

Cabinet – 9 November 2011

Second draft Revenue and Capital Budget Proposals 2012/13 for Consultation

Portfolio: Councillor Towe – Finance and Personnel

Service: Finance – council wide

Wards: All

Key decision: No

Forward plan: No

1. Summary

- 1.1 This report is the second draft budget report and outlines changes to the first draft budget reported to Cabinet on 14 September 2011, including the effect of the recently announced council tax freeze grant for 2012/13.
- 1.2 The report also contains detail on those savings proposals which require an executive decision to implement.
- 1.3 The amended proposals will be distributed to scrutiny and performance panels for consultation as part of the budget setting process. The final budget, including any changes arising from consultation arrangements and the final allocation of formula grant, will be presented to Cabinet on 8 February 2012 for recommendation to Council, and will be considered by full Council on 23 February 2012.

2. Recommendations

- 2.1 That Cabinet note and approve as the basis for consultation:
 - a) Changes to the draft revenue budget following confirmation of a one-off council tax freeze grant for 2012/13,
 - b) The revised draft budget proposals as set out in this report and provisional revised revenue cash limits by portfolio as set out in section 3.3.
 - c) Savings options which will need a formal policy decision to implement in February 2011, once consultation on the proposals has closed, as set out in **section 3.5** and **Appendices 1a-1d**.
 - d) The approach to be taken to revise the capital programme for 2012/13, and review the capital bidding process for 2013/14 onwards, whilst recognising that this is subject to available capital resources for future years.

- 2.2 That Cabinet refer this report to all scrutiny and performance panels for consultation, to enable their comments to be considered by Cabinet on 9 November 2011.
- 2.3 That Cabinet note that the 2012/13 provisional revenue cash limit is based on the draft formula grant settlement announced in December 2010 and initial savings proposals. Should the final allocation be less than current estimates, further proposals for ensuring a balanced budget will be brought back for Cabinet consideration as the budget develops and information is published.

3. Report detail

- 3.1 The draft revenue and capital budget proposals were reported to Cabinet on 14 September. The budget is an evolving process, with recognition that proposals may change during consultation and prior to formal recommendation to full Council on 23 February 2012.
- 3.2 The Chancellor, George Osborne, at the conservative party conference on 3 October 2011, announced the Government's intention to support a council tax freeze in England to 2012/13. They have announced "the government cannot force councils to freeze bills but is offering to give those that limit spending rises to 2.5% the money they need". The 2.5% grant has been confirmed as a one-off for 2012/13 only. The MTFP and report have been amended to take account of this and this is shown in **table 1** below:-

Table 1 : REVISED MTFP 2011/12 – 2015/16 FOLLOWING ANNOUNCEMENT OF ONE-OFF COUNCIL TAX FREEZE GRANT					
	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m
Net Budget Requirement	246.089	248.260	245.480	249.282	253.550
Funded by:					
Formula Grant	(137.107)	(126.440)	(123.911)	(115.237)	(107.170)
Council Tax	(108.982)	(108.982)	(110.072)	(111.173)	(112.285)
Total Funding	246.089	235.422	233.983	226.410	219.455
Shortfall / (Surplus) in Funds	0	12.838	11.497	22.872	34.095
Provisional Savings Identified / Future Savings to achieve vfm strategy	0	(12.838)	(6.712)	(8.762)	0.000
Additional Savings required to be delivered via Working Smarter Programme)	0	0.000	4.785	14.110	34.095

- 3.3 Portfolio plans and the provisional revenue cash limits were shown in the report to Cabinet on 14 September 2011. Several changes have been made to these proposals and amended provisional cash limits are shown overleaf:-

Table 2 : Revised Provisional Revenue Cash Limits by Portfolio				
Portfolio	2011/12	2012/13	2013/14	2014/15
	£m	£m	£m	£m
Regeneration	10.697	11.152	10.627	11.528
Communities and Partnerships	7.267	7.183	6.793	6.403
Leisure and Culture	17.855	17.216	16.682	16.185
Transport and Environment	33.629	33.235	32.380	29.974
Children's Services	55.125	53.631	52.297	49.213
Business Support Services	10.800	10.941	10.841	10.744
Finance and Personnel	22.109	20.313	18.979	18.682
Social Care and Health	72.851	66.570	64.868	63.239
Central *	15.756	15.181	25.301	34.552
Total Revenue Cash Limit	246.089	235.422	238.768	240.520
Financial Savings to be identified	0.000	0.000	(4.785)	(14.110)
Total anticipated resources	246.089	235.422	233.983	226.410

* Central budgets include precept payments and provision for corporate cost pressures such as contractual inflation and pay and grading implications, so some budget realignments will be completed when the full impact of these changes are known.

