



BRIEFING NOTE

TO: Budget and Resources Scrutiny Committee

Cabinet Response to the October Report on Identified Pressures in the Draft 2019/20 Budget Proposals

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To Note

Attached is the response from Councillor Middleton (Cabinet Member – Resources and Innovation), on behalf of the Cabinet, to the Committee’s report on its work during October to scrutinise the identified pressures in the draft 2019/20 budget proposals.

Councillor Middleton’s comments appear in italics after each of the recommendations.

This response is Annex D of the full draft budget papers presented to Cabinet on 4 December 2018.

Response to Budget Scrutiny

I would like to thank the Budget and Resources Scrutiny Committee for the hours they have put into this review and I assure you the Cabinet will take some time to reflect more fully on the comments made before the draft Budget is published, or between the draft and final Budget, as appropriate.

I have set out our initial comments.

Cross-cutting:

1. That the lessons learned from the development of the Residual Waste Treatment Facility in respect of taking savings within a budget before they are delivered must be taken note of when future budget proposals are being prepared. In future, the Committee would like to see more robust analysis and stringent modelling applied to any such large, technically complex projects and evidence of this included in business cases before they are added to the draft budget. **(P20/P21/P22/P32/P33)**. See also Recommendation 11 below.

Response: Agreed

2. That the Council needs to remain aware that revenue and expenditure figures pre- and post-‘Brexit’ could be very different, including interest rates and investment and that the Council should therefore be mindful of this when looking at its medium and long term budget proposals.

Response: Agreed - we have considered this as part of the draft budget proposals and adequacy of reserves to meet any short term financial impacts resulting from the UK's withdrawal. Longer term impacts where they arise will be dealt with as part of the Council's budget setting process.

3. That as part of the challenge process of the 2019/20 draft budget, the Council Tax Collection Fund be reviewed to ensure that it remains fair and equitable to town and parish councils which are not major preceptors for local taxation and cannot therefore benefit from any surplus in the fund.

Response: Agreed – the approach to setting the Council Tax base has been fully reviewed and revised to reflect this.

Service Areas:

Housing and Regeneration

4. Homelessness Prevention Fund and Homelessness Reduction Act
 - (a) That the Committee welcomed the progress the Council was making in preventing tenants in both the public and private sectors from becoming homeless, thus reducing the pressure in the Temporary Accommodation budget; this is an on-going challenge which the Council needs to continually address. The Committee supports the work of the Homelessness Prevention Team and looks forward to seeing significant savings being delivered within the Temporary Accommodation budget in the future. **(P16)**

- (b) That the Committee supports the requirement for 6 additional members of staff to carry out the Council's obligations under the Homelessness Reduction Act and sees this as an 'invest to save' measure as the cost should be offset by savings in the Temporary Accommodation budget. **(P17)**
- (c) That the Committee warns the Council of the danger of overestimating possible savings in the Temporary Accommodation budget, as insufficient staff in the Homelessness Prevention team to carry out effective homelessness prevention work could lead to an increase in costs. **(P16 & P17)**.

Response: The comments of the Committee are duly noted. In terms of savings the projection included a 25% contingency allowance within the financial calculation to reflect the difficulty in making these projections. The overall savings will be revisited prior to setting the final budget and if appropriate revised in light of current performance.

Growth, Economy and Culture

5. Libraries / Cultural Savings / Economic Development Income

That the Committee is very concerned to see so many undelivered savings from previous years all in one service group. This indicates a lack of serious risk assessment on the real achievability of such savings during the preparation of previous budgets. The Committee would like to see more rigour applied to this process during the preparation of budget proposals to ensure that any savings targets remain realistic **(P20, P21, P22)**. See also Recommendation 1 above.

Response: Agreed – some of the historic savings that were agreed were overly ambitious and in some cases target driven. All budget proposals are now required to provide robust business cases to evidence deliverability and clarify risks. This information is shared with members as part of the budget setting process. The S151 officer, as part of his assessment on the robustness of the budget and adequacy of reserves, will take account of the degree of risk within budget proposals and their deliverability.

6. Libraries

- (a) That the Committee is concerned that the ideas suggested to mitigate this pressure have not yet been fully developed, with no indication of possible future pressures as the business case did not provide sufficient detail **(P20)**.
- (b) The Committee recommends that both parish councils and the voluntary sector should be included in any discussions on the future of libraries in Milton Keynes **(P20)**.

Response: A library plan is currently being developed and will be available early in 2019 that will provide more detail on future library provision in Milton Keynes. Milton Keynes Libraries can confirm that they will continue

to work with parish councils, friends groups and the voluntary sector in any future discussions on library provision in Milton Keynes.

7. European City of Sport

- (a) That when planning for this event a realistic assessment of possible costs is made and that every possible measure is taken to ensure that costs do not escalate and exceed the budget proposals **(OP4)**.
- (b) That as part of the planning process for this event, a robust risk assessment, which includes an assessment of the likely impact of 'Brexit' on potential visitor numbers, is carried out **(OP4)**.
- (c) The Committee is concerned that the "European City of Sport" does not have the brand pedigree of the UEFA Women's Football Championships and as such would not attract the level of external support and collaboration needed to make the event a success **(OP4)**.

