

20th January 2017

Council Plan & Budget Consultation,  
Communications Team,  
Cumbria County Council,  
Cumbria House – first floor,  
107-117 Botchergate,  
Carlisle,  
Cumbria.  
CA1 1RZ.

Sent by e-mail.

Dear Cumbria County Council,

## **Budget Consultation**

I write in response to your budget consultation in my capacity as a resident of Cumbria and as Managing Director of 'AWICS Limited' a management consultancy company that is based in Appleby. My observations are as follows.

### Specific Questions

My responses to your specific questions are:

- 1      Should we increase Council Tax by 1.99% to avoid having to make a further £4million of savings in 2017/18; or leave Council Tax at the current rate?  
  
        (a) Increase Council Tax by 1.99% - no additional savings needed.
- 2      Last year, the government introduced the flexibility for Councils who have responsibilities for Adult Social Care to increase Council Tax by a further amount (up to 2%), providing the additional precept is used to support Adult Social Care services. This will generate £4.1million of additional income in 2017/18. Given the increasing pressures upon care for older adults, the Council's medium-term financial plan (2017-20) assumes that this precept will be raised. Should we take up the Government's proposal for a 2% precept to support Adult Social Care services to avoid having to make a further £4.1million of savings or leave Council Tax at the current rate?  
  
        (a) Increase Council Tax by an extra 2% to support Adult Social Care – no additional savings needed.
- 3      Do you have any further comments you would like to make?  
  
        Yes, see below.

## Council Tax

In common with most local authorities, Cumbria County Council is clearly experiencing significant budget pressures caused by reductions in government funding, restrictions on the Council's ability to raise Council Tax and increasing need especially for Adult Social Care services.

This is the reason why I support the Council's proposals to increase Council Tax in 2017/18 principally to provide funding for Adult Social Care services.

However, I understand that the Government has recently offered local authorities an option to increase Council Tax by 3% in 2017/18 to fund Adult Social Care services. While this is not new money as it is being brought forward from future years I would suggest that the Council should take up this option and increase Council Tax by 3% in 2017/18 to fund Adult Social Care services.

I am sure you are aware that Surrey County Council has recently announced that it intends to hold a referendum on a proposal to increase Council Tax by 15% to fund Adult Social Care in the County. I would suggest that Cumbria County Council should follow this example, calculate how much Council Tax would be required to fund Adult Social Care and other services adequately and propose the required increase in a referendum. I would vote in favour of such a proposal.

## Adult Social Care

The Council's budget for Health & Care services was over-spent by £0.6million in 2015/16 (due to pressures in Independent Sector Older Adults, Independent Sector Younger Adults and Personal Contributions). I trust that if this reflects service pressures that will recur in future years that these have been built into the budget for 2017/18 and future years.

In 2015/16 there was also an overspend of £0.7million in Cumbria Care that was met by transferring funds from earmarked reserves. I do not know whether this over-spend is likely to occur in future years but if it is, I trust that it has been built into the budgets.

I understand that commissioned adult care packages are being reviewed in line with previous decisions of Council, that an additional saving has been identified from this work that will be delivered in 2017/18 and that work is underway with service users to redesign care and support on an individual basis, ensuring their needs are met appropriately. I am not sure of the details of this saving or the amount that will be saved but trust that it will not reduce the level of care provided to adult social care clients.

Clearly it is also important for the Council to continue to develop effective joint working between Adult Social Care services, the National Health Service; Social Housing providers; and the District Councils in their capacity as the strategic housing authorities. This should include continuing to provide 'Supporting People' funding and supporting the development of new supported housing, especially Extra Care Elderly housing, both as a facilitator and through providing funding (see observations on capital programme).

## Children's Services

Children's Services are also facing financial pressure in most local authorities.

The Council's budget for Children's services over-spent by £3.0million in 2015/16 (principally due to increases in the cost of children looked after) and the Council has identified service pressures of £5million in 2017/18. I assume that the £5million service pressures includes meeting the unbudgeted service pressures that were encountered in 2015/16 and understand that the Council is budgeting to meet the identified service pressures. I would suggest that the Council continues to give a high priority to providing adequate funding for Children's services.

