

Report of the Budget Research and Evaluation Panel 2016

- 1.1 The Budget Research and Evaluation Panel (BREP) has considered the draft budget proposals for the year 2017-18. It has also continued to monitor the deliverability and achievability of the Medium Term Financial Strategy (MTFS); for example, by considering the progress of the changes to Learner Transport and the future proposals for schools.
- 1.2 The work of the BREP helps to ensure financial transparency and accountability with regard to the draft budget proposals and the draft Corporate Priorities. This ensures that elected Members have the opportunity to help to develop and shape Council policies on the delivery of services, which is particularly important at a time of increasing demand for services, public sector reform and the challenging financial outlook.
- 1.3 The BREP acknowledge the financial challenges facing the authority and the need to make substantial savings over the term of the MTFS and therefore stress the importance of BREP and Scrutiny taking an active role in monitoring the savings in the context of a 'One Council' approach.
- 1.4 The BREP are concerned that year on year the opportunities to identify additional savings to offset shortfalls in planned savings become fewer and less sustainable. Therefore it is increasingly vital that budget savings are delivered as planned.
- 1.5 BREP were advised that previous budget reductions identified and agreed by Council on 25 February 2015 will still stand and that further or new budget reductions will come from areas that are not 'Areas of Focus' (AOF) identified by CMB and Cabinet as aligning with the Corporate Strategy.

2 Comments on BREP 2015-16

- 2.1 The Panel briefly discussed the findings and responses from last year's BREP process with particular concern over the Learner Transport savings in that there had been issues experienced recently due to routes to school being deemed unsafe. This meant, therefore, that whilst changes to distance criteria have been introduced by the Authority, buses in some wards have had to continue and the full savings not realised.
- 2.2 The Panel recommend that investment be made into safer routes for school now to ensure longer term savings are achieved through reducing the need for Learner Transport.
- 2.3 The Panel also recommend that the Authority seek guidance as to whether there is a differentiation between a safe route for a pupil of 11 years old compared with one who is, for example 15 years old; similar to that made for 10 year olds in Primary school and 11 year olds in Secondary Schools.
- 2.4 The Panel determined to reiterate part of recommendation 1 of the BREP last year that a Project Manager be identified from outside of the Education and

Transport departments to carry out a review of the Authority's transport to ensure that we are running these services as effectively and efficiently as possible.

- 2.5 The Panel also questioned the response to recommendation 24 from last year in that contracts could not be adjusted mid-year. Members made particular reference here to the School Transport Contract with buses and coaches to some schools not always being full, meaning that the Authority were not getting value for money from these contracts. Members expressed the view that there should be a review system for contracts throughout the year. Officers and the Deputy Leader advised that this would be difficult to achieve in terms of current ongoing contracts, as the flexibility was not put into the initial agreement. Flexibility could be considered for inclusion in any future contracts however with this came at a greater cost. The Deputy Leader advised that the Council were improving the methods by which they were procuring services and an example of this was the new Waste Contract.

Recommendation 1

The Panel expanded upon their recommendation from last year and proposed that a data exercise be carried out to track the number of pupils using the buses throughout the year to determine how significant a decrease there is in service users. This information can then be used to inform whether a mechanism for revisiting contracts mid-year would be beneficial and cost effective.

- 2.6 The Panel also discussed their recommendation response from Cabinet in relation to the regionalisation of payroll from 2016-17. It was the view of the Panel that if Bridgend is able to deliver the payroll service so efficiently then it should lead the way in the region, as with Regulatory Services, and strive towards a regional system to achieve collaborative savings.

Recommendation 2

The Panel recommend that BCBC put out an expression of interest to other LAs to take forward the regionalisation of payroll; in order to give an indication of whether there could be a gain for the LA and the region as a whole.

