

To: City Executive Board

Date: 8 February 2012

Report of: Finance and Performance Panel

Title of Report: Consultation Budget and Medium Term Financial Strategy 2012 - 2016

Summary and Recommendations

Purpose of report: To present the conclusions and recommendations of the Scrutiny Budget Review Group (RG) on the Consultation Budget and Medium Term Financial Strategy 2012-2016

Key decision? No

Scrutiny Lead Member: Councillor Seamons

Executive lead member: Councillor Turner

Policy Framework: The Councils Corporate Plan

Recommendations

Recommendation 1

Based on organisational performance to reduce the contingency set against the non delivery of all budget reductions and increases in income to 50% for those categorised as high risk.

Recommendation 2

To publish to the RG the model used to produce the homelessness contingency along with what it is likely to be spent on if needed.

Recommendation 3

To reclassify to low risk the new income in Direct Services in 15/16 and Environmental Development from 13/14 onwards.

Recommendation 4

To welcome the new levels of general balances proposed as a better balance between prudence and spending.

Recommendation 5

To see as soon as possible the detail of the models that have been used to produce the budget adjustments for the withdrawal of; the housing benefit administration grant and the service requirement to be assured that they complement each other

Recommendation 6

To consider in the coming year the effects on the customer services outlet and the call centre of the transfer of benefits to the DWP. To reflect this in future budgets.

Recommendation 7

To maintain an open mind on the administration of the Council Tax benefit scheme to ensure that nothing is ruled out and the best possible value for money is achieved.

Recommendation 8

To express disappointment that partners are not contributing to the upfront costs of the delivery of the Olympic Torch Celebration and ask the Board Member to raise this at least with the 2 Universities and the County Council.

Recommendation 9

To request that the Board Member considers with the RG information being prepared by officers on apprenticeships and to decide if the scheme as currently outlined presents the best opportunities for employment and training for young people in the City.

Recommendation 10

For the RG to review the broad scoping of the Educational Attainment Improvement Project as soon as possible (April/May?) and in particular the mechanisms for focus and project selection as soon as they are available.

Recommendation 11

To review at the end of the first year the investments made by the City Council and those made by the County Council in City Schools alongside progress against expected outcomes/milestones.

Recommendation 12

For the RG to review the broad scoping of the Youth Services Provision as soon as possible (April/May?) and the detailed mechanisms for focus and project delivery as soon as this is available.

Recommendation 13

That a more simplistic approach is taken to the spending of money for free swimming rather than the complex measures and considerations of health and wellbeing discussed. The RG suggestion is that the money is used to teach "x" number of children from areas of deprivation to swim confidently who would otherwise not learn.

Recommendation 14

For the organisation to consider all new investments as they relate to regeneration and young people together to provide for a coordinated steer, efficient use of resources and sound governance arrangements.

Recommendation 15

For scrutiny to be part of arrangements to monitor delivery and outcomes.

Introduction and Background

1. The Budget Review Group (RG) this year consisted of Councillors Seamons, Brown, Rowley and Williams with Councillor Seamons taking the lead. The RG would like to thank officers and members for their help and co-operation and hope that members find their comments and recommendations helpful.
2. The RG lines of inquiry were as follows:

Setting the budget

- Are service budgets contained within the planned spending limits agreed within the MTFs agreed in February 2011-2016
- Are contingencies, earmarked reserves and general balances set within reasonable assessments of risk and potential
- The effect and level of risk of new budget reductions and adjustments

New Investment

- The plans for new investment in particular the outcomes set. Do these represent good value for money
3. The RG considered the consultation budget and associated issues in detail and asked a series of questions for written response and discussion at meetings. The full detail of questions and answers is available from the report author

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Conclusions and recommendations**4. Contingencies and General Reserves**

Allowances in contingencies have risen compared to those projected last year. The RG welcomes the application of risk judgements to new income and service reductions to provide for a more universal consideration of budget reduction risk in contingencies for the future.

5. In considering whether the contingencies overall had been set in a robust way the RG makes the following observations:
- All saving (with only small exceptions) in 2011/2012 are being delivered without any adverse tensions reported through financial monitoring and performance management reporting. This robust performance seems set to continue as the majority of reductions were set last year and have been reviewed for deliverability. This brings the 80% allowance for high risk savings into question.
 - The homelessness provision has been reduced on that predicted last year but still remains at £650k. In the current year only a very small proportion of the contingency has been earmarked for spending on housing benefit top up payments with the service operating within budget despite highlighting considerable difficulties.
- The RG recognises that welfare benefit changes yet to come have the potential to further exacerbate difficulties but the modelling done to produce this contingency is not clear to the RG. This is a large contingency and the RG understands the issues around housing and why an amount in reserve is needed. What isn't clear is what this money may be spent on and how judgements around risk and potential have been modelled. For such a large amount the RG wants to be clear that the level is "right".
- The RG did not review all budget reductions but of those considered a couple seemed set too high based on the written and verbal responses given:
 - The new income, brought forward to 13/14, linked to changes in licensing powers under consideration is marked as high risk. The Head of Service was confident of enactment and said he had set the potential amount that could be raised at a very cautious level. High risk seemed too high a judgement based on the response
 - The new income in Direct Services of £150k in 15/16 is marked as medium risk because it can only be delivered if facilities exist to do the vehicle work proposed. The Head of Service was very confident of the market gap and his service ability to fill that gap. This along with the new depot being a planning reality rather than a wishful thought seemed to pose no risk for this additional income.
6. The level of general reserves project to 15/16 is significantly lower than proposals last year. The RG welcomes this reduced amount as it provides for a better balance between prudence and spending. The movement of money for use within the capital pot is prudent.

