

**REGENERATION  
SCRUTINY AND PERFORMANCE PANEL**

**DATE: 21 JANUARY 2011**

**Revised Draft Revenue Budget and Draft Capital Programme 2011/12 for Consultation**

**Ward(s)** All

**Portfolio:**

Councillor A. Andrew – Regeneration

**Summary of report**

This report presents Cabinet's revised draft revenue budget and draft capital programme proposals for 2011/12 for consultation with the panel, and to provide an opportunity for the panel to make recommendations to Cabinet.

**Recommendation**

The panel are recommended to consider the draft proposals in this report and make further recommendations to Cabinet as appropriate.

**Background papers**

Various financial working papers.  
Equality Impact Assessment  
Budget Consultation

**Reason for scrutiny**

To enable consultation and scrutiny of the draft budget proposals for 2011/12.

A handwritten signature in blue ink, appearing to read 'Tim Johnson', followed by a vertical line.

**Tim Johnson  
Executive Director – Regeneration**

**12 January 2011**

## Background

Cabinet on 17 November 2010 presented their draft revenue budget proposals for 2011/12 for consultation. These proposals were considered by this panel on 6 December 2010, with recommendations to Cabinet on 15 December 2010.

A further report on revenue savings options requiring a formal policy decision to implement was also presented to Cabinet on 15 December, along with a separate report on the draft Capital Programme for 2011/12.

The draft formula grant settlement was announced on 13 December 2010. This is a 2 year settlement and covers the period 2011/12 to 2012/13. The draft settlement includes a number of grants that have been unringfenced and rolled into this single funding mechanism totalling £16.689m. The settlement represents a 10.4% reduction in Formula Grant, which rises to 13.2% following a further reduction of £6.2m in specific grants.

The Government has also announced a one off council tax freeze grant of £2.712m for Walsall in 2011/12 (this will be included in the settlement for 2012/13, but we are not aware of how this will be treated beyond 2012/13). The actual grant will not be known until April 2011, but this replaces the need to raise council tax to residents of the borough in 2011/12.

## Resource and legal considerations

### Revenue

The draft revenue budget for services within the remit of this panel was presented to the panel meeting on 6 December 2010. This included the detailed breakdown of both investment and savings options submitted to Cabinet to enable the panel to make recommendations for Cabinet to consider as part of the budget process. The panel discussed the options in principle, and made the following recommendations to Cabinet on 15 December 2010 :-

‘That the proposed 2011/12 budget for services within the remit of the Regeneration Scrutiny and Performance Panel be noted.’

**Table 1** sets out the draft 2011/12 budget for the services within the remit of this panel and proposed changes in resources, compared to the approved budget for 2010/11.

<b>Table 1 : DRAFT 2011/12 NET BUDGET – REGENERATION</b>	
	<b>£m</b>
Budget brought forward from 2010/11	10.467
Inflation pressures	0.163
Other changes	0.083
Budget pressures : demographics, cost pressures, fall out of grant, etc	0.569
Full year effect of 2010/11 growth	(0.662)
Proposed savings	(0.705)
Full year effect of 2010/11 savings	(0.215)
<b>Draft net budget</b>	<b>9.700</b>

## Investment

The draft 2011/12 revenue budget for services within the remit of this panel includes £662k reduction in growth which relates to investment decisions made by Council in February 2010 where a part year cost effect only was included in 2010/11. In addition further growth totalling £569k has been identified as a very high priority by Cabinet and as being essential to meeting cost pressures. The only change to the investment reported in the report to this panel on 6 December 2010 is an additional £75k for Black Country Re-investment Society to reflect the external match funding contribution.

## Savings proposals

The draft 2011/12 revenue budget for services within the remit of this panel includes £215k of savings which relate to decisions made by Council in February 2010 where a part year effect only was included in 2010/11.

Proposals for savings have been considered by Cabinet and total new budget reduction options (including efficiencies, service redesign savings and income generation) of £705k are included in the draft budget proposals, again representing no overall change to the position previously considered by this panel on 6 December 2010. Of these, 2 savings proposals totalling £32k require a cabinet decision to proceed, these were presented to Cabinet on 15 December 2010 :-

- Saving No 11 – Closure of Darlaston Market (£20k) – **Appendix 1A**
- Saving No 12 – Introduce charging policy for pre-application advice within Planning Service (£12k) – **Appendix 1B**

## Impact of the draft Formula Grant settlement

The Government provides funding to councils through formula grant, specific grant (which must be used to deliver government specific outcomes), and un-ring fenced grants which the council can decide how to utilise. For Walsall in 2011/12 the provisional settlement has been confirmed as £137.104m. This is a 2 year settlement and covers the period 2011/12 to 2012/13.

