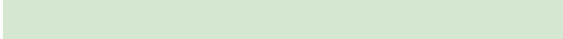




Democratic Services



Budget Scrutiny Committee 2017-18 Budget Pressures Report October 2016

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Introduction and Committee Membership

The Budget Scrutiny Committee [referred to as ‘the Committee’ throughout this report] was established in 2015 following a review of the Milton Keynes Council’s [referred to as ‘the Council’ throughout this report] Overview and Scrutiny arrangements in 2014-15. The Committee provides a dedicated, cross-party consideration of the Council’s annual budget and finances. For the Council year 2016-17, the Committee is composed of Councillors Ric Brackenbury (Chair), Margaret Burke (Vice-Chair), Peter Cannon, Sam Crooks, Hiten Ganatra, Maggie Geaney, Peter Geary (Vice-Chair), Mohammed Khan, Keith McLean, Martin Petchey and Charlie Wilson. Elizabeth Richardson serves as the Overview and Scrutiny Officer.



2016-17 Budget Scrutiny Committee

Left to right: Councillors Geaney (inset) Ganatra, Khan, P Geary, C Wilson, Brackenbury, Crooks, Burke, Petchey, Cannon & McLean (inset)

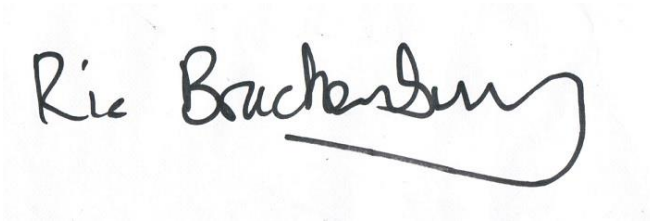
The purpose of this report is:

- (i) to outline the work the Committee has carried out to date to scrutinise 2017-18 budget pressures on Service Groups, the policy context, key changes and the proposed strategies for dealing with these pressures.
- (ii) to present the Committee’s recommendations to Cabinet on 8 November 2016 so that they can be considered as part of the development of the 2017-18 budget prior to consideration at Cabinet on 6 December 2016.

During October 2016 the Committee held a series of focussed meetings where it met with and received presentations from Cabinet Members and the Council’s senior budget holders to review, scrutinise, and form judgements on the financial environment as part of the development of the 2017-18 budget and the Medium Term Sustainability Plan. Additional evidence was requested in writing where the Committee required more information than was immediately available in the evidence sessions.

This report is the outcome of the Committee's deliberations following its October budget scrutiny meetings, and represents a part-year report, with a further report to follow in January, based on the draft budget as a whole.

On behalf of the Committee, I commend it to Cabinet and the wider Council.

A handwritten signature in black ink that reads "Ric Brackenbury". The signature is written in a cursive style with a long, sweeping underline that extends to the right.

Councillor Ric Brackenbury
Chair, Budget Scrutiny Committee
October 2016

Committee Work Programme

In addition to its standard work programme, the Committee met four times in October 2016 and considered budget pressures on Service Areas as follows:

Date	Directorate
5 October 2016	Place Directorate (excluding Housing)
13 October 2016	People Directorate & Housing (Place Directorate)
18 October 2016	Resources / Corporate Core / Council Wide
27 October 2016	Review and Write-up

At the October meetings the Committee asked council officers and Cabinet Members to provide further information or clarification concerning various items which were discussed at the meetings. Details of the requests for additional information are included at Annex A.

The agenda, reports, presentations and minutes for each of the above meetings are available on the Council's website at: http://milton-keynes.cmis.uk.com/milton-keynes/Committees/tabid/170/ctl/ViewCMIS_CommitteeDetails/mid/589/id/1094/Default.aspx

Acknowledgements

The Committee would like to thank all Cabinet Members and officers who assisted with preparing documents and presentations, giving up their time to speak at the meetings which ran late into the evening, and their assistance in supplying supplementary information when requested to do so.

In particular, the Committee is grateful for the continued commitment and service of Elizabeth Richardson in managing the Committee through an intense workload with diligence and patience, and for Nicole Jones (in her previous role as Service Director [Finance and Resources]), alongside the Directorate Finance Managers, Penni Powers, Caroline Chandler, Anna Rulton and Mark Smith in producing relevant documentation for scrutiny both at the Challenge Meetings and regularly throughout the year. It is also grateful for the officers who promptly provided further information requested during its meetings (detailed in Annex A) which has proved invaluable in writing this report.

The Chair would also like to thank Councillors Burke and P Geary for their vital input and support as Vice-chairs, all Committee members for contributing so actively and knowledgeably and Councillors Hosking, Bint and Bald for their input as formal or informal substitute members of the Committee.

Foreword

This report is written at a time when the external financial environment is changing in ways unseen in recent memory. The vote to leave the European Union has created uncertainty, with changes in interest rates increasing import prices, and inflation beginning to rise from its historic low. Should inflation rise significantly, the Council may find its costs increase rapidly and be forced to accelerate savings, forcing it to rethink forward projections. Unfortunately there seems little prospect of the Government changing its attitude towards funding growth and recognising the costs of expansion, where Milton Keynes is one of the most impacted areas in the country.

