

## **BUDGET TASK AND FINISH GROUP – FINAL REPORT**

### **1. PURPOSE**

- 1.1 The Budget Task & Finish Group has, on behalf of all members, examined the Council's financial plans and existing budgets in considerable detail in the context of the latest forecast Medium Term Financial Plan. This report presents the findings of the Group to the Corporate Overview and Scrutiny Panel for consideration.

### **2. INTRODUCTION AND CONTEXT**

#### **Terms of Reference**

The terms of reference for the Budget Task and Finish Group are:

- (1) To review the Budget Strategy and its implications for the broader community of the New Forest; and
- (2) To report the outcome of this review to the Corporate Overview and Scrutiny Panel to assist in responding to the budget proposals for 2018 and beyond.

#### **Membership of Group**

Cllr A Penson  
Cllr G R Blunden  
Cllr Kate Crisell  
Cllr Mrs A E McEvoy  
Cllr M Steele (Chairman)  
Cllr A D O'Sullivan

(The Group would like to place on record their thanks to Cllr Michael Harris, who recently stepped down from the Budget Task and Finish Group after being appointed as a Portfolio Holder. Cllr Harris has chaired the Group over recent years, and made a valuable contribution to its work.)

#### **The Work of the Group**

- 2.1 At their first meeting it was agreed that the task should again involve a review of performance, as well as meetings with Portfolio Holders. The overriding theme was one of scrutiny and assurance on behalf of all members of the Council and the public they serve.
- 2.2 To assist members of the task and finish group, resource plans for each Portfolio were developed with Portfolio Holders and service managers. The Group found these very useful, and reviewed these in detail before meeting with each Cabinet Member. This provided a thorough review of the challenges on key issues for the Portfolio. As part of their research, group members asked service managers a wide range of detailed questions.

## **2.3 Previous year's Recommendations**

The Group was pleased that there had been considerable progress on some of last year's recommendations, some of which are repeated below for reference.

- All portfolio holders be urged to seek further opportunities for the provision of services in collaboration with other authorities and organisations, especially the National Park Authority;
- Representations be made to New Forest MPs on the Right to Buy policy and its detrimental effect on housing provision;
- The Government be made aware of the effect on the public in regard to Universal Credit and the impact on the Citizens' Advice Bureau;
- Consideration be given to increasing income generation from offering the Council's services to other organisations, eg payroll, audit, and other services where practicable;
- That in view of its financial and community significance, COSP receive a report on the Leisure Review and be given the opportunity to comment before a decision is made.
- That a Task and Finish Group be set up to examine alternative options for Bed and Breakfast provision.

## **3. FINDINGS OF THE TASK & FINISH GROUP**

The Group is grateful for the input of all Portfolio Holders, and thanks them for their efforts in increasingly difficult times.

Generic questions were asked of each Portfolio Holder on the following :

- How are you ensuring that resources within your portfolio are aligned to the council's corporate plan priorities and essential services?
- Continuation of partnering and collaboration with others to reduce costs and transform service delivery is a key action in the medium term financial plan. What opportunities have been pursued within your portfolio, how successful have they been in terms of cost reduction and what are your future plans for further partnering and collaboration?
- What is your portfolio strategy for ensuring fees and charges for your services are appropriate to maximise income, or recover costs, and how are you exploring additional income generation opportunities?
- Are you confident that the existing budgets within your Portfolio accurately reflect the needs considering the Council's tendency to underspend?

A selection of issues discussed from each portfolio is highlighted below.

### **3.1 Housing & Communities Portfolio**

The Group was pleased with overall progress, particularly on new homes, the new Housing Strategy, and Private Sector Leasing.

Whist recognising the social and community benefits of CCTV, the group would once again suggest that the Council make further efforts to seek additional funding for the costs of its CCTV function, which currently costs £385k per annum. Contributions from parish and town councils amount to £37k yet, the Police, the main users, make no contribution. It was felt the Police should again be asked to make a contribution.

The Group heard that one of the main challenges over the coming year would be the implications of the Homelessness Reduction Act, the impact of Universal Credit and costs of bed and breakfast and temporary accommodation.

The Group suggests that a Task and Finish Group be created to look at short term accommodation, and at homelessness in general, in light of the Homelessness Reduction Act which comes into force in April 2018. The Task and Finish Group should examine different options for provision, and analyse main levels of demand, with a view to reducing B&B costs through possible alternative provision.

