

AGENDA ITEM 3A

SCRUTINY PANEL ON THE SOCIETAL IMPACT OF 2010-2011 IN-YEAR BUDGET REDUCTIONS

**Panel Members: Councillors Janio, Mitchell,
Wakefield-Jarrett and Watkins**

Informal Scoping Meeting to be held on

Tuesday 12 October at 4pm in Kings House Room G7

DRAFT AGENDA

- 1) To elect Panel Chairman
- 2) To discuss the approach to the scrutiny review (outline attached)
- 3) Financial context: finance officers
- 4) Societal perspective
- 5) Further information/witnesses required
- 6) Arrangements for future meetings; dates and venues

Scrutiny Panel on Societal Impact of the In-Year Budget Reductions

Aim of the scrutiny review

Following agreement for scrutiny investigation at 15 July full council, a Scrutiny Panel was then approved by Overview and Scrutiny Commission on 20 July to investigate the Societal Impact of the In-Year Budget Reductions.

The Panel's recommendations will be used to help inform the 2011-2012 and future budget decisions in light of significant further anticipated cuts.

Chronology

Date	
10 June	Announcement of details of in-year grant reductions by Secretary of State for Communities & Local Government. Briefing note sent to all Councillors
14 June	All Party Budget Review Group discussion on government proposals
17 June	Cabinet receives report on in-year grant reductions and decides on the principles for dealing with the reductions
21 June	Leaders Group to receive an update on the implications for the council
22 June	Emergency National Budget
w/b 28 June	All Party Budget Review Group further discussion on the implications for the council and papers for full Council meeting
15 July	Full Council debates government proposals and the implications for the council
19 July	Leaders Group Circulation of final July Cabinet decision-making report on budget changes needed to match in-year grant reductions reflecting where appropriate the debate at full Council on 15 th July
22 July	Cabinet - Decisions on the in-year budget savings package (report extracts, attached)

Scope of the Review

To consider:

- 1) Background - financial context for the City
Scale, timeframe for the in-year reductions
- 2) Individual service areas affected by in-year grant reductions
- 3) Main areas of questioning:
Background to the services - aims and objectives of the funding
Current situation; how and when reductions are being actioned
Issues in implementing the changes?
- 4) Assessing the potential societal impacts of the reductions including EIAs
- 5) Panel recommendations to be endorsed by Overview and Scrutiny Commission and passed to Cabinet

Information from:

- e-mail all City Councillors for information/invitation
 - Invitation to Cabinet Member for Finance
 - Senior budget holders for the services
 - Third Sector representative organisations in relevant areas
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- Education
 - Transport
 - Supporting People Administration
 - Home Office funding and Prevent
 - LABGI
 - Playbuilder
 - Housing & Planning Delivery
 - Free Swimming

Desired outcomes

Overview of implementing the 2010-2011 in-year savings

Assessing the societal impacts of budget changes

Findings to inform the future budget process

Timetable

--Public meeting dates in late October/during November; to be confirmed.

Possibly Tues 4th Nov 2pm; Tues 9 Nov 10am or 4pm Hove Town Hall

--To report to Overview and Scrutiny Commission on 14 December 2010

**EXTRACT FROM 22 JULY CABINET REPORT:
'2010/2011 IN-YEAR GOVERNMENT GRANT REDUCTIONS**

£1.580m reduction (24%) in Area Based Grant (ABG) funding received from the Department of Education (DoE).

3.14 There are a number of areas of work funded by ABG where the government is signalling changes in policy direction and long term reductions in funding which the council needs to anticipate and respond to. There are summarised below:

- **Connexions service - £500,000 reduction**
There are strong indications that the government will move from a Connexions service in its current form and shift responsibility for statutory information advice and guidance (formerly known as Careers guidance) directly to schools. It is likely that the rest of the grant will be vulnerable in the longer term. The reduction anticipates this change while protecting that element of the service that we assume will continue. This will mean de-commissioning some of the targeted services provided and this will impact on both council and community and voluntary sector provision. This reduction is in addition to the £200,000 reduction in spend on the Connexions service agreed as part of the budget setting process for 2010/11.
- **School improvement £435,000 reduction**
A fundamental shift in the local authority's relationship with schools is expected which will be matched by long term funding reductions particularly for the local authority's school improvement function. The local authority's role will become more strategic and its operational service will be focused on schools with the greatest need (ie low levels of attainment or in an Ofsted category). The proposed reduction in ABG will therefore be managed as part of an overall review of the CYPT's school improvement function to ensure a core offer is available to schools in need and will involve consulting with schools about the viability of offering a buy back service. This review will include the management of the reduction of central support for the National Strategies which are due to end in March 2011 anyway.
- **Extended schools £48,000 reduction**
We anticipate that in the future the government will only fund the childcare element of extended schools funding through local authorities and it will be up to schools to determine what their extended offer should be. The proposed reduction of 15% in this area is considered to be a reasonable interim step.

Further savings have been identified as follows;

- Children's Fund grant allocation has £167,000 uncommitted
- A review of 14-19 provision following the council taking on responsibility from the Learning & Skills Council in April this year has resulted in £30,000 efficiency savings.

- £115,000 can be achieved through releasing projected underspends against the grant funding, not recruiting to existing vacancies and smaller efficiencies savings.

In addition £195,000 of Dedicated Schools Grant (DSG) will be used to protect all of the funding currently in ABG for the Autistic Spectrum Condition support service, speech therapy services and a learning mentor in the Behaviour & Attendance team. A further £90,000 of DSG has been earmarked to support ABG reductions as a whole.

£105,000 reduction (26.5%) in Road Safety Grant Revenue plus £88,000 in Road Safety Grant Capital (100%)

- 3.15 This overall 40% reduction in grant will be passed on to the Road Safety Partnership who will need to reprioritise within the reduced funding available. Given the severity of the reduction, discussions are now underway with West and East Sussex County Councils, Sussex Police Authority and Her Majesty's Court Service and Sussex Safer Roads Partnership, to determine the future viability of the Partnership and implications of the pan Sussex road safety programme. Proposals will be developed by the end of July.

£30,000 reduction (7.8%) in Home Office funding and £56,000 reduction (29%) in Prevent Grant

- 3.16 These savings will be achieved through a combination of additional income, efficiency savings and a reduction in specific projects to be agreed in consultation with the community.

£164,000 reduction (100%) in Supporting People Administration

- 3.17 The government's expectation is that Supporting People Administration could be incorporated into the administration of other related activities. In the short term this will be funded from an underspend that is created through low utilisation/voids in some services, re-charging and also an additional saving that was created due to decommissioning a service earlier than planned. £119,000 of the reduction will be funded from underspends in the Supporting People welfare grant and the remaining £45,000 from the Housing Strategy revenue budget. There is no reduction in any current funding levels for any of our Supporting People services in this financial year so there will be no impact on existing services. As part of the planning for the 2011/12 budget consideration will be given to how the administration of Supporting People could be delivered alongside other services to achieve this saving on a recurrent basis.

£120,000 reduction (100%) in Housing & Planning Delivery Grant

- 3.18 The original intention of Housing and Planning Delivery Grant was to act as an incentive to local authorities to bring forward housing and prepare the ground for increased delivery but is now considered by the Government to be an ineffective and excessively complex incentive. Therefore on value for

money grounds the council will reduce its related staffing expenditure accordingly and consider alternative models for meeting its aspirations in respect of housing numbers.

£125,000 reduction (65%) in Free Swimming Grant

- 3.19 This reduction assumes free swimming for Under 16s and Over 60s stops at the end of July. One off funding of £25,000 will be drawn from the risk provision to take this to the beginning of September in order to ensure that free swimming for both age groups can take place throughout the school holidays as this has already been publicised to families and carers. In addition the PCT has committed to provide £38,500 funding to enable free swimming for Under 11s to continue until the end of March 2011 as part of their work on reducing obesity in this age group. A further £8,000 will need to be provided by the Council to put this in place.

£171,000 reduction (100%) in LABGI funding

- 3.20 This funding had not yet been committed so there is no impact on services of this reduction.

