

HEREFORDSHIRE COUNCIL

MINUTES of the meeting of Health & Social Care Overview and Scrutiny Committee held at Council Chamber, The Shire Hall, St. Peter's Square, Hereford, HR1 2HX on Tuesday 17 November 2015 at 10.00 am

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

Councillors: ACR Chappell, PE Crockett, DG Harlow, EPJ Harvey, EL Holton, JF Johnson, MD Lloyd-Hayes, MT McEvelly, PD Newman OBE, A Seldon and NE Shaw

In attendance: Councillors H Bramer (Cabinet member contracts and assets), JM Bartlett, WLS Bowen, J Hardwick, TM James, PM Morgan (Deputy Leader of the Council and Cabinet member health and wellbeing), GJ Powell (Cabinet member economy and corporate services), AJW Powers, PD Price (Cabinet member infrastructure), P Rone (Cabinet member transport and roads), EJ Swinglehurst, A Warmington and SD Williams

Officers: Chris Baird (Assistant director commissioning and education), Richard Ball (Assistant director commissioning), Ben Baugh (Democratic services officer), Jo Davidson (Director of children's wellbeing), Sukhdev Dosanjh (Assistant director commissioning), Geoff Hughes (Director of economy, communities and corporate), Paul Meredith (Assistant director safeguarding and early help), David Penrose (Democratic Services Officer), Peter Robinson (Director of resources), Josie Rushgrove (Head of corporate finance), Prof Rod Thomson (Director of public health) and Claire Ward (Deputy solicitor to the council people and regulatory). Also in attendance were Paul Deneen (Chair of Healthwatch Herefordshire) and Jane Melton (Director of engagement and integration, 2gether NHS Foundation Trust).

35. APOLOGIES FOR ABSENCE

Apologies for absence had been received from Councillors CA Gandy and D Summers. Apologies had also been received from the Leader of the Council, Councillor AW Johnson.

36. NAMED SUBSTITUTES

Councillor EL Holton substituted for Councillor CA Gandy and Councillor EPJ Harvey substituted for Councillor D Summers.

37. DECLARATIONS OF INTEREST

No declarations of interest were made.

38. MINUTES

The minutes of the previous meeting were received.

RESOLVED: That the minutes of the meeting held on 22 September 2015 be approved as a correct record.

39. QUESTIONS FROM THE PUBLIC

The Chairman drew attention to the supplement to the agenda and read out the question received from Ms Caith Dye. The Chairman, noting the response provided by officers, questioned the timescale for the launch of the Wellbeing Information and Signposting for Herefordshire (WISH) service; reference was made to a presentation at the [9 June 2015](#) meeting that identified August 2015 for the public launch. The Assistant director commissioning advised that it had been the intention to locate the service in the Hereford Library and Museum but the building had been closed due to asbestos related issues. It was reported that work was in progress to identify suitable alternative premises before the end of November 2015 and there would be 'pop-up' outreach arrangements around the county. The Chairman requested that local ward members be kept informed about developments.

In response to a query from a committee member, the Chairman advised that there would not be an opportunity for a supplementary question from the public on this occasion.

[Note: An overall presentation, [Financial planning assumptions 16/17 - 19/20](#), was published in a supplement to the agenda and was given to members of both scrutiny committees at this meeting. For the purpose of these minutes, the key points have been separated into the relevant agenda items below.]

40. CORPORATE PLAN 2016-20

The Deputy Leader advised the committee that the corporate plan 2016-20 set out the overarching policy framework within which decisions would be taken and resources allocated. The Deputy Leader said that the achievements during the last plan period included: £49m of savings and balanced budgets during times of austerity; significant private sector investment and success with the Old Market development; substantial investment in the county road network; and the adoption of the Herefordshire Local Plan Core Strategy.

The corporate plan key priorities were identified as follows:

- 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 the number of people in work.
- Secure better services, quality of life and value for money.

The Assistant director commissioning reported that work would continue on the corporate plan, taking into account any comments from the scrutiny committee, and would be considered by Cabinet in January 2016 for onward recommendation to Council in February 2016. The plan had been informed by the [Priorities and budget consultation](#), the evidence base of [Understanding Herefordshire](#), and the level of available funding.

RESOLVED: That the draft corporate plan 2016-20 be noted.

