, but with planning the impact could be mitigated.

Noting reductions in spending in children's services, a member asked about the transition from agency to permanent staff.

The director for children's wellbeing confirmed that the strategy to 'grow our own' was bearing fruit. Agency staff had reduced from 60 to 18 and there was ongoing recruitment to reduce this further with the aim to have a maximum of 5 agency workers at any one time depending on need for cover.

This achievement brought substantial cost savings and services were operating within cost. There was confidence that savings would be achieved next year, with a more stable service.

The director also commented on placement costs, noting that the number of children on child protection plans had stabilised over the past few months and had reduced from over 200 to 140. The safeguarding board was confident that children were getting right support and the service was working acceptably. There was slower progress in reducing the number of looked after children, with the aim to reduce to around 150 children to compare with neighbouring authorities. There had been investment in development work to ensure that the focus was on reunifying children with their families or

establishing more permanent arrangements such as adoption or special guardianship. It had not been possible to reduce this as quickly as wished but there was confidence that this would be more on track next year.

The cabinet member for young people and children's wellbeing added that the reduction of agency workers from 60 to 18 was significant and he was proud of the team for achieving this. The safeguarding thresholds were being applied rigorously so that children were not on child protection plans unnecessarily, and the right resources were being applied properly.

Responding to a member's request for clarification on how the rural services delivery grant related to budget proposals and delivery within sparsely populated areas, the interim director of resources explained that the grant was utilised to support service delivery where costs were higher because of factors such as travel. The fund was currently held in reserve in order to be able to respond to demand and pressures.

A member commented that more information was needed in order to comment on the impact of the STP, and there were further issues related to changes to local health services and the expectation to achieve full integration of health and social care by 2020. She added that the development of different ways of working were to be applauded but funding needed to be established.

The interim director of resources commented that it was important to build up the level of reserves to protect support services from unforeseen circumstances such as for winter crises, floods etc.

Business rates were a powerful income stream but it was not yet clear from the government how the proposed new system would work. The council had until 2021 before the new system came in and in the meantime the council should endeavour to enhance its business rates base until the impact was clearer.

The director for adults and wellbeing commented that with regard to changes in local health service management speculated by the media, there had been a long standing budding relationship with South Warwickshire NHS Trust and although there had been ongoing discussions, there were no indications of a formal merger at this point and no decisions had been taken. The current arrangement was in order to support local management.

With regard to the STP, the director had been involved in its development and it was important to recognise that there would be a series of iterations before the document would be published before the end of November. This provided opportunity for all to be engaged in the process and NHS England expected this. It was anticipated that there would be general direction from central government on integration but the specific approach was for local determination.

In response to a member's question regarding areas of concern in relation to equality impact assessments, the head of corporate finance explained that these were a continuous process and had been summarised for the report, and more information could be provided.

Commenting on the service at Ledbury Road, the director for children's wellbeing clarified that the current service provider, Wye Valley NHS Trust, had served notice that it would not be retendering for the contract. Extensive consultation and detailed discussions with families had taken place with regard to short breaks and it was anticipated that at the end of the procurement period this month, contracts would be offered for a range of short breaks, details of which would be provided in the new year, but it was confirmed that there was a better range of family based provision and demand

could be met. The director confirmed that training was taking place and parents were praising the transformation in provision. The cabinet member for adults and wellbeing assured members that care was being taken to understand needs.

A member asked about the new homes bonus and the number of properties this was based on and reflected in the core strategy. The head of corporate finance explained that the new homes bonus grant was in relation to around 500 new homes per year and it was expected that the funding stream would reduce to four years. This would include homes coming into re-use as well as new homes. Members noted that this area presented an opportunity for future scrutiny.

**RESOLVED**

**That the report be noted.**

The meeting ended at 10.53am

**CHAIRMAN**