

**CORPORATE
SCRUTINY AND PERFORMANCE PANEL**

DATE: 09 DECEMBER 2010

Draft Revenue Budget Proposals 2011/12 for Consultation

Ward(s) All

Portfolio:

Councillor Towe – Finance and Personnel
Councillor Arif – Business Support Services

Summary of report

This report presents Cabinet's first draft revenue budget 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 first draft proposals in this report and make 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.

Rory Borealis
Executive Director – Resources

29 November 2010

Background

This section summarises the councils financial forecast and key timeline, and the organisational context of the Resources directorate.

Financial forecast and key timeline

The budget is constructed in accordance with the medium term financial strategy and all relevant corporate financial protocols, to ensure a balanced draft budget for 2011/12 can be set and approved by Council on 24 February 2011.

The Comprehensive Spending Review (CSR) issued on 20 October 2010 announced changes to the Formula Grant settlement by 28.4% over the 4 year period, announced significant unringfencing of specific grants, and movements of 80 (out of 90) grants into Formula Grant, with some further reductions to remaining specific grants. The full analysis of this is still ongoing, as specific allocations have not yet been publicised. The expected draft settlement date is late November/early December. The draft budget and proposals may need amending as allocations are published.

In support of the Governments action plan to reduce the national deficit but more importantly to help the people of Walsall, total resources assume a council tax freeze.

Organisational context of Resources

Delivering. Right, Fast and Simple.

This is the driving vision for the new operating model for support services. It is based on corporate agreement of a core set of management competencies that are then communicated clearly to all managers at the council. This places upon managers clear responsibility for managing people, finances, procurement, performance and so on. Support services in the future will be provided in support of the delivery by managers of their core accountabilities. This will include all essential corporate governance requirements.

This means that support services will not be DOING on behalf of managers. We will be providing advice, support, information and guidance to enable managers to DO. Services will be provided much more through a self-serve online portal (cheapest way), a generic customer service centre (next cheapest way), and finally a more collaborative and integrated set of expert professionals whose time will be maximised where they can add value in addressing complex matters, not being bogged down by lower value work.

This clarity will enable us to develop an operating model that is much more customer focused than present and which provides solutions that are right, fast and simple. But only where the corporately agreed competencies set out. Any requirements for services beyond this scope will need to be funded by the service manager requesting the service.

The outline business plan for implementation of this model entails a reduction in our controllable budget from £22 million to around £13.5 million and staffing numbers from around 700 to less than half of that. This will be very challenging and only remotely possible with full sign up and cooperation from across the organisation to the approach.

Resource and legal considerations

Cabinet on 17 November 2010 presented the first draft revenue budget proposals 2011/12 for consultation. These proposals include savings and investment proposals for the services within the remit of this panel. The proposals are presented to this panel for consultation and scrutiny.

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

Table 1 : DRAFT 2011/12 NET BUDGET – RESOURCES

DETAILS	£m
Budget brought forward from previous year	14.048
Inflation pressures	0.064
Other changes	(0.040)
Budget pressures : cost pressures, grant changes, income shortfalls etc	0.817
Full year effect of 2010/11 growth	(0.100)
New savings - operational (where officers have delegated authority to implement) – Appendix 1	(2.169)
New savings - requiring Cabinet decision to implement	0
Full year effect of 2010/11 savings	(0.079)
Draft net budget	12.541

Pressures

The draft 2011/12 revenue budget for services within the remit of this panel includes £0.1m 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 £0.817m has been identified as a very high priority by Cabinet and as being essential to meeting cost pressures. A summary of growth is shown in **Table 2**.

Table 2 : COST PRESSURES 2011/12

DETAILS	£m
Benefits - Reduction in incentive grant relating to Housing Benefits following improvements in performance	0.025
Benefits - Reducing income relating to Housing Benefit overpayment	0.040
Revenues – Recovery of court cost income – as council tax collection rate improves, less people default, reducing income from court costs	0.052
Revenues – Additional staff to follow up on council tax debts greater than 2 years old	0.050
Electoral Services – Collection of personal identifiers from absent voters – relating to s60A of Representation of People Regulations 2000	0.020
Shared Services – ICT annual payment to the government for use of secure gateway (network connection for Dept of Work and Pensions)	0.025
Communications – sponsorship income shortfalls	0.055
Shared Services – supporting capacity in the working smarter programme to ensure delivery of savings in 2011/12 and beyond	0.550
Total	0.817

Efficiencies, Service Redesign and Fees and Charges Increases

The draft 2011/12 revenue budget for services within the remit of this panel includes £79k 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 £2.169m are included in the draft budget proposals within this report for consultation.

Operational savings - those not requiring an Executive (Cabinet) decision – these account for all the savings proposals totalling £2.169m. Where feasible, these will be introduced as soon as practicably possible to generate early savings. Full analysis shown at **Appendix 1**.

Executive proposals (those requiring a Cabinet decision to proceed) are reported separately, although no proposed savings are classified under this category for reporting to this panel.

Staffing implications

The savings proposals identified in this report are predicted to impact on 110 posts. These are noted alongside each savings proposal on Appendix 1 attached to this report.

Managers will have already advised staff whose posts have been identified in the budget proposals, with formal consultation now being undertaken with staff and trade unions.