- 3.4 The following table summarises the changes to the proposed revenue savings options previously reported to Cabinet on 14 September 2011:-

Table 3 : Changes to proposed revenue savings options 2012/13	
	2012/13 £m
<u>Portfolio: Regeneration</u>	
Markets – Increase income from markets service - remove	0.020
Markets – Review of markets service - remove	0.008
Revised saving – Deletion of Markets Officer post	(0.028)
<u>Portfolio: Communities and Partnerships</u>	
First Stop Shop – review of service delivery – remove	0.053
Replacement saving – restructure within communities and partnerships	(0.053)
<u>Portfolio: Leisure and Culture</u>	
Review of service using working smarter principles - remove	0.115
Saving identified :	
• Delete 3 environmental operative vacant posts	(0.070)
• Reduction in materials, small plant and equipment	(0.020)
• Efficiency savings across libraries, heritage and arts	(0.025)
<u>Portfolio: Transport and Environment</u>	
Review of service using working smarter principles – removal of £100k (out of £130k) for 12/13 only following review of VFM position. Full £130k saving required in 13/14 onwards.	0.130
Saving identified : Increased income from public sector partners for parking provision and introduction of mobile enforcement vehicle for bus lanes	(0.030)
Net change to Proposals	0.100

3.5 There are a number of proposed saving options that will require an executive decision to implement. These are summarised in **table 4** below, with more information in support at **Appendix 1**:-

Table 4 : Proposed savings requiring an Executive Decision	
	2012/13 £m
Planning Services – Increase in Fees and Charges in Development team (Appendix 1a)	0.175
Housing Services – Service redesign (Appendix 1b)	0.211
Catering Services – Working smarter service redesign (Appendix 1c)	0.079
Commissioning led review of Broadway North (Appendix 1d)	4.900

3.6 Provisional capital cash limits were reported to Cabinet on 14 September 2011. These reflect the ongoing commitments of schemes approved in 2011/12 which are currently under review, together with the approved slippage from 2010/11, with an emphasis on meeting the council's working smarter objective through the smarter workplaces programme. Completion of these schemes is subject to confirmation of available resources for future years. The council has set up a Capital Strategy Board to oversee the council's capital strategy, with support from officers at the newly formed Capital Review Group, with links to directorate property groups. The aim of these forums is to strengthen the strategic direction

of capital programming within the council to ensure all recommended schemes meet the requirements of the council's working smarter programme. Amendments to the proposed capital programme for 2012/13 onwards will be reported to Cabinet in December.

4. Council priorities

The budget process and resource allocation follows council priorities, including the agreement to use a VFM strategy to drive through savings proposals linked to working smarter and service redesign.

5. Risk management

Managers are required to deliver service and improvement targets on time, to standard and within budget. The budget process is governed by the overarching medium term financial strategy and will be delivered within the Working Smarter Programme approved by Cabinet. Risk management is an integral part of this activity and is embedded in budget preparation, monitoring and forecasting to enable potential budget variances and risks to be identified early and addressed.

6. Financial implications

The report presents a second draft budget for consultation following announcement of a one-off 2012/13 council tax freeze grant and some minor changes to the saving proposals.

7. Legal implications

Under the Local Government Act, 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. Walsall bills from the 1st April of each year, therefore must set its council tax by 15 March in order to meet this statutory deadline.

8. Property implications

There are no direct implications from this report, although property implications will arise as the smarter workplaces strand of the working smarter programme is developed.

9. Staffing implications

There will be staffing implications arising from this report, and consultation with employees and unions is being undertaken in accordance with required procedures.

10. Equality implications

The impact financial proposals could have on equality groups needs to be thoroughly considered before any decisions are arrived at, an integral part of the work and not after the decision has been made. An assessment must contain relevant data and sufficient analysis to enable the decision-maker to understand the equality implications of a decision and any alternative options or proposals.

Assessing the impact of a major financial proposal is likely to need significantly more effort, and resources to ensure effective consultation and involvement, than a simple proposal.

Decisions not to impact assess are fully documented, along with the reasons and the evidence used to come to this conclusion. This is important as Council may need to rely on this documentation if the decision is challenged.

