

SCRUTINY MANAGEMENT PANEL

Minutes of the meeting of the Scrutiny Management Panel held on Friday, 4 December 2015 at 2.00 pm at the Civic Offices, Portsmouth

Present

Councillor Steve Hastings (in the Chair)

Councillors Simon Boshier
Alicia Denny
Ben Dowling
John Ferrett
Scott Harris
Ian Lyon
Darren Sanders

Officers Present

Mr Chris Ward, Director of Finance and s151 Officer

18. Apologies for Absence (AI 1)

Apologies for absence were received on behalf of Councillor Will Purvis.

19. Declarations of Members' Interests (AI 2)

There were no declarations of Members' interests.

20. Minutes of the Meeting held on 13 October 2015 (AI 3)

RESOLVED that the minutes from the meeting held on 13 October 2015 be confirmed and signed by the Chair as a correct record.

21. Portsmouth City Council Revenue Budget 2016/17 - Savings Proposals (AI 4)

(TAKE IN PRESENTATION)

A hand-out of the presentation was given to members of the Panel. Mr Chris Ward gave the presentation.

He advised members that the purpose of this meeting was to enable the Panel to scrutinise the budget proposals and raise any queries in advance of the Council Meeting. The indicative budget savings proposals would be taken to the December Council meeting but these cannot be formally approved until February.

Mr Ward said that there were uncertainties such as how much grant the council will receive, information relating to business rates and inflation. However, it was possible to make reasonably accurate assumptions.

He drew Members' attention to slide five - Outlook for Funding and Expenditure

- High Public Debt – £1.5trn (80% GDP)
- Estimated Budget deficit until 2019/20
- Spending cuts through to 2019/20
- Local Government Funding Outlook
 - Council Tax – Assumed 2% increase p.a. (1% = £625,000)
 - Autumn Statement 2% Increase p.a with a further 2% p.a. for Adult Social Care
 - Assumed Funding Reductions (Govt. & Bus. Rates) – Next 3 Years 21%
 - Autumn Statement National Funding Reductions 22.8% **(Like for Like?)**
- City Council Expenditure Outlook
 - Increased costs – ageing population and increased life expectancy
 - National Living Wage (Adult Social Care = £1.5m) *
 - National Insurance Contributions (37% Increase)
 - New Care Act – fully funded?
 - Inflation - £13m over next 3 years

During discussion members made the following comments

- It seems that repeatedly the savings put forward by officers are not in fact achieved - so for example there was a figure of £5.1m savings put forward by officers that was not achieved last year. Members suggested that either the Scrutiny Management Panel or Governance and Audit and Standards Committee should receive a report mid- year to assess progress on the savings targets and this was supported.
- Members were also uncomfortable that the unmet savings target was then taken to Cabinet for them to decide how to make the savings. Members felt in the interests of openness and accountability, this should not be reserved to Cabinet but should be a matter for Full Council.

Mr Ward advised that

- the £5.1m figure was not just savings that services failed to make but also included additional pressures such as from Health and Social Care, Looked after Children etc.
- constant monitoring of the Council's financial position took place.
- funds from the MTRS reserve were set aside to even out the financial position where for example savings were being made more slowly than anticipated.
- the role of the Cabinet was to agree that the savings proposals were deliverable and robust.
- the figures showing the savings targets and the overspends and underspends were available from the individual finance reports going to portfolios.

Mr Ward drew Members' attention to the key messages on slide 9

- Council Gross Expenditure amounts to £552m of which £125m is Controllable
- £31m represents a 25% reduction in spending unless additional income can be raised instead
- 55% of controllable spending is on Health & Social Care and Education & Children (66% when Environment & Community Safety is included)
- Existing underlying deficits of £5.1m to be remedied first, limiting Adult Social Care and Children's Social Care contributions towards the £11m for 2016/17
- New Burden of National Living Wage (£1.5m) not built into £31m forecast deficit – Government assumption is funded through the extra 2% Council Tax for Adult Social Care

Mr Ward said there were four strands to the Medium Term Financial Strategy

- Reduce the City's dependency on Central Government Grant ie (Increasing income)
- Reduce the extent to which the population needs Council Services ie managing demand
- Increase the efficiency & effectiveness of the Council's activity ie Value For Money
- Withdraw or offer minimal provision of low impact Services

He then drew Members' attention to the recommended savings for 2016/17 in slide 12.

He said that an external organisation had been invited to look at the proposals and he had taken heed of their advice. Although he had reasonable confidence in the figures and that they have substance behind them, there is always a risk involved with budget figures.

He confirmed that to compensate for the overspends in some services, others had had to take a greater share of the cuts - such as Resources, Traffic and Transportation and PRED. Slide 13 showed the position by service.

Mr Ward said that slide 14 summarised the position.

- Children & Education (2.5%), Health & Social Care (5.2%) Environment & Community Safety (5.5%) all continue to receive relative protection from spending reductions in 2016/17
- Continued protection for priority Services (66% Controllable spend) at meaningful levels will be extremely challenging and only possible if additional income is generated or Council Tax increased beyond 2%
- The discretion to increase Council Tax by a further 2% will be a crucial decision for Adult Social Care Services in the City
- To meet the future savings challenge, it will be important to continue with a sustained programme of Service Interventions (additional £0.5m investment)

The Chair thanked Chris Ward for his presentation.

In response to queries the following matters were clarified

- Most of the professional services - back office staff - were part of the Resources portfolio and slide 13 showed that portfolio as one of those taking a greater share of the cuts.
- Mr Ward confirmed that if cuts were delayed, when they are eventually implemented, they would have to be greater.
- Where service reviews took place, these often took longer than the 45 day consultation period.

The meeting concluded at 3.15pm.

Councillor Steve Hastings
Chair