The Committee also acknowledges that the internal influences on the draft budget mean that it is constantly changing: small changes in demand for expensive social care packages, urgently needed temporary accommodation, and the overspend within the 2016-17 year all affect the funding available next year and can change with little notice. This report is based on the situation as presented during October 2016 and the Committee accepts that the position, by the time the draft for consultation is published, may have moved on. However the Committee also discovered a small number of errors in the presented papers which could not be explained by such changes, reducing its confidence in the accuracy of the overall budget.

The largest pressure affecting the Council is the cost of temporary accommodation, impacting areas across the Council. The Committee believes that should demand continue to increase at current rates, this issue alone will undermine the Council's ability to manage its cost and budget in time, and that this should be the first priority for the administration in managing demand. Several approaches have been taken to address this, however the Council is still projecting an increased spend each year across the medium term. The Committee makes a recommendation to designate a single area as a preferred option for locating accommodation outside Milton Keynes where this is required. The Committee also believes a fresh approach is needed to managing demand for Home to School transport which relates to accommodation costs outside Milton Keynes.

The Council's budget will inevitably impact partner organisations both through less funding available, and through greater reliance on other organisations with more sustainable funding. The Committee comments in detail on the discussions underway with parishes and believes these need to be widened to work with other organisations, and a new approach taken to dealing with individuals who offer to carry out work on Council land.

There is no question this will be as difficult a budget cycle as the previous ones have been and the next surely will. However the Committee believes these recommendations and their deliberations will provide a firm foundation for a workable budget for the residents of Milton Keynes who rely on an effective and thriving Council.

The list of recommendations which follows forms a summary of the Committee's conclusions.

Recommendations

All recommendations are offered to the Cabinet in the hope that they will prove useful in developing the 2017-18 budget, to the Council and residents of Milton Keynes so that the wider issues raised may be properly considered and for greater understanding of the financial environment the Council finds itself in.

The context for each recommendation is covered in more detail in the following sections.

Cross-cutting Themes:

Failed Income Targets

1. That where new proposals come forward for income generation, savings should not be relied upon until the business has proven itself. Once established as successful, net revenue (and hence a saving) could be budgeted for with far greater certainty.
2. That where a service area is considered to have potential for traded services, additional weight be placed on commercial experience and ability when recruiting through normal processes.

Demographic Pressures

3. That for all demographic pressures in the draft budget papers, the percentage increase on the current (2016-17) spend be included in the draft budget, together with a justification where the percentage increase proposed is not based on population/household growth or the current trend in service demand.

Necessity of Pressures

4. That the Cabinet reconsiders the attitude to risk within the draft budget overall and the total risk profile, which has to be balanced against the risk inherent in the savings required by such pressures.

Future Unspecified Pressures

5. That in order to avoid confusion, the future unspecified pressures be split across all service areas proportionally, and justify at a whole-council level any variances between the totals for future years or significant discrepancies with the total figure for the coming year.

Variety of Temporary Accommodation Pressures

6. That the total cost of the increased demand for temporary accommodation be clearly stated within the narrative around the budget and consultation, together with emphasising the priority that the Administration places on addressing it and actions taken, as the (required) split within the budget papers dilutes its impact.

Children and Families:

Home to School Transport

7. That the Cabinet Member takes a fresh look at the options and issues around Home to School transport in order to challenge the work done in this area and drive improvements. This will include reviewing the Committee's previous recommendations, considering additional ideas and ensuring she has multiple sources of information on the options.
8. That a single area of geographic proximity be designated as a preferred option where temporary accommodation outside Milton Keynes is sought, in order to seek efficiencies in Home to School Transport costs by using coaches rather than taxis to transport children to schools in Milton Keynes.

Children's Social Care

9. That **P26** (funding for 2 additional social workers per year) be reviewed to see if an inflationary effect will affect the future years' costs.

Adult Social Care:

10. That pressures **P16 and P18 – P22** be classified as "Invest to Save" rather than "General" to reflect the conscious choice being made to fund these, and the desired outcomes.
11. That no additional tenant charges be made for Sheltered Housing Officers unless a comprehensive solution is published with details of how those unable to pay will be treated.
12. That the Cabinet proceed with caution on any plans to operate care homes directly, ensuring that business cases are subject to proper scrutiny, and that an independent assessment of the Council's ability to operate in this marketplace is carried out and published.

Housing and Community:

13. That the Cabinet focuses on stabilising the number of families in temporary accommodation as a whole, not just those in room only hotel accommodation, in order to make this budget sustainable. This will mean an additional challenge on the 2018-2021 figures attached to **P37**.

Public Realm:

Relationship with Parishes

14. That the Cabinet acknowledges the risks and challenges inherent in the approach they have taken to transferring services to parishes and the concerns raised in this report, and seek to build a cross-party agreement about how parishes can be treated fairly and consistently, and what incentives can be provided where they are able to support or take on services.

15. That in Landscaping, the focus of negotiation be widened from parishes to other organisations such as the Parks Trust (in line with their charitable objectives and expertise) and to individuals offering to carry out work.

Medical Examiner

16. That assuming the Government confirms that the Medical Examiner role is required, the advanced notice of this duty be used to fully apply the Council's budget setting principles by investigating a shared service or one combined with the autopsy contract.

Planning, Culture and Infrastructure:

17. That no savings from the changes to Development Control Committee speaking rights or scheme of delegation are assumed, given the lack of certainty that an agreement will be reached following the current consultation and the consequent reputational risk to the Council in acting otherwise.
18. That due to the uncertainties over necessity and timing, **OP8** be stated as a potential risk within the existing risk reserve **OP17**, rather than as a separate item.