11. Consultation

The report is prepared in consultation with the Chief Finance Officer, relevant managers and directors. Consultation is an integral part of the budget process and arrangements are in hand to consult with a wide range of stakeholders (i.e.: councillors, residents, service users, business sector, voluntary and community organisations, etc.).

Background papers: Various financial working papers.

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31 October 2011



Councillor Towe
Portfolio holder – Finance & Personnel

31 October 2011

Appendices: -

Savings requiring policy decisions:-

- 1A Planning Services – Increase in Fees & Charges for Development Team
- 1B Housing Services – Service Redesign
- 1C Catering Services – Working smarter service redesign
- 1D Commissioning led review of Broadway North

PORTFOLIO: REGENERATION

Saving: Planning Services - Increase in Fees and Charges for Development Team

Estimate Net Saving			
2012 / 2013	2013 / 2014	2014 / 2015	Implementation cost
£5,000	£5,000	£5,000	£0

1. **Description of the Savings Proposal**

- 1.1 To increase the existing charge for presentation to the development team from £350 to £650.

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

Anecdotal evidence supports how well received the development team is considered by prospective developers / applicants as it represents a relatively cheap alternative in sourcing relevant information from the many council and partner services represented on the team. A fee was introduced in 2010/11 at £275 which was raised to £350 plus VAT in 2011/12. This has had no noticeable effect on the take up of this service over and above that which is evident from the economic downturn. In 2011/12 to date we have had 7 applicants; 2010/11 we had 11 and in 2009/10 we had 17. We are therefore on course to exceed the number of users of the team this year than we did last year despite increasing the fee to £350. If the number of applicants was to reach levels as seen in 2009/10 then the proposed increase of £300 would achieve the desired increase of £5000 (£5100).

2.2 **Employees**

There would be no impact on staff.

2.3 **Partners**

Partners who wish to present to the development team will pay the increased charge. It is considered that this would not prevent or put off participation given that the development team represents significant value for money as opposed to an alternative means of trying to gather the information on an individual basis.

2.4 **Corporate Plan**

It is considered that the small increase in cost will not alter the service which is geared to deliver the corporate plan/priorities.

2.5 **Other Council Services**

The development team helps support the programming and potential enhancement of assets/infrastructure such as education and green spaces by attendance through being better informed and being able to influence development proposals.

3. **Associated Risks**

3.1 Reduced take up of the discretionary service thereby not collecting the required income.

4. **Consultation**

4.1 None undertaken at this stage.

5. **Legal Implications**

5.1 None.

6. **Equal Opportunities and Environmental Implications**

6.1 None.

7. **Equality Impact Assessment**

7.1 An equality impact assessment form has been completed for this savings proposal, which has been assessed by the equalities team.

PORTFOLIO: REGENERATION

Saving: Housing Services – Service redesign

Estimate Net Saving			
2012 / 2013	2013 / 2014	2014 / 2015	Implementation cost
£211,000	£311,000	£311,000	£potential redundancy costs

1. **Description of the Savings Proposal**

- 1.1 End to end redesign of housing advice, support and enforcement activities moving away from separate, specialised and sometimes client specific advice, support and intervention to a more generic model of service delivery accessible through a single gateway

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

Any impact on customers associated with a move from dedicated client specific bespoke services to more generic services will be mitigated by developing new relationships with customers (developing and improving self help options for able customers and targeting reduced resources on our most vulnerable customers).

2.2 **Employees**

6 posts will be deleted in 2012/13 (2.5 of which are vacant). It is anticipated that a further 4 posts will be deleted in 2013/14

2.3 **Partners**

The creation of a single advice, support and accommodation gateway, currently being piloted with providers of supported housing aimed at making best use of limited resources will deliver efficiencies by ensuring that collective resources are targeted at those customers in greatest need.

2.4 **Corporate Plan**

This redesign is working within the working smarter principles and will deliver improved customer service and greater efficiency.

2.5 **Council Services**

Other council services are not involved in the proposal nor is it expected that they will be affected.

3. **Associated Risks**

- 3.1 Customer satisfaction - the transition from client specific services to generic services targeted at those in greatest need will be managed to avoid inconveniencing one group more than any another.

3.2 Customer demand – the transition to a ‘self service’ delivery model that encourages able customers to help themselves will be managed to avoid the potential for exceeding available resources and/or creating demand in other services.