The draft settlement includes a number of grants that have been unringfenced and rolled into this single funding mechanism, totalling £16.689m. For Regeneration, this includes:-

- Economic Assessment Duty (£65k)
- Housing services for older people (£110k)

In addition there have been changes to specific grants issued from other government departments. For 2011/12 these total £17.998m compared to £24.222m in 2010/11, a reduction of £6.224m, however none of this specifically relates to Regeneration.

## Capital Programme

Cabinet on 15 December 2010 presented their draft capital programme for 2011/12 for consultation.

**Table 2** overleaf sets out a summary of the draft capital programme for schemes under the remit of this panel, with the full list of associated schemes listed in **Appendices 2 and 3**.

<b>Table 2 : DRAFT 2011/12 CAPITAL PROGRAMME – REGENERATION</b>	
	<b>£m</b>
<b>Mainstream (Council's own resources) – Appendix 2A</b>	
Prior Year Approvals	2.520
New Bids – Critical to life and limb / health and safety	0.200
New Bids – Schemes that will cost the council more in the medium term if we don't do them -	1.726
New Bids – Critical to service inspection/delivery outcomes	0.190
<b>Capital Insurance Reserve – Appendix 2B</b>	0.730
<b>External Funding (Ring fenced) – Appendix 3</b>	1.665
<b>Draft Capital Programme – Regeneration</b>	<b>7.031</b>

If grant or council mainstream funding is unavailable, schemes will not proceed. At this point in time, a number of grants have not been confirmed, therefore there is likely to be some movement as the budget process progresses.

Schemes are recommended to go ahead as they represent council priorities, for a number of reasons:

- Corporate commitments - annual commitments that must be in the capital programme e.g. for infrastructure projects, though the amounts may be varied.
- Prior year approvals - projects that have started or received prior Cabinet approval and funding in 2011/12 is required for their completion.
- Schemes which are critical for health and safety reasons, or which will cost the council more in the long run or are critical to deliver a specific service outcome.
- Capital insurance reserves: in a number of areas as insurance reserves to protect the council's position, for which funding is available should the need arise to draw it down.

### **Citizen impact**

The budget is aligned with service activity in service plans, and prepared using the principles of the Working Smarter programme. The savings and efficiencies reduce net cost and dampen the need for council tax increases. A stable financial position ensures activity is targeted on service delivery and driving improvement.

### **Environmental impact**

The draft budget provides funding for community safety initiatives.

### **Risk Management issues**

Service managers undertake comprehensive risk assessments of their budgets by identifying risk factors associated with potential changes to service delivery and funding streams to ensure that adequate corporate budgetary provision is available to cover unforeseen future events. This risk management approach has been in place for several years and is used to inform the level of earmarked reserves and working balance. A detailed statement on the adequacy of general and earmarked reserves and provisions will

be included within the final budget report in February, along with a comprehensive financial assessment of the key risks to the 2011/12 budget.

## **Equality Implications**

Service managers have regard to equalities in setting budgets and delivering services. Equality impact assessments are undertaken on options and the overall budget which are independently assessed by the Councils Equality and Diversity team. These will be refined as feedback is received on the budget as part of the consultation process.

## **Consultation**

This is the second of two meetings for scrutiny to consider Cabinet's draft budget proposals. Recommendation from this panel will be reported to Cabinet at its meeting on 9 February 2011 for their consideration.


The council is statutorily obliged to consult with representatives of non-domestic ratepayers before setting the budget for the following financial year. Public consultation started in September and includes:

- Budget consultation packs sent to key community and voluntary sector organisations, and also published on the council's website
- Interviews of older people at Age Concern road shows
- Discussions held with service users and young people, met people with learning disabilities, and gathered feedback at the Centre for Independent Living
- Business consultation with representatives from the business community on 28 September 2010, and a follow up meeting on 11 January 2011
- On line budget simulator tool launched on 8 October 2010 until 5 November 2010 for residents to review budget prioritisation
- A Workforce Management JNCC has been established to consult with employee representatives and discussion on budget options started formally on 22 November 2010

The feedback from budget consultation was reported to Cabinet on 15 December 2010, and is attached to this report for your information.

