

### **Budget Scrutiny 2024/25 – Scrutiny comments (discussed at the January 2024 Scrutiny Meetings).**

During the Scrutiny Panel discussions, each Panel received details of the Council's overall draft Budget for 2024-25 and specifically the main issues and pressures impacting on the remit of the Panel.

#### Adult Care and Well Being Overview and Scrutiny Panel (22 January 2024)

In relation to specific 2024/25 Budget information for Adult Services, the total indicative investment into Adult Social Care was £19.2m and a further £0.8m pay and contract inflation investment into Provider Services. This would be offset by £2.9m indicative reductions, resulting in a net indicative investment of £17.1m.

During the discussion, the following points were raised:

- Although the structural deficit for Adult Services in 2023/24 amounted to £5.9m (from a Council wide deficit position of £35m), it was difficult to forecast future years. Demand and price could not always be predicted and the 2023/24 Budget had been set based on what was known at the time. The majority of pressure was in price and Officers worked tirelessly to manage both demand and price. The Cabinet Member with Responsibility (CMR) was optimistic that the £5.9m structural deficit could be lower at the end of the financial year and predictions for demand were about right, which was a testament to Officers and partnerships with health organisations.
- A structural deficit of nearly £4m for the Learning Disabilities Service was due to an increase in service users year on year, many of whom now outlived their parents and required support from social care. In addition, the cost of care was increasing and acuity was increasing.
- The Budget includes service users who were transitioning from children's to adult services as part of the All Age Disability Strategy. Early identification of service users from children's services was supported in order to ensure a smoother transition to adult services. It was explained that by working with young people and their families from an earlier age, conversations had taken place such as what housing provision was available, and there had been some successful outcomes of young adults living independently with support.
- Despite the suggestion that service demand would naturally increase, it was reported that life expectancy in the County had gone down, however, Worcestershire was still the second fastest ageing county in the UK. The CMR and Officers emphasised the message that we should be supporting adults to live independently for as long as possible.
- The Panel was concerned by the lack of any national funding reform and with insufficient funding it would result in Worcestershire residents not receiving the best possible care. Officers were working with providers to ensure that the right services were available to accommodate changing need, such as retention of independence. For example, more people are living in Extra Care housing since 2017 and this was more cost effective than care.

- The Panel agreed that Government's statement for Councils to use Reserves was not sustainable for Worcestershire. The Council and local MPs had been lobbying Government for fairer funding with the final settlement due early February.
- It had been previously reported that the 2023/24 Budget was based on a 4% growth in clients and by the end of September the growth had been 5.5%. By the end of October it was 6.4% and 6.5% by the end of November. Officers advised that the slowdown was usual at this time of year and the growth curve historically flattens out as the winter progressed. The CMR stressed that predictions were difficult as the Covid pandemic had changed mindsets. The 4% growth was a reasonable target based on the information available at the time.
- The Agenda Report referred to forecast additional income and a Member asked how confident Officers were with the figures presented. In response, Members were advised that there was a risk-based approach and the figures were quite prudent based on the predictions of benefit increases however each client has a financial assessment undertaken relating to ability to pay so will be based on actual clients and their individual assessments. In relation to NHS Continuing Healthcare, the Council was now in a much stronger position to challenge decisions and had the support of legal services.
- It was noted that some of the corporate saving efficiencies related to staff applying (and being accepted) for the Council's Voluntary Redundancy and Reduction In Hours Schemes. Numbers were yet to be confirmed as the Schemes had recently closed. It was noted however that essential roles were exempt from the Scheme, e.g. front line social workers.

#### Children and Families Overview and Scrutiny Panel (10 January 2024)

It was highlighted that the draft Budget included figures of total investment in Home to School Transport (£15.7m) and Children's Social Care (29.6m), a total of £45.3m to reflect known and projected demand. It was explained that this could be considered as £28.6m for the structural deficit and £16.7m in new growth.

The Panel was informed that they would usually be given the indicative Worcestershire Children First (WCF) Contract price at this stage, but this was delayed due to the late Government settlement and ongoing pressure to close the projected gap in the 2024-25 Budget position. The Panel was advised that the proposed savings of £10.2m for Children and Families budget areas were set out in Appendix 2 of the 10 January Cabinet Report, with the final figures to be determined in the next few weeks, including potentially further savings proposals in order to deliver a balanced budget.