Recommendation 1

Based on organisational performance to reduce the contingency set against the non delivery of all budget reductions and increases in income to 50% for those categorised as high risk.

Recommendation 2

To publish to the RG the model used to produce the homelessness contingency along with what it is likely to be spent on if needed.

Recommendation 3

To reclassify to low risk the new income in Direct Services in 15/16 and Environmental Development from 13/14 onwards.

Recommendation 4

To welcome the new levels of general balances proposed as a better balance between prudence and spending.

7. Service effects of changes in housing benefits

The potential effects of welfare benefits changes within communities have been considered and allowances made within the budget. The effects on the benefits service of the phased merger of housing benefit into universal credit are not obvious from the consultation budget. On questioning the model used to quantify these changes was outlined and subsequently a breakdown of an aggregate line quantifying this model over the life of the change was provided.

8. The model outlined was well considered by professional officers. The budget adjustments provided for were outlined within 2 lines:

- Housing Benefit and Council Tax Administration Grant
- Housing Benefit and Council Tax Administration Staff Savings

The RG expected to see some correlation between the withdrawal of administration grant and the reduction in service requirements as both models are based on case load. This was not obvious.

9. A considerable number of callers both to the call centre and the customer service centre have housing benefits inquiries (15% and 40% respectively). The budget assumes no change in demand at either. Whilst it seems reasonable to assume that inquiries will not decrease at the same rate of transfer of service it seems unreasonable to assume no change in demand given the scale of customer inquiries.
10. The RG noted from responses that planning for the Council Tax scheme and the administration of this is underway. The obvious economy of scale difficulties of delivering a scheme are noted in the budget report. The RG was disappointed that partnership working has been ruled out because it is unlikely that surrounding authorities

will agree similar schemes. The RG would have wanted to see all possibilities to reduce administration costs seriously considered even if this meant the administration of more than one scheme within a group. Given the complex nature of the delivery of the current benefit scheme it seems reasonable to assume that systems and staff experienced in this area are up to this job.

Recommendation 5

To see as soon as possible the detail of the models that have been used to produce the budget adjustments for the withdrawal of; the housing benefit administration grant and the service requirement to be assured that they complement each other

Recommendation 6

To consider in the coming year the effects on the customer service outlet and the call centre of the transfer of benefits to the DWP. To reflect this in future budgets.

Recommendation 7

To maintain an open mind on the administration of the Council Tax benefit scheme to ensure that nothing is ruled out and the best possible value for money is achieved.

11. Celebrating the Olympic Torch relay in Oxford

The RG saw a detailed breakdown of the costs associated with the delivery of the event to accompany the Olympic torch when it comes to Oxford. Officers are making good efforts to balance the production of an event that matches the historic nature of the occasion and contain costs. It is still however a large amount of money even with some of our partners providing contributions in kind. This is an event for Oxford not just for the City Council and it was disappointing to note that our partners are not contributing upfront to the overall cost.

Recommendation 8

To express disappointment that partners are not contributing to the upfront costs of the delivery of the Olympic Torch Celebration and ask the Board Member to raise this at least with the 2 Universities and the County Council.

12. New Investment in Apprenticeships

This is an initiative set at providing work, experience and training through apprenticeships for about 5 local young people. The Council already has a scheme to provide apprenticeships through direct employment and via procurement contracts. In considering our area of direct influence it was noted that only 1 out of 11 of the current apprentices is a local young person. The RG has asked for further information on why this is, what the issues are, what we can do to better target this to City youngsters. This is currently being prepared

by officers for consideration by the RG but based on current actions and outcomes it seems unlikely that this initiative will significantly benefit the target group outlined.

Recommendation 9

To request that the Board Member considers with the RG information being prepared by officers on apprenticeships and to decide if the scheme as currently outlined presents the best opportunities for employment and training for young people in the City.

13. New Investment in Educational Attainment

The reasons and evidence for wanting to support an improvement in the educational attainment of children and young people in the City is obvious and beyond question. The “project”, at the time of writing, is not developed and so judgements about the value to those in education from our actions are difficult to judge. The Lead Member talked with enthusiasm about what might be done and some of the key drivers for achieving this. He did however recognise the City Councils inexperience in this field and the importance of sound advice and support in development.