The Group was concerned at the impact of Universal Credit, including the effect on council rent arrears, and encouraged continued partnership with Citizen's Advice New Forest (CANF) to mitigate these pressures.

### **3.2 Health & Leisure Portfolio**

The Group noted that the cost of the service had reduced year on year, and income growth was strong. The operational deficit stood at £600k, with an objective to close this deficit by 2020. (The overall direct cost of the service was £1.3m including the maintenance and replacement programme). A 5 year programme of capital investment to enhance centre facilities had just been completed, with Ringwood being the final project. The Group noted that £203k had been saved in 2017/18 from management, staffing, supplies and service budgets. 11,000 users had Leisure membership subscriptions and in 2016/17 the number of visits to NFDC centres was 1.6 million. Customer satisfaction was high. The Centres also provided various services to the community, such as GP referrals and other local wellbeing schemes.

The Group was impressed with the efficiencies achieved and the positive improvements indicated. However, they were mindful that an annual operating deficit of £600k, from what was a non-statutory service, against the context of dwindling central government grant and the need for the Council to be self-financing within the next few years, was not sustainable.

The Group had raised the need for a fundamental review of the Leisure function in this context a number of times over recent years, yet little progress appeared to have been made despite finances becoming increasingly pressing.

The Group would welcome a fundamental review of Leisure Centre provision with a clear scope, to include consideration of the feasibility of applying for Trust status (with the possible advantages in respect of business rates payments), or finding savings from alternative provision.

The Group would support engaging a consultant to ascertain the best approach, so long as this was done with the clear objective of the elimination of the £600k operating deficit and preferably also the annual maintenance and replacement programme. It was, however, accepted that this might not be practicable under private provision.

### **3.3 Environment Portfolio**

The Group feel it is worth exploring other waste strategy options in order to find cost reductions and efficiencies in recycling and waste collection, and improve recycling rates. It considers that it would be beneficial to increase emphasis on education with regard to recycling. It was noted that the current waste management strategy expired in 2016, and that a full review of the materials that could be collected and processed was being carried out by the County Council.

The Group asked whether consideration was being given to moving to alternative weekly collections, in line with most other local authorities. It was noted that this would require a decision to move away from sack collections, to wheeled bin collections. The Council had given a commitment to DEFRA in 2013 when it was awarded a grant of £1.8 million towards the introduction of the kerbside glass collection scheme. It was noted that NFDC had committed to continue with weekly collections (of all materials) for a period of 5 years to 2018, and that the option of alternate weekly collections could, if the Council were so minded, be reviewed at the same time of the renewal of the waste management strategy.

### **3.4 Planning & Transportation Portfolio**

The Group noted that planning applications were likely to increase three-fold per year as a result of the new Local Plan.

The Group shared the Portfolio Holder's view on the potential for collaboration with other authorities on the provision of the Council's planning function, either with the National Park Authority, or another authority, with a positive timeline indicated, and defined outcomes.

Charges for pre-application conservation advice were being considered as well as selling some services to Parish and Town Councils.

On Building Control, it is recommended that the Council investigates investment in use of better technology to gain efficiencies and compete more effectively with the private sector.

The Group has requested an update on progress with the SLA for the Transportation function, which is under negotiation with Hampshire County Council, to be reported to the relevant overview and scrutiny panel in May 2018.

### **3.5 Finance and Efficiency**

The Group noted the Portfolio Holder's comments on the major reduction in income from Government grant funding over recent years and the sizeable deficit projected over future years. Council Tax remained capped and Cabinet members were unwilling to put the whole burden on the local Council Tax payer. The Council should continue to review its priorities, change the way it operated and align its resources accordingly.

The Portfolio Holder was asked about progress with collaborating with other organisations on service provision. NFDC and the NPA already collaborated on a

number of functions, including HR, Payroll, Accountancy, Audit, tree works, and conservation. Further joint provision of services would be explored in due course, with the NPA and with other organisations

The Group noted the increased pressure on the Council's Tax and Benefits section and the local CAB (now known as Citizen's Advice New Forest, or CANF), arising from Universal Credit. It was suggested that the CABs nationally should approach the DWP, as Councils should not be expected to be the only organisation supporting CABs because of Universal Credit pressures. The Group were pleased to note the ongoing work of the CANF Task and Finish Group.

In view of the likely cost benefits, the Group would like to see a project plan for hot desking and smarter working by May 2018.

