

**Cabinet**

**Date of Cabinet:** 8 February 2016

**Report title:** Revenue and Capital Budget 2016/17: Recommendations of Overview and Scrutiny Committee

**Wards:** All

**Report Authorised by:** Strategic Director for Corporate Resources: Jackie Belton

**Portfolio:** Deputy Leader (Finance & Investment): Councillor Paul McGlone

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**Report summary**

This report sets out the recommendations of the Overview and Scrutiny Committee on the budget and savings proposals contained in the report Revenue and Capital Budget 2016/17. The proposals were considered by Overview and Scrutiny Committee at its meeting on 4 February 2016 and are submitted to Cabinet for consideration.

**Finance summary**

There are no capital or revenue implications arising as a direct result of this report.

**Recommendations**

That the following observations and recommendations from the Overview and Scrutiny Committee be considered:

1. The committee notes that at March 2015, Lambeth had one of the lowest level of reserves in comparison to net revenue expenditure of all the inner London boroughs. The committee notes Lambeth's outlier position to other comparable boroughs and seeks assurance from the Cabinet that the council has a level of reserves to proceed safely.
2. The committee acknowledges the need for agency staff to supplement the permanent workforce when required and also understands the changing nature of employment, particularly in London, and individual preferences for flexible employment especially among younger generations. However a permanent contracted workforce is desirable. The committee notes that the Council still has high numbers of temporary/agency staff and recommends that Cabinet remain vigilant on this matter and ensure that Lambeth maintains as stable a workforce as possible.

3. The committee notes senior officer advice about how the redundancy and enhanced severance scheme is being managed, however the committee also wishes to reiterate its principle concern on the need to retain good quality staff to ensure the Council can deliver on its priorities.
4. The committee notes the overspend in the Temporary Accommodation budget and seeks further clarity on how the Council is managing the rise in homelessness and the Temporary Accommodation Strategy, and in particular what consideration is being given to the purchase of property in less expensive London boroughs.
5. The committee notes the funding gap in bringing all homes up to the Lambeth Housing Standard. The committee seeks further information on the implications for residents and for the LHS programme, and how the authority will address the investment gap. The committee would also welcome a more detailed breakdown on status and figures (including information by ward if possible) of the LHS e.g. where we are in the programme, numbers of properties completed and those outstanding.
6. The committee notes that anticipated savings in relation to health and social care are behind in delivery. Whilst much good work is progressing on integration, the committee also notes that cuts in NHS funding and associated pressures are slowing down the integration agenda. The committee wishes to follow up further on this matter at its scheduled meeting on 12 May 2016.
7. The committee notes with regret the ending of the shared Lambeth/Southwark Public Health arrangement. This runs contrary to the council's wider objectives for partnership working and is concerned that this indicates a move in the wrong direction for future aspirations.
8. The committee is concerned about the headlines for the new funding formula for schools and its potential impact on Lambeth schools. The committee recommends that the council actively lobby the DfE and government, including working with London Councils and with colleagues from other political parties, to avert the predicted negative impact of how the new funding formula could hit inner London schools. The committee notes and welcomes the Deputy Leader (Policy)'s comments that lobbying on this matter was underway.
9. The committee requests that lease negotiations for the "early adopter" youth and play schemes (phase 1 of the programme) be concluded as soon as possible so that voluntary and community organisations taking on those services have security about how they will proceed.
10. The committee welcomes the proposal by the Deputy Leader (Finance and Investment) for an agreed protocol arrangement with OSC to ensure the committee has a systematic and active role in budget and financial planning oversight, in conjunction with the Community Plan, and engagement at a time that is timely and meaningful. The committee additionally requests that the Budget Monitor and Savings Tracker be provided to scrutiny.

## **1. Context**

- 1.1 At its meeting on 4<sup>th</sup> February 2016, Overview and Scrutiny Committee considered the budget and savings proposals to meet the funding gap within the revenue and capital budget 2016/17.
- 1.2 The Council's Revenue and Capital Budget 2016/17 (Budget Report) is being considered by Cabinet on 8<sup>th</sup> February 2016. Overview and Scrutiny Committee hereby submits its recommendations arising from its scrutiny of the budget and financial planning proposals.

## **2. Proposal and Reasons**

- 2.1 At its meeting on 4/2/16, Overview and Scrutiny Committee put questions to the two Deputy Leaders (Finance & Investment; and Policy) and to the Cabinet Member for Health and Wellbeing (in relation to community wellbeing outcomes). The Chief Executive, Strategic Directors and the Chief Finance Officer also attended.
- 2.2 Overview and Scrutiny Committee also received a report back/status update on the recommendations that it had submitted to Cabinet one year previously (9/2/15) arising from the committee's scrutiny of the budget and financial planning proposals on 21 January 2015. This was the second update on those recommendations; the committee received a first 6-month report back in July 2015.
- 2.3 Arising from the discussions OSC agreed a number of observations and recommendations be submitted to Cabinet. These are set out below for consideration.