Resources:

19. That both the description and total of **P4** be reviewed to ensure that all elements are clearly described, accurate, and justified, and any learning from this be applied where required.
20. That while accepting P3 as it stands, administration savings be sought by streamlining all the discretionary funds into a single process, with simpler application and decision-making processes, so a higher proportion of the available funds is spent on those needing support.

Corporate Core

21. That a clear list of objectives, detailing what will be delivered in the next year by use of this funding (**OP16**), be published clearly showing how it will address the MK2050 objectives and how progress against them will be measured.
22. That given the statutory nature and priority of Plan:MK and the importance of delivering this to current timescales, Plan:MK be allowed to access this funding identified in **OP16**, if required, to avoid any delays.

Council Wide

23. That the Council commits to increasing the number of apprentices and graduate trainees it takes on, in line with the funding available through the Apprenticeship Levy, and that a strategy for making the Council an increasingly attractive place for young people to work be developed to aid recruitment and retention.
24. That **OP11** be reclassified as a General / Legislative pressure and not "Invest to Save".

Cross-Cutting Themes

This section details comments from the Committee which apply to the budget as a whole or to multiple service areas.

Failed Income Targets

Several of the pressures relate to previous plans for income generation (P7, P8, P45, delays in getting the Green Claims scheme up and running) which have not been successful. There are areas such as the Community Language Service where the service has generated revenue but the income targets set have proved completely unrealistic and others, such as the proposals to offer an event traffic management service, which have simply not come to fruition. The Committee applauds the intention of generating income through traded services where the Council already has expertise which can be leveraged; however it believes that the Council is getting ahead of what can be delivered. The Committee is mindful of how congested the marketplace is for the services the Council could offer, and that many ultimately successful businesses take time to deliver profits.

The Committee was previously assured that these proposals were all robust and could be delivered. The Committee is no longer prepared to accept the assurances it has previously received on new income generation proposals. It commits to scrutinise business cases in detail for all such proposals for 2017-18 during its January meetings, and considers it unthinkable that such a proposal could be adopted within the draft budget without a robust business case.

The Committee has a clear expectation that senior officers should be capable of designing and launching new services in their field of expertise and has little sympathy for officers at Service Director level who find that the demands of both running present services and making strategic changes are too great.

Recommendation 1:

That where new proposals come forward for income generation, savings should not be relied upon until the business has proven itself. Once established as successful, net revenue (and hence a saving) could be budgeted for with far greater certainty.

Recommendation 2:

That where a service area is considered to have potential for traded services, additional weight be placed on commercial experience and ability when recruiting through normal processes.

The Committee recognises that new structures may well be required to drive improvement in this area, such as utilising the greater commercial expertise within LGSS, or setting up a Joint Venture with an external provider or consortium, particularly as the Council's attempts at doing this itself (such as Milton Keynes Service Partnership) have shown how difficult this is. The Council has been talking about commercialism for far too long now – it is time to deliver.

Demographic Pressures

The Committee has noted inconsistencies in how demographic pressures are calculated; even giving different population growth figures in consecutive lines of the budget papers. The Committee is grateful for assurances that this has already been corrected. The Committee is concerned that there has been insufficient scrutiny and challenge of these variations in recent years, recognising that specialist expertise will be required to challenge these in detail.

To address this, the Committee is requesting additional transparency in the draft budget papers. The Committee suspects that some of these figures may be inflated; where the increase is not based on either population or household growth this should be justified within budget papers. The Committee is also mindful that growth funding (when received at all) can lag significantly behind the costs of the population growth, and will support the Cabinet and Council in petitioning its funders in challenging such lags where they exist.

Recommendation 3:

That for all demographic pressures in the draft budget papers, the percentage increase on the current (2016-17) spend be included in the draft budget, together with a justification where the percentage increase proposed is not based on population/household growth or the current trend in service demand.

Necessity of Pressures

The Committee is not entirely convinced that all the pressures presented are absolutely vital to the safe and robust operation of the Council, particularly one-off pressures. OP5, OP7, OP8, OP17 all create reserves with a total of £5m, with both OP7 and OP17 referring to the risks of overspends on temporary accommodation (even allowing for the distinction between a demand-led reserve and a risk reserve.) The Committee considers that this is a notably risk averse position, given the lack of correlation of issues as diverse as homelessness, business rates of leisure facilities, etc.

The Committee was not satisfied that sufficient consideration had been made as to whether some of the risk could be pooled – the pressures as presented are based on what appeared to be a worst case scenario. Even the Cabinet Member seemed to accept that the £250k in OP14 (to mitigate unspecified housing savings) is ill-defined and the Committee questions whether there is sufficient rigour to accept this pressure without additional information, given the scale of the pressures already present within the housing service area.

Recommendation 4:

That the Cabinet reconsiders the attitude to risk within the draft budget overall and the total risk profile, which has to be balanced against the risk inherent in the savings required by such pressures.

Future Unspecified Pressures

Pressures P52, P53 and P54 consist of unspecified future pressures in 3 areas (Adult Social Care, Children's Services and Housing respectively.) For 2018-19, there is roughly £3.5m of 'specified' pressures and £5m of 'unspecified' amendments.

