

14 April 2016

Petition: Save Our Services

Ward(s) All

Portfolios: Cllr M. Bird – Leader of the Council
Related – All portfolios

Executive Summary:

A petition was received by Mr Martin Lynch, entitled “**Save Our Services:** *Successive years of council cuts are now threatening to seriously undermine, and in some cases completely destroy, vital public services. These include some on which the most vulnerable people in our community rely. We call on the council not to implement further cuts and work with others to demand the Government reinstates funding to maintain our community*”.

As the petition contains more than 500 signatures it is required to be considered by the relevant Overview and Scrutiny Committee. This report provides some background including the council’s financial position, the legal requirement for the Council to set an annually balanced budget and the reasons past and future savings requirements.

Reason for scrutiny:

In accordance with the Council’s Constitution, a petition with more than 500 signatures is required to be considered by Overview and Scrutiny Committee and responded to by a relevant senior officer, in this case the Assistance Director of Finance (Chief Finance Officer).

Recommendations:

1. The Committee is recommended to receive the Petition and hear evidence as appropriate.

Background papers:

Not applicable.

Resource and legal considerations:

Legal implications

The legal duty for a council’s finances falls within s151 of the Local Government Act 1972. Arrangements for the proper administration of the council’s affairs are secured by the s151 Officer (the Chief Financial Officer).

Cabinet recommend the revenue budget and draft capital programme to Council. Council are responsible for making a calculation in accordance with sections 31A to 37 of the Local Government Finance Act 1992 (as amended). This includes the statutory determinations (aggregate gross expenditure, gross income, council tax requirement for the year and setting the council tax for a financial year).

Under the Local Government Act 2003 (s25), an authority must set a council tax and balanced budget, giving 14 days notice of the council tax level prior to the date of billing. The council must set a budget before 11 March of each year.

Financial Implications

Walsall council is funded through various sources of income but in the main from government grants (67% of our income), council tax (16%) and retained business rates (5%), with the remainder coming from fees and charges, other grants and rental income. Due to local authorities being heavily funded by government grant, they are very limited by the amount of additional income they can raise locally. The main locally raised income that an authority can influence is council tax, although the amount by which it can increase is set by central government which is currently 4% for 2016/2017 without holding a referendum (including a ring-fenced 2% for adult social care, which was newly introduced for 2016/17).

Since the emergency budget of June 2010, Walsall has had £97m of its day to day funding removed and this is expected to, with a further £14.4m reduction already in 2016/17 and more beyond that.

Alongside this reduction in income, and like many other authorities, Walsall is also seeing further increases in costs due to increased demand for adult social care and looked after children which for 2015/16 alone has seen additional on-going pressures arising of c£15m, which has had to be included in our financial projections.

Looking forward there are a significant amount of further financial pressures which need to be addressed including:

- Further increased numbers of cases in adult social care and children's services
- Increase in employers national insurance contributions due to national policy changes to the state pension beyond our control (£2.7m annually)
- Impact of other government department funding reductions on our funding such as public health, arts council, youth justice
- Reduction in business rates income compared to central government estimates
- Costs of business rates appeals which since the introduction of business rates retention scheme are part funded (49%) by Walsall.
- Costs relating to the introduction of an apprenticeship levy (£3m) for large organisations as announced in the spending review

In spite of the above, Walsall Council still expects to spend £618m on services in 2016/2017. Of this

- £158m will be spent on Care and Safeguarding, looking after our vulnerable children and adults within the borough, up by £10m from 2015/16.
- £23.7m on Clean and Green services which include waste, pollution, street cleansing and grounds maintenance activities (down by £1m).

- £16.7m on Community, Leisure and Culture, which includes libraries, museums, sport, cemeteries, crematoria and community management (down by £0.8m).
- £44.5m on Economy, Infrastructure and Development, which includes regeneration, planning, community safety, traffic and transportation (down by £2.3m).
- £175m on Learning Skills and Apprenticeships, which includes education, youth and children's commissioning (down by £2m);
- £151m split between Money Home Job (which includes housing benefit and council tax and supported housing totalling £129m), and back office functions (including Finance, ICT, Procurement, Human Resources of £22m). Money Home Job is down by £1m from 2015/16, and back office functions down by £1.8m from 2015/16.