14. What seemed self evident based on discussions is:

- The money is limited so focus and mechanisms to provide for this are crucial
- Our ambition and the interpretation of this into outcomes should be clearly articulated upfront and linked to pupils rather than processes and projects. All actions we take should be clearly linked back to this
- To further emphasis the point above as much of the money as possible should be spent on children and young people and not on supporting partnership arrangements and bureaucratic systems
- The choice and role of an advisor is crucial. We need a good understanding of issues, potential and what works so we are able to advise on and recognise bids that will make the most difference to individual pupils.
- To get the best and most timely outcomes we need good partnership working with the County Council and more importantly schools. This partnership building needs to begin now.

15. The money will compliment a strand within the County Councils newly publish Strategic Plan for Education. We need to be clear that this money will not displace funds that the County Council would have spent in City schools through this strand but instead adds to it. It was the Board Member’s view that this was not likely but the RG wished to see the mechanisms for the allocation of funds in both authorities and the awards of grant in the first year to be convinced of this.

Recommendation 10

For the RG to review the broad scoping of the Educational Attainment Improvement Project as soon as possible (April/May?) and in particular the mechanisms for focus and project selection as soon as they are available.

Recommendation 11

To review at the end of the first year the investments made by the City Council and those made by the County Council in City Schools alongside progress against expected milestones/outcomes.

16. New Investment in Youth Services

This is a significant investment over the life of the budget to provide for an open access programme of youth activities across the City. The programme isn't scoped yet so the RG was not able to see the match of need to service provision so isn't able to offer an opinion on the value of outcomes to target groups. The Board Member and officers showed a good understanding of the need to not simply "plug gaps" but to understand needs, know what works, compliment current successful programmes and provide for good outcome measurements so that the value of our provision to the young people served can be judged and adjusted.

17. Sustainability of programmes is important to ensure that successful projects have a life within communities beyond the funding of the City Council and the RG hoped that in planning this would be a key feature. Similarly the leveraging of money and support from and through other agencies, the voluntary sector and communities will contribute to this and it is hoped that this will be significant within the scoping.

Recommendation 12

For the RG to review the broad scoping of the Youth Services Provision as soon as possible (April/May?) and the detailed mechanisms for focus and project delivery as soon as this is available.

18. New Investment in Free Swimming

The initiative as outlined by the Board Member is to get more young people active. As with the other new initiatives for young people scoping hasn't been done so the detail of focus, delivery and the measures of success were not clear to the RG. Officers talked about targeting schools in need of support, measuring footfall, considering indices of deprivation, health and well being and complimenting successful programmes underway. Additional funds are expected to be levered in by partnership working. It was outlined that successful outcomes in this area are hard to formulate and measure.

19. The observations made by the RG in considering responses are:

- Working in partnership with others to potentially lever in additional funds is sensible.
- Given the thrust of the investment why is it limited to swimming? It is accepted work is underway in other sports but the “free banner” gives a significant lever to participation and swimming may not be the sport of choice for all young people.
- To reach the young people we are aiming to engage we need to improve our outreach and engagement work. Increased participation from specific communities and groups is part of the leisure contract and we need to be clear not to use this investment to deliver on issues that are part of our current contract with Fusion.
- It was identified that possibly only 1 primary school does not have swimming as part of their curriculum. The issue is more likely to be the additional family support needed to complement this limited school activity and turn children into confident swimmers. The possible focus on schools needs to be changed to a focus on families (possibly identified through schools)
- This is a relatively small amount of money but we need to be sure it is getting to the right people. Outcome measures must be developed to identify this.

20. The RG at the very least wants to be sure that the investment is reaching the young people we are targeting and would prefer a more simplistic approach to measures than the complex considerations of health and wellbeing discussed. The suggestion is that the money is used to teach “x” number of children from areas of deprivation to swim confidently who would otherwise not learn.

Recommendation 13

That a more simplistic approach is taken to the spending of money for free swimming rather than the complex measures and considerations of health and wellbeing discussed. The RG suggestion is that the money is used to teach “x” number of children from areas of deprivation to swim confidently who would otherwise not learn.

21. Investment in Young People Overall

In considering presentations from Board Members and officers on their outlines and hopes for projects within which new investment will be spent, it was obvious that projects share some similar:

- Regeneration Issues
- Target groups
- Interventions

- Expected outcomes.

It is suggested that some oversight of projects at the planning, delivery and outcome stage happens to be sure that we are not duplicating effort, have complimenting programmes and outcomes and are getting the most across all the investments rather than just the individual tranche.

Recommendation 14

For the organisation to consider all new investments as they relate to regeneration and young people together to provide for a coordinated steer, efficient use of resources and sound governance arrangements.

Recommendation 15

For scrutiny to be part of arrangements to monitor delivery and outcomes.

Director and Board Member Comments

22. Comments at the meeting.

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List of background papers:

Version number: 2