3 Presentation of Budget to the Public and Budget Consultation Process

- 3.1 During the early stages of the BREP process this year the Panel considered the draft budget report, discussing the way in which a much more explanatory approach was being taken in order to provide the public with the situation and rationale behind the proposed savings. The Panel complimented this approach but made a series of suggestions for this report to make it more accessible and informative to members of the public.
- 3.2 These included the following amendments and suggestions for inclusion:
a) That the base budget and impact of reductions be incorporated into the report;

- b) That a table or chart be included in any presentation to the public in order to provide a snapshot of where the Authority's budget is spent;
- c) That a similar table or chart be provided within the report to evidence where council tax is spent;
- d) That the proportion of Council tax in relation to the total Budget be more clearly illustrated;
- e) That further links to Capital spend should be illustrated in the report; where, for example a revenue cut may be made in a service area but there is a corresponding capital investment or spend. This may assist in addressing the public's concerns over the impact of the cuts.
- f) Any presentation and report to the public needs to make it clearer that although the view being portrayed is that there has been a good settlement, it is only good in comparison to what it was predicted to be; there are still budget savings of £6m that have to be made and services that have to be cut and reduced on top of the £38m savings that have already been taken out of the budget over the past few years.

3.3 The Head of Finance and S151 Officer reported to the Panel that the public response to the Council's MTFs consultation were increasing year on year with over 2500 responses this year . This is the highest response the Authority has received to any consultation and far exceeds the response obtained by many other Local Authorities to their budget consultation. He confirmed that the Council would continue to engage with the public in respect of the MTFs to improve their awareness and also take on board any feedback that may be useful to inform future budget proposals. It was recognised that there was still a need to secure more observations from younger people as there had not been a very good response to the Youth Survey undertaken. It was acknowledged that this was important in order to achieve a more holistic and complete form of feedback from a number of different age groups. It was also the case that work needed to be done to increase Member participation with the numbers decreasing over the past few years. A possible issue with this could have been the time of day this consultation event was held and this was an area to look at for the future.

3.4 In terms of feedback from the consultation responses, the Panel were advised that there was a general consensus to support services aligned to Schools and Social Services, at the expense of services such as libraries and Adult Learning. It was reported that schools were still being protected more than any other area of the Authority in terms of the percentage of the budget reduction. There was also support from constituents for more road improvements as well as for Social Enterprises such as Awen Trust and Halo. and Between 45 – 55% of respondents had also supported street cleaning and the Community Action Fund however there were responses for maintaining street lighting provision at road danger spots such as road traffic junctions.

3.5 Whilst the support of Digital Services had been apparent last year, this had not been so supported this year when compared to maintaining the provision of other key front line services. There had also been support to raise the cost of school meals and for a proposal for a gradual increase for the use of

Council playing fields and also support to be tougher on constituents who failed to comply with payment of their Council Tax.

- 3.6 The Panel congratulated Officers on the increasing number of responses to the budget consultation but raised concerns that displaying findings as percentages can be misleading as it can be interpreted as the percentage of all constituents, not just those who responded.

Recommendation 3

The Panel recommend that for future consultation reports, the findings be displayed as the number of people, not just as percentages as this can sometimes be misinterpreted as the percentage of all constituents in the County Borough.

4 Draft Budget Proposals 2017-18

- 4.1 In its initial consideration of the budget approach and proposals for 2017-18, the Panel determined to focus on a few specific areas to examine in detail in order to assist with informing the budget proposals and also to ensure that there was no duplication between the work of the Panel and the individual work of the Committee's.

- 4.2 The three areas chosen were:

1. Collaboration with Town and Community Councils
2. The 1% proposed efficiency saving for schools
3. The proposed Community Action Fund

Collaboration with Town and Community Councils

- 4.3 The Panel requested that they consider how the Local Authority is collaborating and communicating with Town and Community Councils in a bid to maintain community services that are at risk of future budget cuts. Members therefore requested that a small number of Town Clerks be invited to attend a BREP meeting along with Officers to provide their views and assist in discussions. Four Town Clerks representing TCCs with varying precepts attended a meeting and provided a valuable contribution to the debate.
- 4.4 Various options for the provision of future services were considered including the TCCs independently commissioning services or buying in the service from the LA instead of taking it on fully. For all options however there were common themes including the need for better communication and support from the LA, whether this be in relation to timing; ensuring that any approach from the LA is timely for the TCC in order to fit in with their own budget setting process; or support such as the provision of better information regarding the service to determine the viability of taking it on. Contractual assistance was also discussed should the TCC decide to explore the possibility of taking on the full contract for a service, and likewise simple issues such as the notification to TCC Clerks that a service, such as grass cutting, is scheduled to be reduced and the details of this reduction.