Managers will endeavour to reduce the impact of staff wherever possible, by reviewing vacant posts, and seeking expressions of interest for targeted voluntary redundancy. Staff placed at risk will be fully supported by managers and human resources through the redeployment process.

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 first 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 15 December 2010 for their consideration. The second meeting on 28 January 2011 will include the impact of the final settlement and any other funding changes and any changes to the draft figures arising from budget consultation.

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
- 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

The results of this consultation will be reported to Cabinet on 15 December, and then included in the next budget report to this panel meeting on 28 January 2011.

Contact Officer:

Tracey Evans
Lead Accountant
 01922 652430,
evanst@walsall.gov.uk

APPENDIX 1

BUDGET 2011/12 + OPERATIONAL SAVINGS - FOR INFORMATION

REF NO	WORKING SMARTER - SAVING DESCRIPTION	SERVICE AREA	ANNUAL GROSS SAVING			REDUCTION IN POSTS (No)
			2011/12	2012/13	2013/14	
			£	£	£	
FINANCE AND PERSONNEL						
Restructuring						
63	Restructure programme within revenues service.	Revenues	53,000	167,500	167,500	6
64	Home working - this is expected to increase productivity by 10% which will result in staff reduction arising from increased productivity of remaining staff. (Capital bid of £150,000 has been submitted to support this)	Benefits	0	120,000	120,000	3
65	Reduction in benefits business development team 0.5 FTE	Benefits	15,478	15,478	15,478	1
66	Enhanced use of telephone systems to improve service delivery rather than requiring staff visits. (Capital bid has been submitted to support this as part of the new operating model for support services)	Benefits	0	31,016	31,016	1
67	Delivering the new operating model (delivering right, fast and simple) for support services which entails more online resolution, more management accountability and a greater customer focus. This enables streamlining of staff resources needed over time resulting in total savings of £984k in yr 1, £1.383m in yr2 and £1.655m in yr3 onwards. Details are shown below of the individual proposals.	See below				
67A	Implementation of finance restructure in response to finance direct: Reductions in post numbers to reflect managers taking on more direct responsibility for managing their own budgets - supported by improved self-service, on line reporting and forecasting tools, customer contact centre, supported by training. Reducing the need for lower level finance support. Support will be on providing focussed, more added value support to directorates, improved customer relationship management, whilst ensuring S151 responsibilities and financial governance is maintained at the highest level.	Finance	254,000	254,000	254,000	16

APPENDIX 1

REF NO	WORKING SMARTER - SAVING DESCRIPTION	SERVICE AREA	ANNUAL GROSS SAVING			REDUCTION IN POSTS (No)
			2011/12	2012/13	2013/14	
			£	£	£	
67B	Net saving following previous reorganisation in equalities.	Human Resources & Development	14,276	14,276	14,276	0
67C	Realignment of work within legal services team following reduction in demand.	Legal	47,000	47,000	47,000	1
67D	Restructure within human resources.	Human Resources & Development	669,000	1,068,000	1,340,000	49
Review of operational budgets						
68	Reduction of paid overtime	Benefits	0	2,482	65,000	0
69	Reduce housing benefit bad debt	Benefits	24,000	24,000	24,000	0
70	Overpayment incentive - can claim 100% grant from DWP against overpayment errors if this figure is kept below DWP targets.	Benefits	150,000	150,000	150,000	0
TOTAL			1,226,754	1,893,752	2,228,270	77
BUSINESS SUPPORT						
Restructuring						
71	Delivering the new operating model (delivering right, fast and simple) for support services which entails more online resolution, more management accountability and a greater customer focus. This enables streamlining of staff resources needed over time resulting in savings of £942k a year. Details are shown below of the individual proposals.	See below				
71A	Reduction in posts as a result of implementing the outcomes of the finance direct programme within finance administration	Shared Services & Procurement	220,000	220,000	220,000	10
71B	Remove a vacant post and reduction in marketing budget.	Communications	32,000	32,000	32,000	1
71C	Improved customer focus of business support and reduce bureaucracy.	Shared Services & Procurement	156,000	156,000	156,000	3
71D	Disband of peripatetic administration team.	Shared Services & Procurement	108,000	108,000	108,000	5

APPENDIX 1

REF NO	WORKING SMARTER - SAVING DESCRIPTION	SERVICE AREA	ANNUAL GROSS SAVING			REDUCTION IN POSTS (No)
			2011/12	2012/13	2013/14	
			£	£	£	
71E	Integration of current activity within business solutions, programme delivery and performance management. This will include the consideration of a shared intelligence function with key public service partners.	Business Solutions	338,184	338,184	338,184	12
71F	Re-organisation of roles and responsibilities regarding the function of procurement throughout the council.	Shared Services & Procurement	50,000	50,000	50,000	1
71G	Staffing reduction and changing the activities of the print and design team to make greater use of existing resources and deliver the same levels of service.	Shared Services & Procurement	30,000	30,000	30,000	1
Review of operational budgets						
71H	Reduction in marketing and supplies and services budgets	Communications	8,000	8,000	8,000	0
TOTAL			942,184	942,184	942,184	33
TOTAL OPERATIONAL SAVINGS - FOR INFORMATION			2,168,938	2,835,936	3,170,454	110

Note : The reference number relates to the savings option in the report to Cabinet on 17 November 2010