3.3 Economic climate – has the potential to increase customer footfall.

4. **Consultation**

4.1 Consultation for this proposal commenced with staff in ‘scope’ prior to the draft budget report being presented to Cabinet on 14th September and is ongoing

5. **Legal Implications**

5.1 There are no legal implications.

6. **Equal Opportunities and Environmental Implications**

6.1 The council’s policies and procedures in such matters relating to any compulsory redundancies will be followed. Full consultation will be undertaken with staff and trade unions. Every effort will be made to mitigate compulsory redundancies by using vacant posts and a voluntary redundancy trawl.

7. **Equality Impact Assessment**

7.1 An equality impact assessment form will be completed for this savings proposal and assessed by the equalities team.

PORTFOLIO: LEISURE and CULTURE

Saving: Catering Services – working smarter service redesign

Estimate Net Saving			
2012 / 2013	2013 / 2014	2014 / 2015	Implementation cost
£79,000	£79,000	£79,000	£potential redundancy costs

1. **Description of the Savings Proposal**

- 1.1 The council's catering service currently provides a service to 74 schools and the town hall restaurant. There is a management team of 6, a team of 9 drivers, 282 staff who work in the individual school kitchens and 6 in the town hall; a total of 303.
- 1.2 During discussions on the redesign of the service as part of the Working Smarter Programme, Cabinet members considered that with effect from September 2012, the school catering service should operate at nil cost to the council. Various options have been considered including a management buy-out and setting up a social enterprise. These options have not been supported.
- 1.3 A total of 30 staff will leave catering services by September 2012: The Darlaston cluster of schools (22 staff) are to manage their own catering from 31 August 2011. A further 5 staff will TUPE on 1 January 2012 to the Sneyd UTC as will a further 3 staff at St Patrick's Catholic Primary school.
- 1.4 It is now proposed to transfer the line management of the remaining 252 kitchen staff so that they are part of their respective school's staffing establishment. In the case of Roman Catholic schools, and where any academies may be formed by September 2012, a full TUPE will apply.
- 1.5 All grants applicable to the provision of school catering (free school meals and milk) will be retained by the school as will all costs associated with the service and income derived.
- 1.6 School head teachers and governors will then decide how they wish to manage the service. There are three options: (a) self management (DIY), (b) the use of a private sector catering consultant or (c) buy-back from the catering management service (the current management and drivers) as a team of no more than 15 staff plus the 6 staff in the town hall restaurant.
- 1.7 If there is sufficient demand for option c from schools, the full costs of the catering management service and drivers would be met by the individual schools' management fee.
- 1.8 If demand is insufficient there would be no need for the catering management service. If there is only partial demand then a small management team could

exist and only a few redundancies would apply. This same situation would apply to the drivers.

- 1.9 If there is no school demand, then the town hall restaurant would remain as a stand alone business unit. All remaining staff would be made redundant.

2. **Implications Associated With Savings Proposal**

2.1 **Customers**

There are two categories of customers involved; Head teachers and school children.

- Head teachers will be able to take a greater involvement and interest in the provision of the school catering service within their school. The school's Governors and Head teacher will need to choose whether to manage their catering provision themselves (DIY), through a private sector consultant or whether to buy back the council's catering management service.
- If the school chooses to retain the council's catering management service, school children should notice no difference in lunchtime meal provision.

2.2 **Employees**

Approximately 252 staff who are currently within school kitchens will be affected.

- The vast majority of staff (237) comprising the unit supervisors, deputy unit supervisors and food preparation assistants would only see their line management change from the current catering service to the school's own staffing establishment.
- Where schools choose not to continue with a catering provision, the staff would be made redundant.
- TUPE will apply where a school is funded by the Roman Catholic diocese and also to any schools that become academies. Current estimates suggest this to be 30 staff by 31 August 2012.

2.3 **Partners**

Apart from the schools themselves there are no other partners involved in direct provision.

The NHS is supporting the roll-out of the Food schemes into an initial eight Walsall schools from September 2011. Food Dudes aims to increase the consumption of fruit and vegetables for children and families and change children's' eating habits for life. The target group is 4-11 years of age. The scheme was the winner of the Chief Medical Officer's Gold Award 2010 for being a beacon of good practice in the field of public health. Discussions would need to continue as to how this high profile behavioural change programme could continue in-line with this paper's proposal.

2.4 **Corporate Plan**

This proposal meets the council's working smarter objective for radical service re-design as well as focusing on the priority area of Health and well-being.

2.6 **Other Council Services**

Children's Services have been fully involved in discussions about the future delivery of school catering services and have helped facilitate meetings with school representatives.