It was highlighted that Safeguarding and SEND services had been treated as priority areas and protected from savings. Alongside savings, the Panel was informed of activity plans to reduce numbers of looked after children through promoting permanency out of care and independence, with the aim to avoid further costs and reduce future growth. The Panel was assured that no initiatives would be progressed unless they were in the best interests of the child.

Members were also provided with details of the Dedicated Schools Grant (DSG) for 2024-25, which included a significant increase in the early years block due to the

expansion of funded places for 2-year-olds from April 2024. Members were familiar with the ongoing situation regarding the High Needs block and noted that the current statutory override was in place until March 2026.

During the discussion the following main points were discussed:

- The initiatives to reduce the pressure on the childcare placements budget, including the plans to increase the number of foster carers, and specialist foster carers. Some positive results were already being seen, and going forward it was expected that there would be a significant positive impact on this budget. The detail of other initiatives being progressed, including the preventative use of respite care to avoid placements breaking down and consideration of supported living options for 16 to 17 year olds who may no longer require a residential setting.
- Whilst acknowledging the late budget settlement and the fact that savings plans were still being working on Panel Members expressed their dissatisfaction at the information provided to them for this meeting which lacked the detail required to carry out Budget Scrutiny. Clarification around the WCF final contract price and details of the savings plans and how they would be achieved was requested and the Panel requested a further meeting to discuss the detail when available.
- The DSG deficit was raised which it was highlighted was a major concern for local authorities nationally. The Panel was informed that the Council did not have any funds earmarked as a reserve to offset this accumulating ringfenced deficit at a later point, which despite the best efforts of the Teams, continued to increase.

#### Corporate and Communities Overview and Scrutiny Panel (18 January 2024)

The Panel very much appreciates the time and effort of staff in mitigating the extremely challenging budget situation for 2024/25 and acknowledges that lobbying for an increased final settlement continues through every avenue open to both the Council and political leadership.

The Panel highlighted the fact that the majority of budgets within the Panel's remit have a good record in balancing the budget, and the Cabinet Member with Responsibility (CMR) for Corporate Services and Communication has assured the Panel that all service areas of the Council are being subject to a 'deep dive' review – including children's and adults' social care and home to school transport, which nationally, are the main reason for this year's particular budget challenge.

The cessation of the Council's talent management programme is very concerning, and Officers have acknowledged there will be an impact, although this will be offset by using the apprenticeship programme.

In view of budget challenges, the Panel has questioned the necessity of the £0.2m increase in funding for wellbeing work, and Officers have explained the return in this investment, which includes mental health first aiders, health checks and wellbeing events - for example this has resulted in a 22% reduction in musculoskeletal type conditions, which is the biggest cause of staff absence.

The Council's Voluntary Redundancy scheme is on track to deliver the proposed savings target of £1.5m, however the scheme has not yet concluded, and the Panel has

requested an update later in the year to understand the impact of losing posts. It is understood that in the main, post reductions will be felt by internal staff and Officers will seek to minimise the impact on the public.

The Panel has been reassured that procurement and contract management continue to be a prime area of focus for the CMR, and the Director has pointed out that this is one service area which will not be reduced.

The Panel has also been reassured around management of any budget reserves and reminded that previous practices of directorates retaining reserves have not operated for several years, mainly due to ongoing budget pressures.

The Panel has enquired about any monetary impact from the temporary changes to use of County Hall buildings while sections are closed due to the presence of RAAC, such as security personnel to check staff passes and doors letting in cold air. The Officers have explained that these are very temporary changes and that survey data will soon be available to enable decisions to be made for the future.

Regarding energy costs now that the cost of energy was reducing, it has been explained that savings are not yet being seen and the residential energy cap has only very recently increased, however, the Council's stake in West Mercia Energy has produced excellent results.

Regarding income from meeting rooms, for example those in libraries, it is understood that they are marketed as rentable spaces and a new digital system is about to be introduced which will help.

Higher interest rates are impacting on any borrowing and the Panel has asked about the impact on Council budgets of even relatively minor shifts in interest rates and has been advised that this is difficult to estimate due to the long-term nature of many Council investments. The Local Authority has a portfolio of debt and borrowing that ranges from broadly 0.5% to just over 3.5%, and every effort is made to borrow at the lowest possible rate, or not to borrow at all.