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***Saving 11: Closure of Darlaston market***

<b>Estimate Net Saving in £'000</b>			
<b>2011 / 2012</b>	<b>2012 / 2013</b>	<b>2013 / 2014</b>	<b>Implementation cost</b>
£20,000	£20,000	£20,000	£0

**1. Description of the Savings Proposal**

- 1.1 The proposal is to close Darlaston market creating savings from the removal of business rates and contracted services associated with waste removal, electricity supply, and the erection and dismantling of stalls. Savings will also be made from the reduction in agency staff required to service the market. After management and administration overheads and the loss of income are taken into account, the net savings are estimated to be £20,000 if the closure can take place by 31<sup>st</sup> March 2011.

**2. Implications Associated With Savings Proposal**

- 2.1 The proposal will have limited impact on customers as on average the market contains only two stalls and two food concessions. Discussions with those existing stallholders are ongoing in respect of options allowing them to be accommodated in the council's other markets where possible. The food concessions appear to wish to remain on the site which will require them to agree arrangements with Asda as landowner.
- 2.2 Actual income received in the first six months of 2010 / 11 has fallen below income received during the same period in 2009 / 10 by approximately 12% and is expected to total only £7,000 by the end of this financial year. Taking into account this income, the market is costing the Council in the region of £24,000 a year to run.
- 2.3 The closure of the market would result in savings accrued from the variation of contracts with external providers responsible for waste collection and disposal, energy supplies, and the erection and dismantling of stalls. Savings would also result from savings on business rates and from the reduced need to employ agency staff to service the market.
- 2.4 There is nothing directly relevant to Corporate Plan/Priorities.
- 2.5 Other Council Services are not involved in the proposal.

**3. Associated Risks**

- 3.1 Risks include the failure to satisfactorily manage the future of existing traders (see 4.1) and secure a variation to the contracts with the three contractors responsible for waste removal, electricity supply, and the erection and dismantling of stalls without the need to pay compensation.

#### 4. **Consultation**

- 4.1 Consultation has taken place with stallholders and, via Cllr Andrew, with Cllr Madeley.

#### 5. **Legal Implication**

- 5.1 The closure of the market will require the approval of cabinet in accordance with the provisions of the Walsall Corporation Act 1969. It is proposed to report on the matter to cabinet on 12<sup>th</sup> January. The proposal will also require a variation to the contracts with the three operational contractors.

#### 6. **Equal Opportunities and Environmental Implications**

- 6.1 Opportunities will be offered to existing traders to relocate to other council markets.
- 6.2 The site of the market, remaining in the ownership of Asda, is identified in the Darlaston regeneration framework as potentially playing a role in the possible re-opening of King Street to public transport.

#### 7. **Equality Impact Assessment**

- 7.1 The proposal involves a reduction in agency staff deployed to deliver the markets service, and specifically the removal of agency staff involved in Darlaston market. The market, which normally consists of two stalls and two food concessions, is of such a small scale that its removal is unlikely to impact significantly on the socio-economic opportunities in Darlaston centre. However, attempts will be made to consider ways in which the market could be retained outside the council's control.

***Saving 12: Introduce charging policy for pre-application advice within Planning Service***

Estimate Net Saving in £'000			
2011 / 2012	2012 / 2013	2013 / 2014	Implementation cost
£12,500	£12,500	£12,500	£0

**1. Description of the Savings Proposal**

- 1.1 Introduction of a new fee for receiving planning advice from council planning officers prior to the submission of planning applications. A fee is proposed to be charged for undertaking a meeting with planning officers or the receipt of advice in writing. This would initially be charged at £100 per hour or per letter for minor applications (9 houses or less) and £150 for major applications (10 or more dwellings or over 1000 sq. m) respectively. There would be no charge for householder applications. It is estimated that we are likely to receive approximately 50 requests from developers and or their agents relating to major schemes and 75 for minor schemes. This will need to be monitored and charges may need to be amended accordingly for 2011/12 and onwards. The charges would be subject to VAT.
- 1.2 Many authorities are introducing new charges around the country but there is no evidence that this has been done in the West Midlands to date. However, we are aware that midlands authorities are also considering this at present but there is no hard benchmarking data at this stage to rely on. The service already charges for its Development Team – one stop shop service (£275 plus VAT) and therefore a precedent has been set.