41. BUDGET AND MEDIUM TERM FINANCIAL STRATEGY (MTFS) – DRAFT PRIOR TO GOVERNMENT FUNDING ANNOUNCEMENT

The Director of resources presented slides 1 to 10 of the overall presentation, the principal points in relation to the budget and MTFS included:

1. The council's net budget 2015/16 was £142m, with over half of the expenditure would be on adults' wellbeing (£53.2m) and children's wellbeing (£22.1m).
2. It was projected that, as a consequence of the government's continuing austerity measures, £32m of further savings would be required to 2019/20. Whilst the authority could take confidence from the savings achieved to date, the situation was becoming more challenging given the efficiencies already removed from the budget.
3. The presentation addressed the question 'why doesn't spending reduce by the savings target?', with reference made to inflation arising from the costs of the living wage, pensions costs, national insurance, demographic pressures, and capital financing costs; it was estimated that the base budget would reduce to £128m by 2019/20.
4. The current savings proposals identified £28m of savings over the next four financial years but there would be a £4m shortfall in 2019/20. The government's Comprehensive Spending Review (CSR), to be published on 25 November 2015, would provide more detail to inform the projections going forward.
5. Public consultation during summer 2015 on the savings proposals prioritised the sale of the council's smallholdings estate and the introduction of on street parking charges, with the least popular option being the reduction of customer services and libraries. In light of this, savings to customer services and libraries had been adjusted over a longer period and discussions would continue with the public and town and parish councils with a view to maintaining levels of service at a reduced level of subsidy.

The Head of corporate finance presented slides 11 to 18, the key points included:

6. The presentation addressed the question 'how did you work out grant reductions?' by providing a summary of the trends in government funding over the three years 2013/14 to 2015/16.
7. Reference was made to a graph issued by the Office for Budget Responsibility which showed how the government intended to reduce public spending and, with the protection of NHS, education and international development, illustrated the extent of the pressures on the 'other' segment which included local government.
8. It was reported that the dedicated school grant, whilst ring-fenced in cash terms at £96m, would face increasing inflationary cost pressures, estimated to add at least 15% to school costs over the next five years.
9. Government departments had provisionally agreed to average cuts of 30% in current funding over the next three years.
10. It was assumed that government funding would reduce by 12% per annum but the CSR would provide more clarity around the basis of the assumptions.
11. Further detail was provided about the assumptions made in relation to formula or revenue support grant, locally retained business rates, business rates top up, and new homes bonus grant.

12. Forecast net budget for the years 2014/15 to 2019/20 showed a reduction from £146m down to £128m, with revenue support grant reducing from £36m to £2m over this period; recent announcements indicated that the council would not receive revenue support grant in 2019/20.
13. The council had been advised that it could expect to retain 100% of business rates by 2019/20 (currently 49%) but the current distribution method would be retained and the measure would be fiscal neutral. Furthermore, any additional funding was likely to be offset by further responsibilities and services to be devolved to local government.

The Chairman invited members to comment and ask questions on the elements relevant to the remit of the committee, the principal points are summarised below.

A committee member asked about the most crucial areas, where actuals had not performed to budget, and the contingency in place. The Director of resources commented on the difficulties for all councils to predict demand-led social care requirements and provided an overview of the contingency and reserves included in the budget.

A committee member made a number of observations, including:

- i. The proportion of expenditure on children's wellbeing and adults' wellbeing was likely to increase.
- ii. There had been improvements in the earlier identification of children's safeguarding issues.
- iii. Referring to the section 75 agreement between the council and the CCG, concern was expressed about the lack of clarity about pooled budgets for future years.
- iv. In light of recent events in Paris, government spending on security could increase in the CSR, potentially with implications for other budgets.
- v. The expected savings in social care were considered optimistic.

The Assistant director commissioning advised that it was assumed nationally that the level of funding for adult social care would continue and, although guidance was awaited from government, a refresh of the section 75 agreement was being undertaken by the partners with the intention of transforming the system and making the most out of the available funding; based on the previous timeline, it was anticipated that the position for 2016/17 would be known by February 2016. It was acknowledged that, in view of recent statements by the Secretary of State, pooled budget arrangements were likely to increase going forward.

A committee member commented on work he had undertaken with support from officers on the true costs of rural isolation and quoted correspondence from the Head of corporate finance which identified that the current funding formula continued to reflect inadequately the extra costs of providing services across rural areas. Reference was also made to the gap in business rates received per head of population compared to some urban areas. The committee member said that it was difficult to improve matters for the 25% of residents that lived in sparsely populated areas given current funding arrangements and it was possible that increasing numbers of people would enter hospital and then the social care system. The committee member considered that the council and its partners should be more vocal about the situation and lobby government departments to ensure that rural populations received fairer treatment. In response, the

Deputy Leader said that the points were well made and the administration would continue to discuss resource issues and the implications of the CSR with both local MPs.

A committee member noted that mental health was a particular concern in the county and commented on the contribution made by Citizens' Advice Bureaux in signposting residents to relevant services, adding that grants to such organisations should be explored further. The Assistant director commissioning recognised the need for the council and its health partners to facilitate community resilience and develop solutions which reduced demand on statutory services. The Deputy Leader said that mental health was given high priority in the health and wellbeing strategy and the results of work undertaken on procurement would be reported to the committee in due course.

