

**CHILDREN'S SERVICES  
SCRUTINY AND PERFORMANCE PANEL**

**DATE:** 25 JANUARY 2011

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

**Ward(s)** All

**Portfolio:** Councillor R. Andrew – Children's Services

**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**

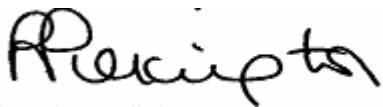
The panel are recommended to consider the draft proposals in this report and make further recommendations to Cabinet as appropriate.

**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.



**Pauline Pilkington**  
**Executive Director – Children's Services**  
17 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 3 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 3 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 the services within the remit of the Children's and Young People Scrutiny & 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 – CHILDREN’S SERVICES</b>	
	<b>£m</b>
Budget brought forward from 2010/11	62.000
Inflation pressures	0.846
Other changes (including changes to grants)	(5.611)
Budget pressures : demographics, cost pressures, fall out of grant, etc	2.100
Full year effect of 2010/11 growth	(0.100)
Proposed savings	(3.232)
Full year effect of 2010/11 savings	0.000
<b>Draft net budget</b>	<b>56.003</b>

## Investment

The draft 2011/12 revenue budget for services within the remit of this panel includes £100k 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 £2.1m has been identified as a very high priority by Cabinet and as being essential to meeting cost pressures. There is no change to the investment reported in the report to this panel on 3 December 2010.

## Savings proposals

Proposals for savings have been considered by Cabinet and total new budget reduction options (including efficiencies, service redesign savings and income generation) of £3.2m are included in the draft budget proposals, again representing no overall change to the position previously considered by this panel on 3 December 2010. Of these, 3 savings proposals totalling £2.603m require a cabinet decision to proceed, these were presented to Cabinet on 15 December 2010 :-

- Saving No 15 – Negotiate reduction in value of contract for delivery of information, advice and guidance services with Prospects (£75k) – **Appendix 1A**
- Saving No 16 – Projected savings as part of the council review of essential car user allowances (£28k) – **Appendix 1B**
- Saving No 17 – Negotiate reduction in cost of education services contract with Serco (£2.5m) – **Appendix 1C**

## 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 Children's Services, this includes:-

- Learning Skills Council (LSC) Transfer (£335k)
- Services for Children in Care (£386k)
- Child Death Review Process (£48k)

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. For services within the remit of this panel, these relate to :-

- A number of Education / Children's Area Based Grants now stopped totalling £2.096m. This included School Development grant; primary and secondary national strategy grants; travel advisors; flexible 14-19 funding
- Reduction following the movement of 23 specific Education / Children's Services grants into a single Early Intervention Grant, resulting in a reduction of £2.184m.
- School modernisation grant of £89k ceases so it is proposed that the service will also be ceased.

## Capital Programme

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

**Table 2** below 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 – CHILDREN’S SERVICES</b>	
	<b>£m</b>
<b>Mainstream (Council’s own resources)</b> Prior Year Approvals – Appendix 2	0.225
<b>External Funding (Ring fenced) – Appendix 3</b>	33.956
<b>Draft Capital Programme – Children’s Services</b>	<b>34.181</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. Recommendations 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.

## Contact Officer:

Stuart Wootton,  
Financial Planning Manager  
☎ 01922 653554,  
[woottons@walsall.gov.uk](mailto:woottons@walsall.gov.uk)

Chris Knowles,  
Lead Accountant – Regeneration and Children's Services  
☎ 01922 652964,  
[knowlesc@walsall.gov.uk](mailto:knowlesc@walsall.gov.uk)

***Saving 15: Children's Services: Negotiate reduction in overall value of the contract for delivery of information, advice and guidance services with Prospects***

Estimate Net Saving in £'000			
2011 / 2012	2012 / 2013	2013 / 2014	Implementation cost
£75,000	£75,000	£75,000	£0

1. **Description of the Savings Proposal**

- 1.1 Negotiate reduction in overall value of the contract for delivery of information advice and guidance service with Prospects.

2. **Implications Associated With Savings Proposal**

2.1 **Customers**

There will be some reduction in service delivery with the loss of two or three personal advisor posts.

2.2 **Employees**

No direct impact on council employees identified.

2.3 **Partners**

Partners will see a reduction in delivery which will directly affect some partnership arrangements potentially including schools.

2.4 **Corporate Plan/Priorities**

This will most directly impact on the priorities for 'improving education and skills' and 'reducing worklessness and creating opportunity and potential'

2.5 **Other Council Services**

There will be a direct impact on the councils Integrated Young Peoples Services with consideration given to mitigating the loss of an Information and Guidance (IAG) post 'up skilling' other 'non IAG' staff.

3. **Associated Risks**

- 3.1 The reduction in IAG service may contribute towards a dip in performance as regards the target for reducing the number of young people (aged 16-18) not in Education, Employment or Training.

4. **Consultation**

- 4.1 Prospects have been consulted both informally and formally as regards the proposal as have staff within the Integrated Young People's Support Services.

5. **Legal Implication**

- 5.1 A contract variation will be required.

6. **Equal Opportunities and Environmental Implications**

- 6.1 There are no direct environmental implications.
- 6.2 Prospects will adhere to appropriate procedures as regards to any required staff dismissals.

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. The assessment shows that the efficiency saving may result in a decrease in the number of personal advisors working with young people, not in education, employment or training. The risk will be mitigated through cultural change in partnership working and 'integrated working'. In order to ensure continuity with some specific equality targets, the following will still remain priorities for Prospects: reduction of those not in education, employment and training; school and 11+ pupils, commitment to ensure 139 assessments for all young people with learning difficulties and disabilities.