**2. Implications Associated With Savings Proposal****2.1 Customers**

Some customers may be put off by the charge resulting in the receipt of applications without professional input. This may result in more refusals or a delay in determination speeds due to increased amendments during the course of applications. However, as the fees are proposed to be set at reasonable values it is expected that it would not put off the serious applicant / agent that wished to advance their schemes and the prospect of speedy determination. It will not impact on citizen's homes which will be exempt.

**2.2 Employees**

None. Adds an additional accounting role but nothing onerous.

**2.3 Partners**

It is not expected that this would put partners off in engaging with us.

**2.4 Corporate Plan/Priorities**

None.



## 2.5 **Other Council Services**

It is not expected that this would have any significant impact on other council services although those services that contribute to the advice may wish to secure some of the fee value.

## 3. **Associated Risks**

3.1 As 'Customers' above.

## 4. **Consultation**

4.1 Some benchmarking activity through web sites and phone calls.

## 5. **Legal Implication**

5.1 This is not a statutory requirement and therefore is chargeable.

## 6. **Equal Opportunities and Environmental Implications**

6.1 None of note.

## 7. **Equality Impact Assessment**

7.1 A fee is proposed to be charged for undertaking a meeting with planning officers or the receipt of advice in writing. This would initially be charged at £100 per hour or per letter for minor applications (9 houses or less) and £150 for major applications (10 or more dwellings or over 1000 sq. m) respectively. There would be no charge for householder applications. It is estimated that we are likely to receive approximately 50 requests from developers and or their agents relating to major schemes and 75 for minor schemes. This will need to be monitored and charges may need to be amended accordingly for 2011/12 and onwards. The charges would be subject to VAT. There is no charge being considered that impact on proposals for citizen's homes. The proposal impacts on major or minor application types that could be from any person or organisation.



## DRAFT CAPITAL PROGRAMME 2011/12 to 2013/14: Mainstream (council's own resources)

SERVICE	PROJECT	CAPITAL 2011/12 £	CAPITAL 2012/13 £	CAPITAL 2013/14 £	DETAILS OF PROJECT
<b>Prior Year Approvals</b>					
Property services	Release of leased accommodation	200,000	0	0	This is the third year that funding has been made available to meet the council's pledge to release leased accommodation and reduce office accommodation by 20% by 2012.
Property services	Shop maintenance	120,000	120,000	120,000	Ongoing maintenance requirement and council obligation to tenants.
Strategic housing	Aids and adaptations	1,500,000	1,500,000	1,500,000	To maintain independence for disabled clients in their own homes by providing relevant equipment and adaptations to property. In addition Disabled Facilities Grant is received.
Property services	General planned property maintenance	500,000	450,000	500,000	To address large value urgent/health and safety items in connection with the council's building portfolio.
Property services	Demolition of redundant buildings to save on rates	200,000	200,000	200,000	Demolition works to redundant council buildings to enhance marketing opportunities for sites and mitigate financial health and safety risks. Funding has been made available since 2007/08
<b>Sub-total Prior Year Approvals</b>		<b>2,520,000</b>	<b>2,270,000</b>	<b>2,320,000</b>	
<b>MUST DO SUB-TOTAL - REGENERATION</b>		<b>2,520,000</b>	<b>2,270,000</b>	<b>2,320,000</b>	