Regarding the Capital Programme, which for this Panel's remit relates mainly to IT and property, the Officers have reassured the Panel that any new schemes would be subject to a business case, review by the Business Board and Cabinet; there is strong challenge and currently only schemes funded by grants or external funding are being approved. The Officers and CMR have advised they are always receptive to ideas to sell or utilise Council assets innovatively, however, caution is exercised and there is an asset policy in place as legislation requires that best value is demonstrated.

In terms of practical budget suggestions, the Panel urges greater development of the County Hall grounds for a wider range of events, to generate income.

#### Economy Overview and Scrutiny Panel (16 January 2024)

- The Panel noted that demand for services was continuing to increase, particularly across adults and children's social care as well as home to school transport. Currently there was a £20.4m gap that needed addressing.
- The proposed Council tax was an increase of 4.99% (which included 2% Adult Social Care Levy to contribute to the existing cost pressures of Worcestershire's

ageing population) and 2.99% to provide financial support to continue to fund investments in those areas that the public had consistently highlighted as important.

- The Panel asked for clarification what a S114 Notice of the Local Government Finance Act 1988 was. It was explained that this was a report issued by a Council's statutory chief finance officer (section 151 officer) when it appears to them that the council's expenditure will exceed the resources it has available in a financial year.
- The Panel discussed the timeline for the final Government settlement which was expected by the end of January 2024 and questioned whether it was likely that Worcestershire would be allocated more funding. The Panel was advised that there was no indication from Government that further funding would be made available to Councils despite strong lobbying. Councils were expected to use reserves, maximise income from Council Tax and live within their means. The Deputy Chief Finance Officer assured the Panel that Worcestershire County Council would be setting a balanced budget for 2024/25.
- In response to a question about whether the Government settlement had taken into account the high rate of inflation, the Panel was advised that the grants awarded in the settlement had been set to cover 2 years and inflation been factored in, but Government estimates had been based on inflation falling quicker than it had.
- The Panel noted that some Councils had requested special permission to increase their Council tax beyond the 4.99% cap to 9.99% without the need for a referendum if they were having trouble in settling a balanced budget and this was termed "pre S114".
- Members expressed concern that the Council's reserves could not continue to reduce year on year indefinitely and suggested although unpalatable, consideration should be given to whether any reductions could be made to the Capital Programme or whether the Council's contracts could be reviewed.
- With service demand increasing in adult and children's social care placements and home to school transport, innovative ways needed to be found to save money and it was suggested that although unpopular, it may be necessary to reduce the spend on highways and footways to meet other essential service demands.
- Acknowledging that home to school transport was being considered by the Children and Families Overview and Scrutiny Panel, it was suggested that it was important to look at optimising routes and other innovative options to provide transport and save money including the potential for school employees to be able to transport children where possible.

## Environment Overview and Scrutiny Panel (25 January 2024)

The Environment Overview and Scrutiny Panel has scrutinised the draft 2024/25 budget for the services of the Economy and Infrastructure (E&I) Directorate which come under the Panel's remit, and therefore understands the increase to £75.922m, which seems reasonable, taking into account pay and contract inflation.

The Panel was shocked to see the budget for Home to School Transport has gone from a budget of £20.759m in 2023/24 to £35.108m in 2024/5 which equals a 69% increase. The Panel understand that this increase is due mostly to the extra demand for transport for children with special educational needs and disabilities (SEND). The Panel is pleased to see that senior management has been tasked with finding new policies to reduce this spend and looks forward to seeing the proposals. The Panel understands this is a difficult area with different factors including location of specialist schools. Education, Health and Care (EHC) Plans are written by Worcestershire Children First, therefore the huge impact on E&I budgets in delivering transport solutions, is very difficult to mitigate by the E&I Directorate. However, the Panel remains concerned that the draft budget of approximately £24m for SEND home to school transport is exceptionally high, and the proposed plan to make savings of £1.25m is not aspirational.

The Panel is pleased to hear that the Cabinet Member with Responsibility for Environment plans to increase messaging to encourage residents to produce less waste, as waste management is the largest percentage of the E&I Directorate's budget.

The Panel recommends for next year's budget scrutiny, a separate budget task group, to enable Panel members to drill down through the data, hopefully using data via Power-BI, therefore giving greater transparency in preparation for the public budget discussion.