### Efficiency Strategy

I support the Council's objective of achieving the required budget reductions through efficiency measures while protecting front line services. I am pleased that the proposed budget reductions for 2017/18 are all based on efficiency gains. I would urge the Council to continue with this approach.

However, it is disappointing to see that in the section covering 'Promoting Self-Help and Independence' the Council mentions the importance of joint working with the National Health Service but does not mention social housing providers. I think that the provision of adequate housing, especially supported housing including Extra Care Elderly housing is critical to ensuring that vulnerable people are adequately housed and provided with appropriate housing support, social care and health services. Without adequate housing, it becomes more difficult to provide effective social care and health support and increased pressures are put on residential care and hospital services.

The Council's approach to 'Reshaping and Efficiency' is to be welcomed. There is an increasing body of evidence that where local authorities focus on providing good quality services to customers and organise all their resources to achieve this, there are significant efficiency gains and cost savings as well as improvements to services and outcomes.

One of the Council's proposals for 'reshaping and efficiency' in 2017/18 is to make changes to the calculation of the Minimum Repayment Provision. This is the amount of money that the Council sets aside for the repayment of debt. I have not been able to ascertain exactly what changes the Council is proposing to make, but would suggest that the Council should seek to minimise its Minimum Repayment Provision.

The Council budgeted for a £3.7million cross-cutting management saving in 2015/16 that was not achieved. It may be appropriate for the Council to review how it identifies, implements and monitors the delivery of savings in future years.

The Council's budget for other corporate items was under-spent by £5.7million in 2015/16. The main elements of this were Slippage in the capital programme, Treasury Management and the contingency for inflation and other items. It may be worthwhile considering whether the Council's budgets for Treasury Management and Inflation are calculated in a way that is too prudent resulting in 'over budgeting' and a missed opportunity to allocate resources to front-line services.

### Reserves

General fund balances stood at £14.3million at 31<sup>st</sup> March 2016; and there were also £78.3million in earmarked reserves giving the Council total reserves of £92.6million. This is the equivalent of about six months of Council Tax revenue.

The earmarked reserves include: Revenue Grants reserve (£37.0million), Modernisation reserve (£15.3million) and Environment & Community Services reserve (£7.8million). It is not clear to me that all these reserves are intended for specific purposes and it may be that some are actually general reserves that are potentially available to fund general fund expenditure.

I understand that the Council has reviewed earmarked reserves and that a one-off reduction of £2million is proposed for 2017/18. It may be worthwhile considering whether it would be appropriate to make further reductions in earmarked reserves.

#### Capital Programme and Asset Management

In 2015/16 the Council approved a capital programme of £133.9million but only £110.2million was spent with there being £23.7million of slippage – mostly in the Environmental and Community services. It may be worthwhile for the Council to review its arrangements for setting, implementing and managing the capital programme to ensure that this level of slippage does not recur in future.

The 2015/16 capital programme was mainly funded by government grants and contributions (£76.5million) with the remainder funded by prudential borrowing (£16.5million), revenue contributions (£5.4million) and capital receipts (£4.2million). It may be worthwhile for the Council to consider whether it could increase the size of the capital programme, enabling it to do more to improve the infrastructure of Cumbria (including the provision of supported housing) by making more use of its prudential borrowing powers.

The Council's long-term assets including property, plant and equipment are valued at £1.1billion in the 2015/16 accounts. These are considerable assets and it may be worthwhile for the Council to consider whether it could 'sweat its assets' more effectively through reviewing its approach to asset management.

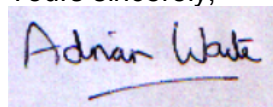
#### Inflation

I understand that the Council has revised its estimates of inflation downwards and that the estimates include a saving of £2million in 2017/18 and of £4million in 2018/19. I think that inflation is a risk to local authorities moving forward. The National Institute of Economic and Social Research has forecast recently that inflation will increase to 4% during 2017. I therefore trust that the Council has included increased inflation as a risk in its risk assessment and has appropriate arrangements in place to manage this risk.

#### Conclusions

I hope that you find these observations useful. If you have any questions about any of the issues that I have raised I would be pleased to hear from you.

Yours sincerely,



**Adrian Waite**