Regarding procurement, the Group were very pleased with the achievements indicated at a recent presentation and the savings were impressive.

The Group discussed Hampshire's pension deficit and asked that a report be brought to the Corporate Overview and Scrutiny Panel on the topic, with a view to gaining an understanding of the constraints and whether there was any scope to reduce the deficit. NFDC, like all other scheme participants, was having to make higher contributions to the HCC Pension Fund on behalf of its staff, and this was increasing as a percentage each year. It was unknown whether this trend would continue after the next triennial fund valuation in March 2019.

The Group was mindful that the nature of the Finance and Efficiency Portfolio was to some extent reactive, and recognised that many of the challenges to be addressed were not in the gift of the Portfolio Holder.

### **3.6 Leader's Portfolio**

Whilst the Group noted that few new collaboration / partnership initiatives had been achieved over the last 12 months, it was pleased to note that the Leader of Christchurch Borough Council (CBC), had expressed a wish to work in partnership with NFDC. CBC was cited as a good example of an authority which had successfully transformed its operations to modern working practices, and a number of visits and meetings were being held between the two authorities to pursue progress.

The Leader had discussed various issues with the Leaders of Southampton and Test Valley Borough Councils, which both shared the same challenges. The Leader felt that there was still an opportunity for collaboration with the NPA on service provision.

It was noted that the Tourism function had been externalised to 'Go New Forest', which was now running the former Brand New Forest initiative. The drive to support local business would be strengthened through the Economic Development Team and was a high priority for the Council.

The Leader referred to the potential opportunities flowing from the recent Peer Review, and the Group looked forward to examining the Peer Review report in detail.

Members noted the issues with the system used to record and report sickness absences. They requested an update in 6 months' time on sickness absence and emphasised the importance of monitoring to reduce sickness. The Group felt that sickness levels had a bearing on the competitiveness of the Council's services and

suggests that more sickness data comparisons with other organisations be used, and that some further benchmarking be undertaken.

The Group request that an update be given at the May Corporate Overview and Scrutiny Panel meeting, on initial progress of the new Cabinet Portfolio Holders and how the new Cabinet arrangements overall were developing.

#### **4. CONCLUSIONS / GROUP COMMENTS**

The Group is very impressed with the resultant improvements to the officer structure over the past 2 years and welcomes the agile and business-led approach being taken by senior management.

Overall the Group is pleased with the savings, efficiencies and progress achieved by all portfolios over the past year, but is mindful that the financial imperative is becoming so pressing that the pace of change on larger expenditure heads needs to quicken, and partnership, collaboration and other transformative initiatives must be realised with the minimum of delay.

The Group's repeated requests throughout this report, for interim updates on key requirements for change to be submitted to the Corporate Overview and Scrutiny Panel in May 2018, underlines the Group's concerns for timely action on these issues.

#### **5. RECOMMENDATIONS**

That the Corporate Overview and Scrutiny Panel be given updates at their 25 May 2018 meeting on progress with the following recommendations:

- i. That measures be brought forward in a timely manner to eliminate the £600k deficit relating to Leisure Centre provision, either through private provision, through a charitable trust, or other means, perhaps identified by consultants, (subject to clear objectives at the outset on elimination of the deficit);.
- ii. That ways to seek additional funding for CCTV be revisited;
- iii. That a Homelessness Task and Finish Group be created to investigate the matters outlined in paragraph 3.1 above;
- iv. That the Council continue to work with CANF on Universal Credit;
- v. That regular updates be brought to Corporate Overview and Scrutiny Panel on progress with partnership / collaborations, in particular the Planning function, with the NPA (or other authorities if no progress can be made), with positive timelines and definitive plans;
- vi. That the Council investigates other optional future waste management strategies, to seek greater efficiencies;
- vii. That efforts be made to enhance education on recycling, and to increase performance on recycling rates;
- viii. That a report be brought to Corporate Overview and Scrutiny Panel on the pension deficit and options on how this might be tackled;

- ix. That a plan for smarter working be submitted to Corporate Overview and Scrutiny Panel.
- x. That measures to improve competitiveness of the Building Control function through use of new technology be investigated; and
- xi. That an update report on progress with the Transportation function SLA with HCC be submitted to the relevant overview and scrutiny panel

**Further Information:**

Budget Task and Finish Group

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**Background Papers:**

Budget Task and Finish Group working papers and resource plans. Published documents