A committee member, drawing attention to paragraph 24 on page 33 of the agenda, questioned whether 'adults demographic pressures' should continue to be presented as new or additional pressures. The Director of resources advised that the section set out the pressures in total and should have provided more narrative to explain that the approved MTFs had taken anticipated growth in adult social care into account but there were new pressures in terms of the government's plans to introduce a national living wage which would impact on the supply chain; the report to Cabinet would be updated accordingly. In response to a further question, the Director of resources advised that, whilst demand remained difficult to predict, adults' wellbeing had spent within budget during 2014/15 and was on target to spend within budget for 2015/16. The Director of children's wellbeing added that population statistics were regularly updated and suggested that scrutiny committee members might wish to consider the approach to forward planning.

The committee member, noting the level of overspending in children's safeguarding, questioned how members were to be assured that the authority would be in a position to deliver its savings plans. Concern was expressed that budgets in previous years had been presented as balancing and had been put forward as being achievable but, as each year went by, change programmes were not delivered. The member added that, in the context of the cuts already made or agreed, there was limited room to offset overspends through reductions in other areas. In response, the Director of resources made a number of comments, including:

- a. It was his responsibility to recommend a budget to members that he considered deliverable.
- b. He said that the authority had performed exceptionally well in terms of overall change programmes.
- c. The budget in 2014/15 had been delivered, with some underspend.
- d. In terms of the current year, the majority of change programmes were delivering in budget.
- e. There had been pressures in safeguarding which had been picked up early in the year and budgets had been recast going forward.
- f. It was reiterated that it was very difficult to predict demand in children's safeguarding and this was national issue, with many councils overspending in a greater proportion.
- g. A lot of work had been undertaken with the service to rebase the budget; savings of over £1m had been anticipated for next year but £0.5m had been added back into the budget. Officers were confident that savings could be made and better

outcomes achieved; reference was made to the higher level of success than expected with residential placements.

- h. The draft MTFs recognised that children's safeguarding was relatively expensive compared with statistical neighbours and, whilst this would take time to address, additional resources had been put into the change programmes to help deliver the strategy.

The Director of children's wellbeing said it was important to note that, up to the last financial year, children's services had been within budget. In those areas where it was difficult to manage demand, there had been significant pressures in the last two years for many authorities. There was clarity about the areas of overspend and the majority of change programmes were being delivered, albeit some had not kept pace with demand. Parallels were drawn to the position in adults' wellbeing in terms of working with partners and ongoing funding issues. It was noted that the county experienced similar challenges to urban areas but did not receive the same level of funding and access to services was more problematic in rural areas. The scrutiny committees were invited to continue to work with the directorate on its strategies and savings plans.

A committee member emphasised that her points should not be construed as being unsympathetic or overly critical but concern remained that, given the experience of previous years, the budget might not be truly reflective of the costs and timeframes needed to deliver certain change programmes and savings. Furthermore, it would become increasingly difficult to meet unscheduled and unplanned pressures in year from other service areas. The tenfold increase in the number of responses to the budget consultation was welcomed and attention was drawn to respondents' support for an increase in council tax above 2% to protect services and defer savings. The Chairman suggested that this be explored as part of the subsequent General overview and scrutiny committee debate. The committee member reiterated the proportion of expenditure on adults' wellbeing and children's wellbeing.

The Chairman proposed a recommendation noting the savings required and ongoing demand pressures in both adults' wellbeing and children's wellbeing. A committee member proposed a recommendation in relation to rural sparsity. Another committee member proposed a further recommendation in relation to recognising the risks in the community arising from the changes being made. Some members commented on the contingency and risk management considerations already addressed in the papers.

There was a short adjournment whilst the recommendations were circulated to the committee. The resolution below was then agreed.

RESOLVED: That the following be forwarded to Cabinet as the committee's response:

- a. **The committee notes that a further £10m has to be saved from the financial year 2015-16, and notes particularly the savings required in both adults' and children's wellbeing, both areas in which demand is increasing;**
- b. **the committee especially notes that children's wellbeing already has a £1.7m overspend and that although plans are in place to reduce overspend in 2017, implementation will prove problematic without a reduction in services;**
- c. **the committee recognises that no account has been made within central government funding for the rural sparsity of the population of the county; and**

[Draft pending approval at the next scheduled meeting]

- d. the committee recognises the considerable financial and social risks in the community associated with the pressures the council are putting on families and carers of all ages.**

The meeting ended at 11.30 am

CHAIRMAN