While the Committee understands the approach of adding in indicative pressures to populate the Medium Term Sustainability Plan, it has concerns about how this is being done:

- Putting all the pressures against 3 service areas gives a false impression of increasing pressures where this is not the case (e.g. Adult Social Care pressures increasing from £2.7m to £4.7m from 2017-18 to 2018-19);
- The detailed variations in future years indicate a certainty that does not sit comfortably with the unknown element of these pressures.
- Looking at the combined total of estimated pressures for the following years there is roughly £11m in 2017-18, and £8.5m for subsequent years. Even allowing for the exceptional pressures on temporary accommodation in 2017-18, this raises the question of why pressures are greater this year and reinforces the question over whether all pressures are essential to be funded.

Recommendation 5:

That in order to avoid confusion, the future unspecified pressures be split across all service areas proportionally, and justify at a whole-council level any variances between the totals for future years or significant discrepancies with the total figure for the coming year.

Variety of Temporary Accommodation Pressures

The Committee was struck by the number and scale of pressures relating to increased demand for temporary accommodation. These appear in several different service areas; obviously Housing and Community, but also pressures in the Home to School Transport budget and Housing Benefit that cannot be reclaimed in full. The single pressure P37, despite its size, does not do justice to the demands on the Council budget that the use of temporary accommodation is causing.

In total, the Committee has noted the following pressures relate at least in part to temporary accommodation:

Ongoing	One-off
P4: at least £160k shortfall of Housing Benefit income for temporary accommodation	OP7: £1,500m demand-led reserve
P34: £235k Home to School Transport	OP14: £250k part year provision for temporary accommodation savings.
P37: £2.925m demand for temporary accommodation (which has risen to roughly £3.1m since the committee papers were published.)	
P38: £76k Increased staffing to manage temporary accommodation	
Total: £3.396m ongoing (rising to at least £3.6m)	Total £1.75m one-off

With pressures on this scale, and ever-increasing demand, the use of temporary accommodation is threatening to undermine the Council's control of its finances if this growth in demand cannot be contained. The Committee is also mindful of the Homelessness Reduction Bill which has passed its second reading in Parliament while the Committee has been drafting this report and when enacted this may place additional burdens on the Council to address wider homelessness. This should be the single greatest priority for the Council in addressing its costs, and is requiring many cuts the Council would not wish to make.

Recommendation 6:

That the total cost of the increased demand for temporary accommodation be clearly stated within the narrative around the budget and consultation, together with emphasising the priority that the Administration places on addressing it and actions taken, as the (required) split within the budget papers dilutes its impact.

Service Areas

Children and Families

General

The Committee recognises that, with one exception (Home to School Transport), the pressures here relate to the demographic changes in Milton Keynes and legislative requirements; as the population of the borough grows so does the demand on schools and social services. The Council also has no flexibility with the requirement to pay full fostering rates when families make their own arrangements, and the Committee cannot criticise the Cabinet for the additional costs incurred here. The Committee welcomed the proposal to move the funding for the Family Drug and Alcohol Court into the base budget and would support a similar expansion into other areas, both in terms of money saved and improved outcomes. The increased spend on equipment to support reablement (P31) is also welcomed.

The Committee welcomes the Council's policy towards unaccompanied child asylum seekers and urges the Cabinet to prepare for an enforced scheme for distributing asylum seekers throughout the country in light of the attention given to Councils who have refused to house any asylum seekers. Milton Keynes should never turn its back on those in need; however such a scheme would need careful planning for in terms of school places, housing costs, mitigating any shortfall in Government funding, and careful management to ensure that public support for those in need of sanctuary is maintained – contingency planning in this area would be very welcome.

Home to School Transport

This continues to overspend and is affected by the increase in temporary accommodation. This was discussed in detail last year and a lengthy recommendation made in the Committee's October 2015 report. The Committee was not satisfied with the proposed course of action last year, and is unsurprised that planned savings have not been achieved. The recommendation has not been acted upon in any significant way, and the Committee continues to believe that a change in approach involving reconsidering the number of contracts being offered, the opportunities to gain income from spare capacity (e.g. further seats in a taxi when the journey must be made with 1 passenger) and environmental changes such as cycle lanes to provide safe travel routes would prove more fruitful.

The Committee would encourage the Cabinet Member to look into the Committee's work on this, and believes she would benefit from wider sources of information on how costs on Home to School Transport can be contained. The predicted increases in this budget in future years offer little confidence that this is under control. The Committee welcomes proposals to seek local school places where children are housed well outside Milton Keynes; the actual link the students will have to their school will be tenuous if living elsewhere.

However this raises a further question of where families are housed outside Milton Keynes. The Council has recently obtained 100 flats in Luton for temporary accommodation, and there is roughly the same number of families currently living

further from Milton Keynes than this. Where children require transport back to Milton Keynes on this scale, the Committee suggests that savings could be made by arranging for a coach to travel from a specific area to a single point in Milton Keynes, with local taxis / buses then provided to individual schools. This would make it advantageous to place further families in a single area, ideally with one pick up point, so that they can benefit from this arrangement at little additional cost in terms of Home to School transport.

This would require the Housing team making decisions from which they will not benefit but the Children and Families service area will – however the Committee sees this as a natural position for a council working across service areas efficiently. There is no reason why this specific area would have to be Luton; however it is an obvious choice given the good transport links and properties recently acquired.