4.5 In drawing up its conclusions and recommendations from the BREP process, the Panel commented that there was perceived to be a culture issue within LAs regarding TCCs that needed to be addressed. Likewise the Panel agreed that the Authority need to really be willing to provide help and not make processes too long winded and onerous for TCCs. With TCCs possibly willing to pay towards services or take them on, BCBC need a strengthened process to be able to respond effectively.

4.6 **Timing**

The evidence provided by TCCs indicated the need for a longer time period for TCCs to consider any proposals for future services from the LA with the request that this be more than one or two months before the precept process. TCC Clerks commented that external Audits are getting stricter therefore figures and detail are needed in a more timely manner.

Recommendation 4

The Panel recommend the need to coordinate the TCC Budget setting process with the BCBC Budget Setting Process to ensure the TCCs have information in time to inform their precept. The latest the information would need to be communicated with the TCC is the by the September Budget Review.

4.7 **Communication, Approach and Support**

The Panel discussed how the LA engages with TCCs and what type of support is provided to the clerks. Whilst there seems to be a specific process for the current Asset Management Scheme, for other services there does not seem to be a lot of engagement or exploration of the possibilities for TCCs to take on or assist with the provision of services, whether this be partially or fully.

4.8 Members also agreed with the view that the LA need to take a more supportive lead approach with TCCs as they do not have the expertise to explore possible service options and draw up the detail. The detail instead needs to come from the LA, with such information on running costs, how costs could potentially be reduced, how the LA could possibly support the TCC to take items forward. The Deputy Leader also reported that following May's local elections there would be an expansive Induction Programme for Elected Members, one of which would relate to fostering and improving relationships between the LA and all TCCs.

Recommendation 5

The Panel recommend the need for improved communication between the LA and TCCs over planned policy changes or cuts that the Authority is introducing i.e. if a service is going to cease to be continued the TCC may need to put in place some transitional planning, rather than it being cut and finding out too late.

Recommendation 6

The Panel recommend that any communication between the LA and TCCs involve the clerk who, undertaking a coordinating role, can then ensure that matters are taken before the full Town or Community Council as appropriate. Similarly, it is recommended that TCC clerks be invited to attend the TCC Forum to ensure that they are kept informed of the discussions and outcomes.

Recommendation 7

The Panel recommend that a standardised structure be established for approaching TCCs for assistance with future service provision and that they be provided with suitable detail and information to ensure that there is clarity from the start. Supplement dialogue needs to be provided from the Authority to determine what services, beyond the core services that BCBC will continue to maintain, that TCCs could potentially take ownership of.

It is proposed that estimated figures could be provided to TCCs in the first instance in order that they can respond as to whether there is an appetite/expression of interest. Following which the Authority will be able to determine the viability of providing further detailed information.

Further to this it is recommended that the Authority share its knowledge and provide additional support to TCCs as requested such as contractual assistance in order to take forward proposals for the transfer of services.

4.9 Collaboration

It was recognised that for LAs to engage with TCCs required significant resources, however, the Panel agreed that the long term benefits would be considerable both for the public, whose services could be maintained and for the LA, both in terms of future savings and in respect of the Authority's reputation. It was therefore proposed that the work to assist TCCs to take on community services be considered as an 'invest to save' proposal where short term investment will result in long term benefits and efficiencies.

- 4.10 During their discussions the Panel were advised of some TCCs who had already decided to take on community services using a private contractor. The Panel consequently discussed the prospect of other TCCs learning from this and even working together to share costs. The subject of double taxation was also raised and various views expressed over whether or not this is a barrier to TCCs taking on community services.