£1.240m reduction (76% of Integrated Transport capital grant funding) for Local Transport Plan (LTP)

- 3.21 This has been a particularly difficult area to make the required funding reductions due to earlier reductions in the LTP programme, contractual commitments, match funding requirements particularly for the projects with Civitas and Cycle England, essential highway maintenance and the need to prioritise road safety.

£431,000 will be saved by deferring projects that have not yet commenced with a view to re-profiling them into future year's programmes should they still remain a priority.

- Final minor works at the North Street Scheme (£42,000)
- New Road/Church Street Scheme (£55,000)
- A 50% reduction in funding set aside for the Queen's Park Safer Routes to Schools Scheme, which is currently out for consultation (£55,000)
- East Street Walking Scheme (£250,000)
- Walking Facilities – Dropped Kerbs (£29,000)

The following capital budgets totalling £115,000 will be removed or reduced:

- Design of future schemes (£35,000)
- Contingency for residual spend on completed schemes (£79,000)
- Other public transport information will be reduced by £4,000 with £2,000 transferred to pedestrian signing and £1,000 accessible bus stops (£1,000)

As this is somewhat short of the funding reduction required alternative funding sources have been identified to safeguard other important pieces of work:

- the Woodingdean Crossroads scheme which is considered essential to maintain effective traffic flows once the Community Stadium is operational through capital receipts funding connected to the sale of land at Park Wall Farm, Falmer (£410,000)
- ensure no cuts to the street lighting budget through use of a windfall capital receipt in relation to successful legal challenge on the coast protection scheme (£150,000)
- a further contribution from the coast protection monies to support the Bridges/Structures budget (14,000)
- fund the statutory Highways Asset Management Plan from revenue resources through reprioritising some minor highways works (£120,000)

The revised LTP programme is shown at APPENDIX 2. [See below MvB]

Impact of the further announcements in from the Department for Education made on the 14th July

- 3.22 Further announcements have been made by the Department for Education (DfE), Those in respect of capital have been particularly complex and have been gradually clarified but are not yet necessarily fully understood at the time of writing this report. They have been summarised at APPENDIX 3. [See below MvB] The government is making reductions in co location projects but the Whitehawk Co-location project is sufficiently well progressed that it will not be one of the projects to be cut. The project is on target to meet its aims and will therefore be one of 98 projects to receive continued funding. Most other funding reductions are still being analysed at the time of writing this report. Any further updates will be provided to Cabinet orally at the meeting. In many cases the DfE is withdrawing funding for specific schemes and this will mean they are unable to go ahead. The only area where it is proposed for the Council to provide additional funding to offset the lost grant is the £61,000 reduction in the Youth Capital Fund. It is proposed that the council replaces this grant reduction from its one off risk provision in order to minimise the impact on the community and voluntary sector of the 28 one-off projects funded from this source. If this was not done there is a risk that a significant number of those projects would be unable to go ahead. It is proposed that the relevant Cabinet Member Meetings take any necessary decisions on reductions in expenditure that may be required as a result of this.

Removal of ringfences

- 3.23 It is not proposed to make use of the additional flexibility provided by the removal of ringfences on certain grants because these remain priority areas for expenditure. This means for example that there will be no reduction in planned expenditure on HIV/AIDS support grant.

APPENDIX 2

LTP CAPITAL PROGRAMME 2010/11

SCHEME		Original Allocation (£000s)	Revised LTP funding (£000s)	Other funding (£000s)
MAINTENANCE				
Completed Works	Footway Maintenance	50	50	
Committed Spend	Essential Road Maintenance	200	200	
	Highway Asset Management Plan	120	0	120
Rolling Programmes	Highway Maintenance (carriageway)	160	160	
	Street Lighting	150	0	150
	Bridges/Structures	50	36	14
MAINTENANCE SUB-TOTAL		£730	£446	£284
INTEGRATED TRANSPORT				
Completed Works/Spend	Cycling Routes A23 ATC	150	150	
	Other Public Transport Information	20	16	
Commitments to ongoing projects from 2009/10	North Street	450	408	
	New Road/Church Street junction and crossing	60	5	
	Pedestrian Signing	0	2	
	Accessible Bus Stops	0	1	
Commitments to Casualty Reduction including LAA target	Road Safety Engineering	272	272	
	Safer Routes to School	110	55	
Committed Match Funding and Partnership Projects	Travel info - cycle counters (Civitas)	13	13	
	Bike off (Civitas)	11	11	
	Cyclist Signing	0	0	
	Cycling Facilities - Cycle parking	110	110	
	Travel Awareness	80	80	
	Individualised Travel Choices	80	80	
	Business Travel Plan Funding	35	35	
	Emissions VMS (Civitas)	28	28	
	School Travel Plan	25	25	
	Walking Network East St	267	17	
	Missing Links Funding (ROWIP)	10	10	
Rolling Programme of	Walking Facilities - Dropped Kerbs	29	0	