The Committee believes that P26 (funding for 2 additional social workers per year) may require higher values in future years due to inflation.

Recommendation 7:

That the Cabinet Member takes a fresh look at the options and issues around Home to School transport in order to challenge the work done in this area and drive improvements. This will include reviewing the Committee's previous recommendations, considering additional ideas and ensuring she has multiple sources of information on the options.

Recommendation 8:

That a single area of geographic proximity be designated as a preferred option where temporary accommodation outside Milton Keynes is sought, in order to seek efficiencies in Home to School Transport costs by using coaches rather than taxis to transport children to schools in Milton Keynes.

Recommendation 9:

That **P26** (funding for 2 additional social workers per year) be reviewed to see if an inflationary effect will affect the future years' costs.

Adult Social Care

The Committee found the strategy in Adult Social Care the most coherent of all the presentations it heard. The 9 strategic objectives in the Council Plan for Adult Social Care and Health seemed clear and well supported, and the Cabinet Member had a clear vision for how his strategy and each of the pressures considered related to these objectives.

Given the close links between the NHS and council care funding, the Committee considers it short sighted to increase NHS funding but to leave Adult Social Care vulnerable – as bed-blocking when patients are ready to be discharged from hospital, but no suitable care placement can be found, simply transfers (higher) costs to the NHS. The Cabinet Member's commitment to partnership working was welcomed, in particular the upcoming appointment of a secondee from the Clinical Commissioning Group (CCG) to deliver long term integrated care, P16 matched funding around aids and equipment and P20 for increased capacity to assess continuing healthcare where the NHS remains liable. Describing such pressures

as “General” does not do them justice – these are strategic decisions to target resources, and would be better labelled as “Invest to Save” to be consistent with the rest of the budget.

The Committee was pleased to hear that Sheltered Housing Officers would be retained in 2017-18, and that a proper consultation was taking place on how these could be fully funded. The Committee believed that ideas such as hiring out communal space, or for Sheltered Housing Officers to be freed to spend part of their time visiting local residents who would pay for such low-level support, were more acceptable ideas than the options considered last year. The Committee heard that some support for additional charging had been received at the events held so far, however it has not yet heard a clear response as to how those unable to pay will be treated, and remains sceptical that this is the right approach to maintain quality within the service.

The Committee discussed the possibility of the Council running care homes itself, rather than procuring places from private providers, recognising that the driver for these discussions was the closure of 2 care homes in the past year. The Committee was concerned that this would prove more straightforward in theory than practice, given the competitive marketplace with established providers, the Council’s lack of experience, and struggles with income generation schemes elsewhere. The commitment to examine business cases thoroughly before proceeding was welcomed, as was the early dialogue with any providers in difficulty. The Committee considered whether alternative models, such as a Joint Venture with an established provider, would mitigate the risk and provide expertise, and cannot recommend this approach be followed without seeing detailed figures that this would generate savings at an acceptable risk.

Recommendation 10:

That pressures **P16 and P18 – P22** be classified as “Invest to Save” rather than “General” to reflect the conscious choice being made to fund these, and the desired outcomes.

Recommendation 11:

That no additional tenant charges be made for Sheltered Housing Officers unless a comprehensive solution is published with details of how those unable to pay will be treated.

Recommendation 12:

That the Cabinet proceed with caution on any plans to operate care homes directly, ensuring that business cases are subject to proper scrutiny, and that an independent assessment of the Council’s ability to operate in this marketplace is carried out and published.

Housing and Community

The Committee had less time than it would have wished to scrutinise the pressures on temporary accommodation given their scale, however it saw a clear breakdown of how the £2.925m value in P37 was calculated and was satisfied that it had been calculated from clearly justified components. The Committee understands this is likely to rise to £3.1m in the draft budget papers.

This pressure dominates the service area. While the Committee was pleased to see measures such as Orchard House being used for temporary accommodation, and the leasing of the flats in Luton, it remained concerned at the additional ongoing pressures planned in future years. The presentation for the Committee stated an aim of reducing room only hotel accommodation usage by 36% in 2017-18 (and for it to be minimal in 3 years). While this is clearly better for the families involved, the Committee was alarmed that the number of families in temporary accommodation was still anticipated to rise by 11% by March 2018, and questions whether this is Smarter, Sustainable, or Different. The Committee does not believe that the Council can continue to absorb ever-increasing budgets for temporary accommodation, and that additional focus should be given to the proposals from the Homelessness Task and Finish Group particularly around setting up a one-stop shop for homelessness.

The Committee queried pressure OP14 with some agreement from the Cabinet Member as covered in the Cross-Cutting section of this report.

Recommendation 13:

That the Cabinet focuses on stabilising the number of families in temporary accommodation as a whole, not just those in room only hotel accommodation, in order to make this budget sustainable. This will mean an additional challenge on the 2018-2021 figures attached to **P37**.

Public Realm

Waste and Recycling

Given the focus on waste and recycling in the previous year's budget, the Committee was reassured by the Cabinet Member's comments that waste would not feature heavily in the savings list this year. The Committee acknowledged OP10, funding to continue with pink sacks for 2017-18, however it was concerned at the lack of feedback to councillors not on the Waste Strategy Task and Finish Group from the pilots that had taken place, or analysis of options for further pilots. This has since appeared in the media, reporting a strong preference for pink sacks to continue to be provided from those who took part. The Committee was pleased to hear that further trials of alternatives would take place, picking up from the learning in the initial pilot, and looks forward to the views of the Waste Strategy Task and Finish Group on the way forward.