***Saving 16: Children's Services: Projected savings as part of the council review of essential car user allowance***

Estimate Net Saving in £'000			
2011 / 2012	2012 / 2013	2013 / 2014	Implementation cost
£28,000	£28,000	£28,000	£0

**1. Description of the Savings Proposal**

- 1.1 Projected savings as part of the council review of essential car user allowance. Changes will provide the savings identified within the Youth Offending budget.

**2. Implications Associated With Savings Proposal**

**2.1 Customers**

No direct impact.

**2.2 Employees**

Loss of income for staff members currently able to claim the essential car user allowance. Staff will be able to claim casual user rates as appropriate.

**2.3 Partners**

No direct impact.

**2.4 Corporate Plan/Priorities**

No direct impact.

**2.5 Other Council Services**

No direct impact.

**3. Associated Risks**

- 3.1 Some staff may refuse using their cars for casual business. This will be mitigated by the use of public transport.

**4. Consultation**

- 4.1 Consultation has commenced at the Children's Services JNCC.

**5. Legal Implication**

- 5.1 Contracts for these staff directly affected will require the appropriate amendment.

**6. Environmental Implications**

- 6.1 This may have a potential positive impact on reducing the level of car use.



## 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. The assessment shows that the related change to job description will affect equally all 23 staff who qualify for the essential car user rate. All staff will be able to claim casual user rate as appropriate. No other equality issues have been identified.

***Saving 17: Negotiate reduction in cost of education services contract with Serco.***

<b>Estimate Net Saving in £'000</b>			
<b>2011 / 2012</b>	<b>2012 / 2013</b>	<b>2013 / 2014</b>	<b>Implementation cost</b>
£2,500,000	£2,500,000	£2,500,000	£0

**1. Description of the Savings Proposal**

- 1.1 The value of the Education contract with Serco will be reduced through a contract review of the output specifications, with full engagement of Head teachers, and commercial negotiations. The key principle is to minimise the impact on schools and education attainment.

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

Educational attainment is one of the two key priorities for Children Services and the impact of reduced funding and government policy means that the current contract will need to change and Serco have recognised that their role will need to move from providing services to school to one of targeted intervention, brokerage and supporting local networks of schools to drive up attainment.

The contract review is designed to minimise the impact on schools and educational attainment by involving Head teachers in appraising amendments to every output specification. However, any changes to service delivery will be managed to minimise impact on the support and challenge providing to assist schools in raising attainment.

**2.2 Employees**

Main impact is on Serco staff, but council staff in schools may find less support is available from Serco staff.

**2.3 Partners**

Main impact is on Schools. See above.

**2.4 Corporate Plan/Priorities**

Statutory requirements in relation to educational attainment will be protected as government policy is that school improvement should be devolved to schools. Contract review will direct future school support through the contract to focus on brokerage and facilitating school to school support.

**2.5 Other Council Services**

Minimal impact.

### 3. **Associated Risks**

- 3.1 The key risks are being managed by a risk register with action plans to mitigate risk and sound project management. The major risk is ensuring the review process is completed on time and delivers the savings in a way that has minimal impact on schools and educational attainment of young people and this is being managed through robust governance and project management of the review process.

### 4. **Consultation**

- 4.1 The governance arrangements for the review process include a Stakeholder Group, which has been set up to ensure a wide range of appropriate groups are consulted. The Children and Young People's Scrutiny and Performance Panel receive updates on the review progress, cabinet members are engaged through the budget setting process and a cabinet report will be taken on the outcome of the review.

### 5. **Legal Implication**

- 5.1 Legal advice is being provided by Legal services to ensure the review process is consistent with the contract terms. The Coalition Government have announced that legislation will be introduced in the autumn to improve school standards, reduce bureaucracy and give schools more freedom, this will be preceded by a White Paper that is expected by end of November 2010. The contract review process will need to take this into account.

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

- 6.1 Minimal impact as contract is designed to narrow the gap between educational attainment of excluded groups and the average performance of all children.

### 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. The assessment shows that negotiations will ensure minimal impact on front line services which affect the most vulnerable children. The key performance indicators are designed to promote achievement of under performing groups. In addition, the council is proposing a capital investment of £2.6 million to be allocated for increasing the number of pupil spaces in Walsall. This will be aimed at improving educational achievement of under-achieving groups, the school environment and the general wellbeing of pupils.

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
Prior Year Approvals					
Education	Barcroft primary	225,000	0	0	The final funding for the new Barcroft primary school that will be located on the Elm Street site
Sub-total Prior Year Approvals		225,000	0	0	
MUST DO SUB-TOTAL - CHILDREN'S SERVICES		225,000	0	0	

## 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
Children's services	Education	Basic need	2,650,018	2,650,018	2,650,018	Department for Education
Children's services	Education	Devolved formula capital	868,878	868,878	868,878	Department for Education
Children's services	Education	Capital maintenance	4,711,108	4,711,108	4,711,108	Department for Education
Children's services	Education	Academies	25,726,332	8,120,156	0	Department for Education
<b>TOTAL</b>			<b>33,956,336</b>	<b>16,350,160</b>	<b>8,230,004</b>	
<b>TOTAL GRANT / EXTERNAL FUNDED - CHILDREN'S SERVICES</b>			<b>33,956,336</b>	<b>16,350,160</b>	<b>8,230,004</b>	