SERVICE	PROJECT	CAPITAL 2011/12 £	CAPITAL 2012/13 £	CAPITAL 2013/14 £	DETAILS OF PROJECT
<b>NEW BIDS</b>					
<b>Criteria 1 - Critical to life and limb; health and safety etc.</b>					
Property services	Fire risk assessment	200,000	200,000	200,000	Works following surveys to ensure the council's non-education buildings comply with fire legislation. Schedule of works provided
<b>Sub-total critical to life and limb; health and safety etc.</b>		<b>200,000</b>	<b>200,000</b>	<b>200,000</b>	
<b>Criteria 2 - Will cost the council more in medium long term (non property) if we don't do them</b>					
Adult social care and housing standards and improvement	Supporting independent living - part of the transformation of social care	226,200	397,400	483,000	To enable 55 residents to live independently by providing a range of adaptations at their homes and enabling them to better use the facilities in the community. Private care home places could be decommissioned both in and out of the borough. This would result in a reduction in cost which is not yet included in savings. However it is estimated that the savings could be in the region of £5m over 10 years based on a cost of care reduction of 20%
Adult social care and housing standards and improvement	Preventative adaptations - part of the transformation of social care	1,000,000	1,000,000	1,000,000	To provide adaptations to vulnerable residents who do not meet the current criteria for statutory disabled facilities grant/aids and adaptations. There is currently a waiting list of over 1000 disabled residents and over 3 years this funding would deliver adaptations to 335 that will improve the quality of life.
Strategic housing	Health through warmth	500,000	1,000,000	1,000,000	To provide energy and fuel saving advice and energy efficient heating and insulation works to private homes. There is a grant for this but demand outweighs resources. Over 2200 referrals have been received to date and £1m would deliver health through warmth to at least 335. This project could also fall under criteria 1.
<b>Sub-total will cost the council more in medium long term (non property) if we don't do them</b>		<b>1,726,200</b>	<b>2,397,400</b>	<b>2,483,000</b>	
<b>Criteria 3 - Proven to be critical to service inspection/delivery outcomes</b>					
Leisure and community health/property services	Refurbishment of Leckie sons of rest located in Walsall arboretum (St Matthews ward)	190,000	10,000	0	The work is required to enable the outcome of the lottery project at the Arboretum to be achieved. Lottery will not fund the refurbishment but it is a requirement of the arboretum funding that the work is done. The building is in the arboretum conservation area and the park itself is grade 2 listed. Once refurbished the building could be put to much wider use and other options are being considered e.g. wedding ceremonies
<b>Sub-total proven to be critical to service inspection/delivery outcomes</b>		<b>190,000</b>	<b>10,000</b>	<b>0</b>	
<b>NEW BIDS SUB TOTAL - REGENERATION</b>		<b>2,116,200</b>	<b>2,407,400</b>	<b>2,483,000</b>	
<b>TOTAL SCHEMES - REGENERATION</b>		<b>4,636,200</b>	<b>4,677,400</b>	<b>4,803,000</b>	

**DRAFT CAPITAL PROGRAMME 2011/12 to 2013/14: Capital insurance reserves**  
Funded schemes to act as insurance to protect the councils positions. This funding is available to be drawn down when required.

Service	PROJECT	CAPITAL 2011/12 £	CAPITAL 2012/13 £	CAPITAL 2013/14 £	DETAILS OF PROJECT
Property services	Asbestos removal	155,000	155,000	155,000	Programme of asbestos removal in council buildings. The council is required by legislation to manage asbestos in its properties and this requires the removal in some areas. Asbestos has to be identified and removed before construction works can commence
Property services	Control of legionella	275,000	275,000	275,000	The council has a duty to manage and control legionella within its buildings. Failure to do this could result in fatalities and prosecution
Property services	Work resulting from the statutory testing of building services	300,000	300,000	300,000	Legislative requirement to undertake electrical testing and carry out resulting works
TOTAL CAPITAL INSURANCE RESERVES - REGENERATION		730,000	730,000	730,000	

## DRAFT CAPITAL PROGRAMME 2011/12 to 2013/14: External Funding (Ring Fenced)

Portfolio	Service	Project	2011/12 £'000	2012/13 £'000	2013/14 £'000	Funding body
Regeneration	Development and Delivery	Willenhall Townscape Heritage Initiative - HLF	300,000	350,000	150,000	Heritage Lottery Fund
Regeneration	Development and Delivery	Willenhall Townscape Heritage Initiative - VIEW	150,000	175,000	75,000	Visionary Investment Enhancing Walsall
Regeneration	Strategic Housing	Disabled facilities grant	1,215,000	1,215,000	1,215,000	Department of Communities and Local Government
<b>TOTAL REGENERATION</b>			<b>1,665,000</b>	<b>1,740,000</b>	<b>1,440,000</b>	
<b>TOTAL GRANT / EXTERNAL FUNDED</b>			<b>1,665,000</b>	<b>1,740,000</b>	<b>1,440,000</b>	