The pressure for the new contract cost for Community Recycling Centres disappointed members of the Committee. While there is no evidence that the cost was not as stated or should have been predicted, a £500k variance on a contract estimated at £1m is deeply concerning. The Waste Strategy Task and Finish Group may wish to look into this further to analyse future options and mitigation, and the Committee has asked the Audit Committee to review how such variation arose and whether there are lessons for the Council to learn.

Relationship with Parishes

The Committee was concerned how discussions were taking place and the direction of travel in respect of parishes. Recognising that it was unlikely such proposals would come to fruition for 2017-18, the Committee wishes to raise

several concerns. Taking the given example of whether parishes could either take on or top up the landscaping service, the Committee heard no recognition of the different capabilities of the parishes either to arrange the service or to pay for it, or the varying requirements for landscaping within their area.

The Committee is mindful of the current Government consultation which would restrict the ability of larger parishes to raise precepts without a referendum, which could make it an impossible choice for affected parishes. The economies of scale of individual parishes carrying out work could lead to far higher costs for taxpayers overall if the parishes did not organise a shared service of some form, and the parishes would be unfairly blamed for any shortfalls in service if they did not agree to carry out or pay for extra landscaping when it is a Milton Keynes Council service. The Cabinet member could not answer what the parishes would be offered in exchange for taking on additional responsibilities. In the absence of any such clarity, it is difficult to see what negotiations could consist of, other than a threat to cut services unless the parish takes responsibility.

More fundamentally, the Committee heard little acknowledgement of the importance of the relationship with parishes. They are statutory bodies with their own democratic mandates, history and culture, who have much to offer the Council in terms of partnership working and knowledge of their locality. The Committee was concerned that the worst case outcome from these negotiations would be failing to deliver savings, reputational damage to both the Council and the parishes, and badly broken relationships that would take time and effort to repair.

Working with Others

A closer relationship with a range of organisations would aid negotiations, and the Committee believes that the financial situation will require a new approach to handling individuals who volunteer to carry out work in their area. Historically this has been treated with suspicion due to the Council's inability to control the standard of work carried out, however this may no longer be tenable with the resources available. In particular maintaining and enhancing the green environment in Milton Keynes is at the core of the Parks Trust's charitable objectives, and unlike parishes, they have extensive experience in what it takes to provide a landscaping service and access funding sources not directly affected by local Government cuts. The Committee also notes the invisible lines such as highway verges where the Council carries out work close to the roadside but not on the wider verge and believes there are savings opportunities in having a single operator carry out work.

Trees

The Committee welcomed OP9, to carry out a tree condition survey. This proposal had come from the Landscaping Task and Finish Group, indicating the benefits of effective scrutiny, and was also likely to prove good value over time as it would enable the Council to understand where risk lay both from trees in danger of falling, and where root growth was causing damage to nearby properties.

Medical Examiner

The Committee felt that the potential requirement for councils to employ a Medical Examiner (P44, beginning in 2018-19) was an ideal opportunity to put the principles of Smarter, Sustainable and Different into practice. As this would be a legislative change affecting many Councils at once, it would be an ideal opportunity to make an appointment on a shared basis, as has been done with the post of the Director for Public Health. Alternatively, it could be commissioned alongside our contract for autopsy services which informed members of the Committee believed to be expensive. Given the time lapse before such a service would have to be implemented, there should be scope to investigate options fully rather than procure directly, and the Committee was surprised to perceive reluctance by the relevant officer to consider such ideas.

Public Transport

The Committee welcomed pressure P42 with piloting alternative concessions on bus journeys, as it showed that alternatives were actively being considered and tried out, informing future decision-making.

Recommendation 14:

That the Cabinet acknowledges the risks and challenges inherent in the approach they have taken to transferring services to parishes and the concerns raised in this report, and seek to build a cross-party agreement about how parishes can be treated fairly and consistently, and what incentives can be provided where they are able to support / take on services.

Recommendation 15:

That in Landscaping, the focus of negotiation be widened from parishes to other organisations such as the Parks Trust (in line with their charitable objectives and expertise) and to individuals offering to carry out work.

Recommendation 16:

That assuming the Government confirms that the Medical Examiner role is required, the advanced notice of this duty be used to fully apply the Council's budget setting principles by investigating a shared service or one combined with the autopsy contract.

Planning, Culture & Infrastructure

Development Control

The Committee was aware that changes to speaking rights at Development Control Committee (DCC) and to the scheme of delegation affecting when applications are heard by a Councillor Panel had recently been discussed, but that no agreement had been reached and these were currently out to consultation. The Committee was dismayed to hear that neither the Chair of DCC nor the Cabinet Member had seen the proposals before publication of committee papers, and questioned the attitude to both consultation and keeping councillors informed shown by officers here.

While it is not this Committee's role to involve itself in such discussions, Committee members questioned whether the cost of applications coming to panel were as

significant as stated (rather than based on the complexity of the application itself) and had clear and strong views on both issues. If its discussion is at all typical, there will be difficulty finding any consensus position on changes to be made. The Cabinet Member would be well advised to assume that there will be no budget savings agreed from this route, and be pleasantly surprised if an agreement is reached.