Recommendation 8

The Panel recommend that formal arrangements be established for TCCs to co-operate more together, share best practice and possibly look at sharing resources and joint commissioning of services. One proposal was to consider the possibility of utilising the TCC Forum to take on a coordinating role. Such cooperation would also assist the LA in engaging with TCCs to determine expressions of interest for the

future provision of services on a much simpler and larger scale rather than approaching each TCC individually which can be extremely time consuming.

Recommendation 9

The Panel also recommended that TCCs discuss and share experience of the issue of double taxation to discover from those who have already hired private contractors whether this is actually an issue for members of the public and if it is really a barrier to taking on community services.

Community Asset Transfer

- 4.11 During their discussions with TCCs the subject of Community Asset Transfers was raised. The Panel expressed concern over the provision of support to Local organisations towards Community Asset Transfer (CAT) in that there had been delays and missed opportunities as a result of reduced staffing and the need to recruit to the one remaining post. Members commented that without dedicated Officer support to assist with the developing of Business and financial plans, CATs will not be achieved.
- 4.12 The Panel requested that in light of their concern's, the CRI Overview and Scrutiny Committee keep the item of CATs on their forward work programme in order to ensure that sufficient support and drive is provided behind the project.

Recommendation 10

The Panel recommend that the Capital fund designed for allocation to TCCs to assist them with renovation of Community Assets, be used to repair and renovate the Authority's buildings before getting people interested, as the current state of the buildings could be a significant barrier to asset transfer.

School Efficiency Savings

- 4.13 In its first meeting the Panel determined to consider in detail the proposed school efficiency savings which were being put forward now that Welsh Government no longer required LAs to protect school budgets. In order to inform their discussions Members invited Headteacher representatives from the primary and secondary sectors to attend their Panel meeting. The purpose of the meeting was to discuss in detail the potential impact on schools and the likelihood of achieving the saving, and where also could the savings be made should the proposal not be progressed?
- 4.14 A number of points were highlighted from the discussions including the fact that schools have not been entirely exempt from budget pressures with having to take on costs that had previously been covered by the Local Authority. Examples of these include pay awards, licenses, Duke of Edinburgh Award Scheme, Carbon Reduction Commitment and tree inspections. Cuts have also been made to the educational improvement grants that schools receive from Welsh Government and schools still have to provide the incremental increase in salaries and their own legal cover, such as in cases of job

evaluation. The Panel commented that this needs to be made more apparent in the budget report and more widely known in order to understand the context around schools and budget cuts.

- 4.15 The Panel also discussed the pupil teacher ratios and school funding where it was stated that Bridgend has the 3rd highest pupil teacher ratio in Wales and is poorly funded per pupil with only Caerphilly, for example, spending less per primary school pupil.
- 4.16 Members had mixed concerns and views with regard to the funding of schools and whether there should be a cut in funding equating to 1%, 0.50%, or no cut at all.

Recommendation 11

Based on the fact that funding for schools varies for each LA and that Bridgend has historically been poorly funded per pupil; rated as one of the lowest in Wales and with one of the highest pupil teacher ratio in Wales; the Panel recommend that Cabinet put pressure on Welsh Government to rectify the issue of school funding in order that funding is distributed in a more fairer and balanced manner across Wales.