Works			
Easy Access Route (ROWIP)	0	0	
Access to Rail	0	0	
Scoping/design of future schemes (including BSG)	50	15	
Completion of committed 2009/10 schemes	79	0	
Journey Time Analysis	0	0	
New Construction Works			
Woodingdean Crossroads	410	0	410
INTEGRATED TRANSPORT SUB-TOTAL	£2,289	£1,333	£410
INTEGRATED TRANSPORT & MAINTENANCE SUB-TOTAL	£3,019	£1,779	£694

REDUCTION IN GRANT FUNDING

£1,240

REVISED BUDGET

£1,779 £1,779

APPENDIX 3

Latest Department for Education Grant announcements

Government Department and name of grant	2010/11 Original Grant £'000	2010/11 Revised Grant £'000	Change in grant allocation £'000	% Change
Revenue Grants				
Department for Education				
Local Delivery Support Grant (Note 1)	194	136	-58	-30%
Youth Capital Fund (Note 2)	122	61	-61	-50%
Extended Schools Capital (Note 3)	183	83	-100	-55%
Harnessing Technology Grant (Note 4)	660	332	-328	-50%
Targeted Capital Fund (funded over 2 years) (Note 4)	8,000	7340	-660	-8%
Sure Start (Note 5)	3,801	3,501	-300	-8%
Playbuilder (Note 6)	598	?	?	?
Total Additional Estimated Reduction				

Note 1: Delivery Support Grant

The Local Delivery Support Grant is provided to local authorities to help with preparation for the delivery of 14 to 19 Education Reforms. Allocations are based on the number of young people in each authority area and the number of new Diploma lines offered for the first time in each authority. The allocation has been reduced as part of the DfE's scaling back of support for delivery of Diplomas. The providers have been informed of the revised allocation and are confident that the Diplomas can still be provided within this reduced budget.

Note 2: Youth Capital Funding

This fund has been used to allocate funding to small groups for one-off capital projects. The government announcement anticipated that local authorities would honour all existing commitments in this area.

Note 3: Extended Schools Capital

The impact of this is still being analysed.

Note 4: Harnessing Technology Grant

This grant is mainly delegated to schools. The impact of this is still being analysed.

Note 5: Targeted Capital Fund (TCF)

TCF funding paid to local authorities not in BSF is to be cut by roughly £660k per LA. This will affect Brighton & Hove as we did receive this funding (£8 million over 2 years). The impact of this is still being analysed.

Note 6: Sure Start

The Department for Education has announced its intention to manage down the capital expenditure from the Sure Start Early Years & Childcare Grant. The proposal is to identify any projects not yet fully contracted. In Brighton & Hove, all Children's Centres projects are contracted and the budget is fully allocated. The latest advice is that 3 Early Years projects have been allowed to proceed. However the Bevendean Children's association project can only partially proceed saving £0.14m. A further unallocated contingency of £0.16m has been removed giving an estimated total reduction of £0.3m. All of this is still subject to final confirmation.

Note 7: Playbuilder

The original CLG announcement on 10th June included the un-ringfencing of the Playbuilder grant but at that time the funding level was unchanged. Originally the intention was that this flexibility would not be used to protect the current schemes under consultation. This was set out at Council on 15th July. However, in recent days the Department for Education has instructed local authorities not to incur any future contractual liabilities in relation to Playbuilder. The Council has £0.598m allocated in 2010/11. However the funding is now being cut and this will change the position. The amount of the reduction is not yet known.