Plan:MK

Committee members also asked for evidence about the progress of Plan:MK and whether additional resource was required. A full Council motion (not carried) also asked the Committee to investigate. A written statement was received from the Service Director who stated that much of the time required was in consultation and decision-making, so additional resource would not speed up the process; however joint evidence gathering with the MK2050 strategy will certainly help ensure timescales do not slip. Whilst the Committee has no reason to disbelieve this statement, as it was unable to question the Service Director on this response, it does not have enough evidence to make a recommendation on this matter. However, there is a related recommendation in the Corporate Core section which seeks to make the links between the work on the MK2050 report and Plan:MK more explicit.

Leisure Facilities

The Committee discussed OP8 (reserve for business rates exposure relating to leisure trusts operating 12 council assets) at length. It understands that there is a query whether the leisure facilities activities can truly all be classed as charitable and that the Government Valuation Office is due to make a judgement on this. The Committee has been supplied details of the facilities involved, affecting 2 key operators. The Committee believes that the case for leisure activities to be regarded as charitable is strong; there are many charities set up for exactly this purpose.

The key priority should be ensuring that the operation of the facilities continues, and although an increase in charges to cover the additional costs would be an obvious mitigation; the amount relating to each asset individually is relatively small. Given the uncertainty over whether the discretionary element of business rates relief will be withdrawn at all, that this would happen during the 2017-18 financial year, that providers will need to pass the cost on to the Council and not be able to recoup this through additional charges, the Committee considers that maintaining a separate reserve for an identified risk is unnecessarily cautious given the scale of the Council's risk reserve, and recommend that this risk is stated within the existing risk reserve pressure OP17 rather than a separate one created for this item.

Recommendation 17:

That no savings from the changes to Development Control Committee speaking rights or scheme of delegation are assumed, given the lack of certainty that an agreement will be reached following the current consultation and the consequent reputational risk inherent to the Council in acting otherwise.

Recommendation 18:

That due to the uncertainties over necessity and timing, **OP8** be stated as a potential risk within the existing risk reserve **OP17**, rather than as a separate item.

Resources

This service area contains the most prominent instances of failed income generation proposals – these are addressed in the cross-service area section of this report and not repeated here.

The impact of the surge in use of temporary accommodation reaches even the Resources service area, with P4 affecting the level of housing benefit that can be claimed where the rents exceed the Local Housing Allowance. However follow up questioning after this item was discussed highlighted that at least part of the description is incorrect – the claim that housing benefit cannot be fully recovered from tenants in caravans. Committee members were informed in writing that caravan rents are fully reclaimable, and that the pressure relates only to temporary accommodation (as stated in the budget papers) and Supported Exempt Accommodation (e.g. domestic abuse refuges) which is not.

The Committee is concerned that neither the Cabinet Member nor the Service Director were fully briefed on this issue. It is imperative for the Committee to have full confidence in the accuracy of figures and narrative in the budget papers and this requires robust, internal challenge before papers are published and presented.

P3 relates to the costs of distributing the discretionary funds for housing benefit. This had previously been funded from reserves, which were no longer available, even though the work still needed to be done. While the Committee accepted that this pressure reflected the cost of delivering the service and required base budget funding to maintain the current provision, the Committee believed this was long overdue a review, even given the delays in introducing Universal Credit.

The original plan to move this work into the day to day processes had not been achieved, and a team of 4 full time equivalent staff were working on how to stretch the funds as far as possible. This was clearly time-consuming for officers to achieve the best outcomes for the greatest number of individuals. The Committee believed that a spend of £167k to distribute funds of roughly £1m on an annual basis was too high, mindful of organisations with 10% administration targets for grants and charitable work, and that the Council needed to develop ways of working cheaper and streamline processes for maximum efficiency.

OP1 relates to electrical safety testing. Although the amounts involved are small this is clearly an ongoing requirement, and the Committee felt that this should be regarded as an ongoing pressure and moved to the base budget – the assurance that this would be done in due course was welcomed.

Recommendation 19:

That both the description and total of P4 be reviewed to ensure that all elements are clearly described, accurate, and justified, and that any learning from this be applied where required.

Recommendation 20:

That while accepting P3 as it stands, administration savings be sought by streamlining all the discretionary funds into a single process, with simpler application and decision-making processes, so a higher proportion of the available funds is spent on those needing support.

Corporate Core

The Committee believed that despite the cross-party support for the outcomes of the MK2050 Futures Commission, pressure OP16 would be seen by the public as a luxury at a time of cutbacks, with the associated reputational damage in the event of slower than anticipated progress. The Committee acknowledged that it was unrealistic to expect staff busy working on Plan:MK and other such projects to take this on as well, and that there was a lack of specialist in-house expertise to deliver all 6 identified projects in the MK2050 programme.

The Committee believed the papers gave little clarity as to what this funding would actually deliver, and under questioning, the external consultancy services, project management, analysis and modelling seemed to have many overlaps with the Plan:MK process. The Committee also questioned the need for only one-off funding. The suggestion that a year's funding would be required to get the programmes to a point where external partners and in-house teams could take on the work in 12 months' time seemed speculative at best.

Recommendation 21:

That a clear list of objectives detailing what will be delivered in the next year with by use of this funding (**OP16**), be published to clearly showing how it will address the MK2050 objectives and to judge progress against them will be measured.