Response: During the bidding process (Nov 2018 – March 2019) as the development of the project plan comes into fruition, a financial assessment will be completed alongside the plan. The project budget of £130k will be allocated towards key deliverables. Any additional events or partner activities will only be included in the plan if funding is allocated from alternative sources (grant funding / partner led / sponsorship).

Should the award be successful, the programme will be mainly supporting the local communities to utilise our existing assets to become active for health, therefore this will continue regardless of Brexit. Also, the benefits of bidding for the European City of Sport Award are that we are able to showcase to the people of MK our commitment to continuing our strong existing links with organisations from all countries within Europe, from the sport, cultural and business sectors, regardless of leaving the European Union. The UK President of ACES Europe is working closely with the project lead and will advise on how to approach this topic to promote these positive messages and reduce the impact of Brexit perceptions amongst visitors and local people. A Risk Register for the project will be developed in the initial phase of the project to highlight all risks to the project.

Through the bidding process MKC will be hosting stakeholder engagement events with partners to establish what this award means to all organisations across the city. Utilising partners to help shape the bid and tell the story of the city will aim to gain the key support required for the award to be successful. Early and sustainable engagement with our partners will maximise this support of external organisations and partners. History has shown in both Stoke on Trent and Coventry the award brings additional investment from National partners, an avenue which will also be explored in MK. In addition, the European City of Sport is seen as a high status award across Europe. As a result, our European linked cities who are continuing to bid for the European Capital of Culture Award are interested in delivering an International Sporting Competition and an Exchange between MK, Veszprem, Tartu and Magdeburg in sports specific to those areas. This opportunity will offer the international

links we are aiming to make with the award and support these mentioned countries in their bid for the European City of Culture award in return.

8. UEFA Women's Football Championships 2021

- (a) That following the successful hosting of three of the Rugby Union World Cup matches by Milton Keynes in 2015, the Committee supports the Council's joint bid with the MK Dons to be a host city for some of the matches of the UEFA Women's Football Championships in 2021 **(OP5)**.
- (b) That although there is uncertainty as to the future once the United Kingdom leaves the European Union, the Committee believes that the prestige of the UEFA brand is such that inward investment to support the event, as well as sufficient visitors, will still be attracted to Milton Keynes **(OP5)**.
- (c) That both these projects should be seen by the Council as an ideal opportunity to promote physical well-being and getting children and young people involved in regular sport participation **(OP4 & OP5)**.

Response: Noted

Public Realm

9. Landscape Maintenance

- (a) That the Council should review how it invests any capital lump sums from developers for the support of future landscape maintenance works when newly landscaped areas are handed over to the Council. The Committee is of the view that a proper investment plan for these funds should provide sufficient interest to fund the landscaping work in order to avoid any unnecessary additional costs being put into the Revenue Account **(P25)**.
- (b) That the Council discusses with the Parks Trust how it manages such capital lump sums it receives in order to provide a revenue stream for the on-going maintenance of landscaped areas for which it is responsible and considers establishing a similar mechanism to support its own landscape services **(P25)**.

Response: As part of the work being commissioned on Landscape Transformation a review will be undertaken to include the use of landscape maintenance commuted sums to reduce future revenue liabilities.

10. Car Parking Income

- (a) That the Public Realm service group takes heed of the findings and recommendations of the 2017 Task and Finish Group investigation into the recent, significant reduction in car parking income against projected figures **(P28)**.
- (b) That where substantial areas of land previously allocated for car parking, but which are now identified as no longer being fully utilised on a regular basis, the Council considers a change of use, for the purpose of maximising revenue from the site or realising a capital asset, such as possible residential development **(P28)**.

Response: Much of the parking area is on street parking, with the land classified as public highway. Any change of use will need to be considered as part of wider discussions on the development of Central Milton Keynes.

11. Landscape Services / Income from Residual Waste Treatment Facility

The committee remains concerned that lessons are not being learnt in respect of the problems which can be caused to future years' budgets by the over-optimistic prediction of savings which then cannot be delivered (**P32, P33**). See also Recommendation 1 above.

Response: The committee's recommendation is noted. Please see response to Recommendation 1 above.

12. Highways Commissioning / Waste Commissioning

That a realistic allowance for demographic growth needs to be built into both of these pressures so that the Council is not surprised by future increases in contract charges (**OP7 & OP8**).

Response: The Committee's recommendation is agreed and this has been included within the draft budget proposals.

13. Facilities Costs for Bracknell House

That the Committee is concerned the facilities costs for the operation of Bracknell House have been listed as a one-off pressure for 2019/20. Whilst accepting the need to carry out improvement works to the building, given the Leader's indication at Cabinet on 10 July 2018 that Bracknell House would continue to be available for smaller events, the Committee is of the view that the ongoing management costs of running Bracknell House should be put into the base budget (**OP10**).