3. **Associated Risks**

3.1 Schools may choose to opt out and deliver the catering service themselves thereby making the proposal inefficient and one that will not be cost effective. If this were the case the remaining staff will need to be made redundant.

3.2 The council will not know until 30 March 2012 what the final demand for the catering management service will be.

3.4 Schools may choose to only deliver catering to those children who are eligible for free school meals. This would mean the withdrawal of a lunchtime meal for all other children.

4. **Consultation**

4.1 Initial consultation has been undertaken with the primary schools head teachers forum and also independently the chair of this forum.

5. **Legal Implications**

5.1 The council currently has five main food contracts (Brakes, Blakemore's, Welsh Brothers, Dairy Crest and Bretts) for its provisions. These expired on 31 March 2011 and are being rolled-on through a year-by-year arrangement with the suppliers.

6. **Equal Opportunities and Environmental Implications**

6.1 Where the proposed catering management service is bought back by schools to deliver their future catering service there will be no adverse impact on equalities as the service is available to all.

6.2 Children who are eligible for free school meals could be affected as schools will be delivering the service themselves without supervision.

6.3 Catering Services have to deliver a service that is fully compliant with the School Food Trust's nutritional analysis guidelines.

7. **Equality Impact Assessment**

7.1 An equality impact assessment form has been completed for this savings proposal, which has been assessed by the equalities team.

PORTFOLIO: SOCIAL CARE AND HEALTH

Saving: Commissioning led review of Broadway North (Part of £4.9m saving identified for roll out of personal budgets and review of community care packages)

Estimate Net Saving			
2012 / 2013	2013 / 2014	2014 / 2015	Implementation cost
£500,000	£500,000	£500,000	£0

1. **Description of the Savings Proposal**

- 1.1 A planned programme of re-commissioning of the residential services currently delivered at Broadway North, to be carried out through the 2012/13 financial year. A commissioning review has highlighted the average cost of placements commissioned from the private sector is significantly lower than the cost of providing this within the current setting. This will release resources and support the implementation of individually tailored support plans.

2. **Implications Associated With Savings Proposal**

2.1 **Customers**

A programme of reviews of all individuals receiving support from Broadway North – including residential and respite services – will be completed by the end of March 2012. These reviews will consider eligibility for services, outcomes required from services and will seek to develop an alternative set of provision. We intend to undertake reviews of care packages for each individual service user at the centre and utilise personal budgets where possible. We are seeking to develop a more community oriented model and user led service. We will continue to provide support to achieve this outcome. We will work closely with service users and their families/carers.

2.2 **Employees**

Broadway North residential service currently provides 6 crisis short term beds and 4 planned respite beds. This level of provision is provided by 16 posts and these are directly affected by the proposed changes. These posts cover managers, senior care roles, residential support officers and care assistants. Consultation with staff has started at an informal level with a series of meetings, supported by HRD input. Further formal consultation will proceed as part of a planned process. It is the intention, in the first instance, that staff from this group will be supported to transfer into other parts of the Directorate.

2.3 **Partners**

The council continues to work in partnership with Dudley and Walsall Mental Health Trust to ensure that re-commissioning of services at the Broadway North centre is fully incorporated within the overall service redesign of mental health services.

2.4 **Corporate Plan**

The re-commissioning of services will be undertaken in line with working smarter principles and in line with corporate plans.

2.5 **Other Council Services**

We will seek to work collaboratively with other Directorates in order to ensure that the community offering, of all services in the new model, gives service users as much choice as possible.

3. **Associated Risks**

- 3.1 Re-assessment of all service users and carers may result in higher assessed needs and therefore greater demand. A reduction in service provision could have an impact on carers. Alternative sources of crisis and respite beds might prove to be more costly and there might be insufficient supply of such placements.

4. **Consultation**

- 4.1 There is a commitment that officers continue to consult with service users and carers on proposals for the development of the future services across all aspects of the Broadway North Centre, including residential services.

5. **Legal Implications**

- 5.1 Legal support will be required to ensure the programme is carried out consistently and equitably to avoid the prospect of challenge or judicial review.

6. **Equal Opportunities and Environmental Implications**

- 6.1 Adherence to the Fair Access to Care criteria and comprehensive assessment will ensure all citizens are treated equitably and according to need.

7. **Equality Impact Assessment**

- 7.1 An equality impact assessment form has been completed for this savings proposal, which has been assessed by the equalities team.