In 2016/17, in order to set a budget, which the council is legally required to do, it had to deliver £25m of savings, 25% of which is out of the back office. The focus has been on minimising the impact on vital services and focusing cuts on back office and support reductions, reductions in management and administration, reduction in general operational costs, general efficiencies, increasing grant funding and income opportunities and reviewing and reducing the procurement costs of council expenditure and contracted services.

Delivery of £25m of savings has however provided room to invest in vital services, with gross investment of nearly £14.7m in adult social care services and £7.4m in children's services.

Within the above context, the council has achieved almost £100m of savings from 2010/11 to 2015/16 through a combination of efficiencies, cost reduction measures, collection fund income and other funding changes, and whilst this has been achieved with a focus on reducing, as far as possible, the direct impact on customers and residents, the council has to find at least another £84m over the next four years.

The council through its members and officers have consistently lobbied government. The Leader of the Council has approached senior government officials, including the Chancellor to highlight the impact the funding reductions have on the local community. In addition Walsall is part of the Local Government Association, which along with others such as SIGOMA, work on behalf of councils to ensure local government has a strong, credible voice with national government and aims to influence the political agenda on the issues that matter to local communities and businesses – funding, transfers of responsibilities etc, however whilst these efforts can influence, the Government agenda appears set and austerity measures will continue.

The council has a statutory duty to set a balanced budget with sufficient reserves to manage unforeseen cost pressures and to meet ongoing demand costs, in the context of ever diminishing funding from Government, and then inevitably further cuts and increases to council tax will need to be made.

Citizen impact:

Whilst two thirds of all cuts were considered to have a very minimal impact on front

line service provision, with the level of savings that have been imposed on Walsall by the Government since 2010 it is inevitable that front line services will begin to be affected.

Inevitably the scope to limit the direct impact of those cuts on residents and service users is greatly diminished and some difficult decisions will need to be taken to set balanced budgets over the next four years and beyond if the Government's expected drive to reduce funding and push additional responsibilities onto councils continues.

Environmental impact:

None directly associated with this report.

Performance management:

Scrutiny has a key role in scrutinising the executive and holding the council to account. Additionally, all Overview and Scrutiny Committees have at least one opportunity to scrutinise the draft revenue budgets and capital programme and make recommendations, prior to Cabinet making final recommendations to Council.

Equality Implications:

Equality Impact Assessments were carried out where required on savings within the budget and a cumulative impact assessment undertaken.

Consultation:

Section 138 of the Local Government and Public Involvement in Health Act 2007 placed a general duty on every local authority in England to take such steps as it considers appropriate to secure that representatives of local persons (or of local persons of a particular description) are involved in the exercise of any of its functions, among other things by being consulted about the exercise of the function. Our approach to consultation was reported to Cabinet in October and December and is set out in section 10 of this report and in the attached document: Section A: The Findings from Budget Consultation: Financial Year 2016/17 and Cabinet Responses.

For services to meet the needs of local residents, and of the community at large, it is essential that plans and policies take into account the views of local people and others who use our services. The council aims to be a listening organisation and use a broad range of consultation methods to better understand what matters most to residents and how council decisions affect them.

Consultation is an integral part of the budget process and a programme of consultation was undertaken to consult with a wide range of stakeholders (i.e. councillors via overview and scrutiny committees, service users, and potential service users as appropriate, NNDR rate payers, voluntary and community organisations, etc.).

The outline to budget consultation undertaken to date was outlined in the budget reports to Cabinet on 28 October and 16 December 2015. Section A of the Budget


Report to Council on 25 February provided an update to the approach taken, findings, including feedback from service specific consultation and Cabinet's response to each of the policy proposals, for Cabinet's consideration and approval.

Consultation was undertaken with a larger variety of stakeholders as appropriate, including rate payers, scrutiny committees, trades unions, service users, residents, etc. Feedback on consultation was reported to Cabinet and Council as part of the budget setting process and the Executive made some changes to the final budget as set out in the final report to Council on 25 February 2016, as a result of this feedback.



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