Recommendation 22:

That given the statutory nature and priority of Plan:MK and the importance of delivering this to current timescales, Plan:MK be allowed to access this funding identified in **OP16**, if required, to avoid any delays.

Council-Wide Pressures

The Committee recognises that the majority of pressures here are due to Government legislation (e.g. end of contracting out of National Insurance Payments and the Apprenticeship Levy) or past council decisions (such as the investment in highways and the job evaluation programme).

However the implementation of the Apprenticeship Levy presents an opportunity for the Council. As the Council would receive funding from Government for each apprentice taken on to cover the cost of training, this could be good value for the Council. Not only would the funding be available, but the age profile of council staff could be reduced with a large cohort of apprentices (bringing its own savings – albeit balanced against the risk of lack of experience and institutional knowledge) and as graduate trainee programmes would be included, this could bring in a generation of young, smart people into the Council with fresh ideas and in particular a grasp of how technology can be used to further the Council's objectives.

This will not happen by default; there will be competition from other employers – particularly in London – for the people who could be part of these schemes. A high quality training programme, clear career progression, early responsibility and empowerment as well as a solid package of incentives will be needed to ensure that Milton Keynes Council is seen as a highly desirable organisation to work for.

The Committee queries OP11 (redundancy costs and pension strain) being categorised as ‘Spend to Save’ – as this simply pays for costs for which the Council is liable.

While the Committee agrees with the principle of a risk reserve, as stated in the cross-service area section, there are a number of such reserves which should be considered for combining, and the description of how this money has been required in the 2016-17 year will strengthen the case for the reserve to be topped up for 2017-18.

Recommendation 23:

That the Council commits to increasing the number of apprentices and graduate trainees it takes on, in line with the funding available through the Apprenticeship Levy, and that a strategy for making the Council an increasingly attractive place for young people to work be developed to aid recruitment and retention.

Recommendation 24

That **OP11** be reclassified as a General / Legislative pressure and not “Invest to Save”.

Annex A:

Requests for Additional Information

5 October 2016 - Place

- Service Director (Planning and Transport):

An update on Plan:MK, including whether:

- this is being sufficiently resourced;
- any additional resource has been requested;
- additional resources would impact the timescales; and
- is the project on target or is slippage likely?

- Housing Finance Manager:

Circulation of the note on the impact of possible changes to discretionary business rates on the leisure centres;

- Service Director (Public Realm):

The figures, and their source, on which the demographic projections used in the Public Realm budget proposals are based.

13 October 2016 – People and Housing

- **P52, P53, P54** – Although a technical, financial measure, rather than anything operational within the individual Service Groups, and that the same explanation will apply in all three cases, but an expanded explanation for members and why this is different from setting a reserve, would be helpful;
- **OP4** – Further explanation of this item in writing was requested;
- **P14** – The Committee would like a breakdown between the increase in the cost of spot care and how this is affected the increase in the National Living Wage;
- **P16** – Last year the pressure on this item for 2016/17 was calculated as being £95k, with nothing in the budget for 2017/18. Why has this risen from £0 to £200k for 2017/18?
- Details from MKi Observatory on demographic growth predictions for Milton Keynes.

18 October 2016 – Resources/ Corporate Core/Council-wide

- **P4** – details relating to the number of people living in caravans in Milton Keynes

Scrutiny – An Explanation

All local authorities operating a Cabinet and Scrutiny model have a Cabinet made up of the Leader of the Council and up to nine other members. All executive decisions (i.e. those needed to implement the Policy Framework and Budget approved by the Council) are taken by the Cabinet.

Each local authority is required by law to establish a Scrutiny function to support and scrutinise its executive arrangements.

Scrutiny committees are not “decision making” bodies but are bodies which monitor and influence those that are. The Scrutiny role, carried out by non-Cabinet members, is designed to support the work of the Council in the following ways:

- Reviewing and scrutinising decisions taken by the Cabinet, also known as acting as a “critical friend”, challenging policy makers and decision makers;
- Considering aspects of the Council’s performance;
- Assisting in research, policy review and development and thus driving improvement in public services.
- Involving itself with external organisations operating in the Borough to ensure that the interests of local people are enhanced by collaborative working;
- Enabling the voice and concerns of the public to be heard and listened to.

Each scrutiny committee or task and finish group has its own remit as set out in its terms of reference. The scrutiny committees / task and finish groups consider issues by receiving information from, and the questioning of, both council officers and external witnesses or partners to develop an understanding of proposals or practices. As scrutiny committees have no executive powers they often present their conclusions in the form of recommendations to the Cabinet, full Council, council officers, or external partners that they believe will improve performance, or as a response to public consultations. The committee will often request a formal response and progress report on the implementation of recommendations that they have provided to various parties.

Attending Meetings of Scrutiny Committees / Task and Finish Groups

Meetings of scrutiny committees and task and finish groups are held in public and are open for everyone to attend. If you would like to attend then please just turn up. However, if you would like to make a representation to councillors on behalf of yourself or others, then let us know you are attending before the meeting so that the Chair can be advised in advance: scrutiny@milton-keynes.gov.uk

If there are specific issues that the meeting must consider in private then they will be asked to agree this at the meeting.

After the meeting the recommendations and Minutes of the meeting, as well as agendas and reports for the majority of the Council’s public meetings are available via the Council’s website at: <http://milton-keynes.cmis.uk.com/milton-keynes/Committees.aspx>

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