### **2.4 Resolved**

To submit to Cabinet the following observations and recommendations:

1. The committee notes that at March 2015, Lambeth had one of the lowest level of reserves in comparison to net revenue expenditure of all the inner London boroughs. The committee notes Lambeth's outlier position to other comparable boroughs and seeks assurance from the Cabinet that the council has a level of reserves to proceed safely.
2. The committee acknowledges the need for agency staff to supplement the permanent workforce when required and also understands the changing nature of employment, particularly in London, and individual preferences for flexible employment especially among younger generations. However a permanent contracted workforce is desirable. The committee notes that the Council still has high numbers of temporary/agency staff and recommends that Cabinet remain vigilant on this matter and ensure that Lambeth maintains as stable a workforce as possible.
3. The committee notes senior officer advice about how the redundancy and enhanced severance scheme is being managed, however the committee also wishes to reiterate its principle concern on the need to retain good quality staff to ensure the Council can deliver on its priorities.
4. The committee notes the overspend in the Temporary Accommodation budget and seeks further clarity on how the Council is managing the rise in homelessness and the Temporary Accommodation Strategy, and in particular what consideration is being given to the purchase of property in less expensive London boroughs.

5. The committee notes the funding gap in bringing all homes up to the Lambeth Housing Standard. The committee seeks further information on the implications for residents and for the LHS programme, and how the authority will address the investment gap. The committee would also welcome a more detailed breakdown on status and figures (including information by ward if possible) of the LHS e.g. where we are in the programme, numbers of properties completed and those outstanding.
6. The committee notes that anticipated savings in relation to health and social care are behind in delivery. Whilst much good work is progressing on integration, the committee also notes that cuts in NHS funding and associated pressures are slowing down the integration agenda. The committee wishes to follow up further on this matter at its scheduled meeting on 12 May 2016.
7. The committee notes with regret the ending of the shared Lambeth/Southwark Public Health arrangement. This runs contrary to the council's wider objectives for partnership working and is concerned that this indicates a move in the wrong direction for future aspirations.
8. The committee is concerned about the headlines for the new funding formula for schools and its potential impact on Lambeth schools. The committee recommends that the council actively lobby the DfE and government, including working with London Councils and with colleagues from other political parties, to avert the predicted negative impact of how the new funding formula could hit inner London schools. The committee notes and welcomes the Deputy Leader (Policy)'s comments that lobbying on this matter was underway.
9. The committee requests that lease negotiations for the "early adopter" youth and play schemes (phase 1 of the programme) be concluded as soon as possible so that voluntary and community organisations taking on those services have security about how they will proceed.
10. The committee welcomes the proposal by the Deputy Leader (Finance and Investment) for an agreed protocol arrangement with OSC to ensure the committee has a systematic and active role in budget and financial planning oversight, in conjunction with the Community Plan, and engagement at a time that is timely and meaningful. The committee additionally requests that the Budget Monitor and Savings Tracker be provided to scrutiny.

### **3. Finance**

- 3.1 There are no capital or revenue implications arising as a direct result of this report.

### **4. Legal and Democracy**

- 4.1 None additional to those contained in the budget report.

### **5. Consultation and co-production**

- 5.1 None additional to those contained in the budget report.

**6. Risk management**

6.1 None additional to those contained in the budget report.

**7. Equalities impact assessment**

7.1 None additional to those contained in the budget report.

**8. Community safety**

8.1 None additional to those contained in the budget report.

**9. Organisational implications**

None additional to those contained in the budget report.

**10. Timetable for implementation**

10.1 Not applicable

<b>Audit Trail</b>				
<b>Consultation</b>				
<b>Name/Position</b>	<b>Lambeth cluster/division or partner</b>	<b>Date Sent</b>	<b>Date Received</b>	<b>Comments in para:</b>
Mark Hynes	On behalf of Strategic Director, Corporate Resources	5/02/16	8/02/16	
Andrew Pavlou	Legal Services; Corporate Affairs	5/02/16	8/02/16	4
Martin Crump	Finance Division: Financial Planning & Management	5/02/16	8/02/16	3
David Rose	Democratic Services, Corporate Affairs	5/02/16	8/02/16	
Cllr Ed Davie	Chair Overview and Scrutiny Committee	5/02/16	5/02/16	

<b>Report History</b>	
<b>Original discussion with Cabinet Member</b>	Not applicable
<b>Report deadline</b>	27.01.16
<b>Date final report sent</b>	08.02.16
<b>Report no.</b>	183/15-16
<b>Part II Exempt from Disclosure/confidential accompanying report?</b>	No
<b>Key decision report</b>	No
<b>Date first appeared on forward plan</b>	Not applicable
<b>Key decision reasons</b> Delete as appropriate or state N/A	N/A
<b>Background information</b>	Scrutiny of proposals within the report: Revenue and Capital Budget 2016/17 – Overview and Scrutiny Committee 4/2/16
<b>Appendices</b>	None.