Response: Whilst a decision has been made to retain Bracknell House and for it to continue to be available for public hire, a long term decision needs to be made after which the budget position will be revisited.

Adult Care and Health

14. Adult Care and Health

- (a) That staff in the Adult Care and Health Service Group should be commended for the thoroughness with which they have identified the anticipated pressures for 2019/20 together with the analysis of existing data as a basis for their forecasts.
- (b) The Committee also commends the Service Group's pro-active move away from the use of reserves to balance its budget.
- (c) That during the preparation of the draft 2019/20 budget it is made clear to both councillors and the public that the 3% additional charge for social care services on Council Tax was a temporary measure which the Government allowed the Council to take in 2018/19 and will not apply for the coming financial year (2019/20).

Response: Noted

Children's Services

15. Children's Social Care

That the Committee notes that the Council has fewer looked after children in its care than the national average and it applauds the work done by the Children's Social Care team to provide the necessary support to keep families together. Apart from being cost effective, the social value and benefits of this to society in Milton Keynes is immeasurable **(P11)**.

Response: Noted

16. Home to School Transport

- (a) That the Committee commends the work done by Children's Services to reduce the spend on Home to School Transport which has produced significant savings in this budget. It acknowledges that this will possibly remain a pressure within the Children's Services overall budget in the future and agrees that allowing a 2% increase for demographic growth is wise.
- (b) The Committee is concerned however, that £156k per annum has been projected through to 2022/23 as costs, such as taxi fares, are likely to rise during this period. The Committee seeks re-assurance that this budget will continue to be closely monitored and that necessary measures are taken to keep any increases to a minimum **(P13)**.

Response: Noted, the budget is closely monitored by the service with appropriate support and challenge from the finance team. Any material variation would be reported to Cabinet.

17. Allocation of School Places Resources

That Children's Services be requested to review the reported issue of delays to allocating school places to those families who apply outside the normal application time frame and assess whether this needs to be either managed in a different way or staff resources increased, working up figures for the cost of either increasing the staff resource or putting revised processes in place.

Response: It is normal to have a backlog of admissions applications coming into September due to the majority of schools being closed over the summer period. We try to deal with this by having something in place with schools to ensure that key contacts would be available during this period, but unfortunately this was not successful this year. However, we have recently met with our head teacher strategy group who are committed to finding a solution with us to deal with this issue for next year in order to keep applications moving and prevent delays.

In addition to the normal backlog of admissions applications (as outlined above), we also had an exceptionally high volume of applications continuing into October. Our first priority was to deal with these applications as quickly as possible and we are now back on track and processing applications within our normal 15 day timescales. Now that processing has returned to normal

levels, we are looking back through the issues that caused this abnormal increase in order to understand the reasons that caused this rise. Therefore at this stage, no budget pressure is requested but will be put forward during future budget setting if an additional resource is found to be required.

Resources and Corporate Core

18. Microsoft Licences

- (a) That the Committee recognises that the Council has very little room for manoeuvre in renegotiating its licences with Microsoft and therefore, on the basis that the new contract with Microsoft will provide significantly enhanced functionality for the Council's IT systems, it supports the draft recommendations for renewal of the contract set out in the business case provided as part of the Committee's documentation **(P2)**.
- (b) The Committee looks forward to the enhanced functionality of the Council's IT system and to seeing the potential savings from this increased efficiency being made in future budgets.

Response: Noted

19. Discretionary Housing Payments

- (a) That in the short term, the Housing and Welfare Teams work together to develop a joint, proactive approach to administering the allocation of Discretionary Housing Payments in a way that remains fair and transparent to those in need of this extra support, whilst remaining a cost effective option for the Council **(P3)**.
- (b) That in the longer term, the Housing and Welfare Teams work to develop a framework for linking both Discretionary Housing Payments and Homelessness Prevention payments in order to ensure that there is a consistent approach to both **(P3)**.
- (c) That the Council continues to engage with both local MPs and Central Government about the unique circumstances pertaining in Milton Keynes as one of the fastest growth areas in the country, highlighting to them how detrimental to the area any reduction in the Discretionary Housing Payment Grant would be as the rate for Local Housing Allowance is considerably lower than average rents in Milton Keynes **(P3)**.

Response: Noted

20. Festival of Creative Urban Living

- (a) That the Committee welcomes the Council's plans to further broaden the cultural offer of Milton Keynes to both residents and visitors and looks forward to seeing a range of inclusive events for people across Milton Keynes taking place **(OP9)**.
- (b) That as it is hoped that the Festival of Creative Urban Living would be a bi-annual event, consideration is given to putting £25k into the base budget every year to accumulate, rather than reporting this item as a one-off pressure of £50k every two years **(OP9)**.

Response: Funding of the contribution will be reviewed once a formal decision has been made on whether this will be a bi-annual event.