- 4.17 The Panel discussed various concerns regarding the efficiency saving such as the risks to schools already in deficit and the fact that other schools could go into deficit as a result of the savings and that this would consequently limit the judgement from Estyn.
- 4.18 Other potential impacts discussed were the effect on pupil teacher ratios, which could increase as a result of the efficiency savings at a time when the Education Secretary is looking to propose caps for pupils in infant classes. For secondary schools, impacts such as larger class sizes, smaller number of teachers; meaning teachers possibly teaching outside of their main subjects; also the need to appoint part time staff which always proved a struggle to recruit. A possible narrowing of the curriculum was also stated due to the loss of teachers and a loss of support staff who often supported the most vulnerable pupils. Similar issues were raised for primary schools with increased class sizes, loss of teachers, low morale, a fall in education standards and results as well as a reduction in the support for those more able and for those with Special Educational Needs. It was reported by the Primary Headteacher representative that the efficiency savings over the four years equated to losing approximately forty primary school teachers.
- 4.19 On the other side the Panel were also advised that without the school efficiency saving, the LA would have to find around £3.5m over four years from elsewhere, with likely more next year. Members also noted the fact that Schools, even with a 1% cut, were still the least cut service area within the LA and so are still to some extent being protected.
- 4.20 It was however looking at possible options to assist schools such as supporting schools to become better commissioners, for example in their commissioning of legal services. The LA would look to broker this for schools.

IT support could also possibly be commissioned separately. Whilst schools in Bridgend work really well together, they still broker services independently which costs more individually.

- 4.21 A further option was to assist schools in increasing their income generation; possible ways schools can create more opportunities for income such as hiring out their halls and facilities or teaching classes outside of usual classes.

Recommendation 12

With a vote of 6 to 2, the Panel recommend that the proposal for a 1% school efficiency not be progressed in light of the risks it poses to pupils and their attainment as well as continued school improvement. It also could potentially impact negatively on pupil teacher ratios and the most vulnerable pupils with Special Educational Needs.

Community Action Fund

- 4.22 The third item the Panel decided to look into in detail was the proposed Community Action Fund, the idea of which was to allocate for a one year trial period, a budget to every individual member to spend in their own ward, replicating other schemes that already exist such as those operating in Worcestershire. The Panel requested further detail on this fund including how this would be undertaken, what the criteria would be, how much would be allocated to each ward Member and how the fund would be monitored.
- 4.23 The Panel expressed some concerns over the fund not being proportionate for each Member and their number of constituents given the varying sizes of the wards in the County Borough however Officers determined that this was the fairest way.
- 4.24 Officers reported that the purpose of the fund was to react quickly to local need, for example to those issues that often come through as Member Referrals.
- 4.25 Concerns were also expressed that the fund is open to potential abuse with reports that some Members in other LAs where a similar fund had been introduced, have been referred to the Ombudsman. However, as a Councillor, the Panel stated that Members will likely have their own interests in various aspects of their own community.
- 4.26 The Panel also discussed the possibilities of pooling the funds between Members as well as collaboration with Town and Community Councils to combine funding and/or ideas based on local need such as weed spraying.
- 4.27 The Panel initially supported the Community Action Fund however, following continued discussions around the budget savings and the impact of these on services and service users, the Panel did not feel it appropriate at this time to take forward such an initiative.

Recommendation 13

Members were in agreement that the Community Action Fund was a good idea in principle, but that it was not an appropriate initiative to take forward at this time given the level of cuts that are being made in other areas.

4.28 Should the initiative be taken forward during the future the Panel recommend that the following points be taken into consideration:

- That a hybrid of choices be made available to Members such as pooling funds and collaborating with TCCs.
- Whilst the proposal accounted for administration costs to cover the application and allocation process, the Panel expressed the view that there may be a need for some additional officer support in an advisory capacity.
- As part of the application process, an option to request officer involvement be incorporated to ask for assistance or advice such as the potential cost of services, for example, pothole or pavement repairs.

5 Further General Comments on the MTFS 2017-18 to 2020-21

5.1 School Efficiency Savings

The Panel agreed to consider where the savings that were set against the school efficiency proposal as detailed in section 5 could instead be made.

Recommendation 14

The Panel recommend that the savings against the school efficiency proposal be partially offset by the funding that was proposed for the Community Action Fund, with consideration given to the remainder of the savings being taken from the £6,194,000 allocated for other Corporate Budgets' for 2017-18; as recommended by the CYP Overview and Scrutiny Committee.

5.2 Council Tax

Discussions were held around the Council Tax increase which, whilst initially proposed at 3.9%, was decreased to 2.9% to reflect the better than expected settlement from Welsh Government. The BREP however viewed that a minor increase in Council Tax would offset some of the proposed cuts as it would equate to approximately an extra £650,000.

Recommendation 15

The Panel recommend that the initial proposal of 3.9% increase for Council Tax be reinstated instead of the 2.9% put forward in the draft budget proposals.

5.3 Street Lighting and Gully Cleansing

Members expressed concern with the proposal to turn off all street lighting in areas other than those deemed essential, for example at road crossing junctions etc. There were further worries in that this could include areas considered safe routes to schools which may consequently be deemed unsafe for pupils who walk these routes. Members supported some areas

having street lights turned off, as well as the proposal for only every other street light to be turned on but commented that a blanket switch off could create a rise in crime, accidents and lead to more problems in the long term.

- 5.4 The Panel also discussed the subject of Flood Risk Management and gully cleansing and the need to give the public reassurance. Members agreed that the proposal to reduce the frequency of gully cleansing would create a greater risk of flooding and could result in more costs than savings.

Recommendation 16

The Panel recommend that the proposals to turn off all street lights and to reduce the frequency of gully cleansing not be progressed for 2017-18 and alternatively savings are achieved through Council Tax income with a 3.9% increase.

- 5.5 **Weed Spraying**

Recommendation 17

The Panel did not support the proposal to reduce weed spraying over the year and recommend that Town and Community Councils be approached to consider taking part of the cost of this service on when determining their precept.

- 5.6 **Schools Strategic Review**

Whilst not directly related to a specific budget proposal, the Panel stressed the need for the work under the Strategic Review to be progressed as soon as possible. They stated that the work of the Board was vitally important in order to address issues within Post-16 education such as small class sizes. It was the view of the Panel that future savings will not be realised without such issues being resolved and new ways of working introduced.

- 5.7 Members commented on the lack of detail in the report of the possible savings that could be made through a possible restructure of Headteachers; working with schools in order to achieve succession planning and explore various avenues such as the Executive Head/ Head of School model which had proved hugely successful in Coleg Cymunedol Y Dderwen.

Recommendation 18

The Panel recommend that the Authority carry out a review of potential retiring Headteachers and work with schools on succession planning and possible savings that could be achieved through various options and models such as Federations.

- 5.8 **Car Parking**

The Panel reiterated ongoing concerns regarding the delays in achieving savings related to car parking. Members commented that proposals to charge Blue Badge Holders and to undertake a review of staff car parking charges have not been achieved for a number of years. They also expressed concerns over the new Rhiw car park closing at 7pm which did not encourage

the public to come into Bridgend of an evening to use local restaurants and also meant decreased revenue from the car park.

Recommendation

The Panel recommend that the opening times of the Rhiw Car Park be changed to 24hr in order to encourage and support night time economy within the town centre.

6. Future role of the Budget Research and Evaluation Panel

- 6.1 The Panel will continue to consider which services will be delivered differently, which will no longer be provided directly by the local authority and which services will no longer be provided at all. This consideration should be extended to all service areas, regardless of the extent of the budget savings required of them.
- 6.2 The BREP expressed some concerns over how the public were approached during the consultation process; the questions that were asked over various proposals and whether the public fully understood some of the budget savings. For example- whether the 67% of respondents who supported the proposal for street lighting actually understood that this meant all street lights being turned off. Panel Members highlighted that clarification over this proposal was requested in a recent Scrutiny meeting.
- 6.3 Likewise the BREP agreed that more needed to be done to engage young people and encourage schools and Headteachers to support the budget consultation process and promote it more within their schools.
- 6.4 The Panel requested that as part of their future work the BREP be involved at the planning stage of any public consultation or engagement surrounding the draft budget and at key stages throughout the process such as where questions and methodology are formulated.
- 6.5 The BREP also requested that future work consider in more detail the evidence behind budget pressures linked to demographic growth, ensuring value for money is being received.
- 6.6 The BREP consider that the work of the Panel is a vital and important mechanism for budget setting and monitoring to ensure an objective, democratic approach from the start of the budget setting process.