

Cabinet – 16 December 2015

Resource Allocation 2016/17 to 2019/20: Update on Draft Revenue Budget, Draft Capital Programme, and update on 2015/16 financial position

Portfolio: Councillor M. Bird – Leader of the Council (Lead Portfolio)

Related Portfolios: All

Service: Finance – council wide

Wards: All

Key decision: No

Forward plan: No

1. Summary

- 1.1 Draft revenue budget proposals have been distributed to overview and scrutiny committees and stakeholders for consultation. The final budget, including any changes following consideration of consultation feedback and equality impact assessments, and following receipt of final allocations of government funding, will be presented to Cabinet on 3 February 2016 for recommendation to Council, and will be considered by full Council on 25 February 2016.
- 1.2 This report includes the recommendations from each overview and scrutiny committee on the draft revenue budget proposals, along with a progress update from resident and stakeholder consultation. (Social Care and Health overview and scrutiny committee meet on 10 December, after despatch of this report, so any recommendations will be circulated separately to Cabinet).
- 1.3 The Autumn Statement / Spending Review was announced on 25 November 2015 and funding implications arising from this announcement, as far as they are known, are included in this report.
- 1.4 The draft capital programme for 2016/17 totals £71.32m. It sets out new capital investment funded from the council's own resources of £11.09m (funded by capital receipts and unsupported borrowing) and externally funded schemes of £60.23m (funded by capital grants) and represents a balanced programme for 2016/17. In addition, the report sets out a further three years of indicative proposals for 2017/18 to 2019/20 whilst recognising that further work is required.
- 1.5 Despite reductions in capital funding in recent years and going forward, the draft capital programme contains significant investment into highways, education, and into adult social care and housing to support vulnerable households through Health through Warmth and provision of aids and adaptations. A reserve list of

new projects is also reported, where funding could be redirected in year if available.

- 1.6 The forecast revenue and capital outturns are shown for 2015/16 based on the October position. The draft revenue forecast is predicted as an overspend of £0.67m, and a forecast underspend on the council funded capital programme of £1.71m which will be used to support the 2016/17 capital programme.

2. Recommendations

Cabinet are requested to:

- 2.1 Note the feedback from overview and scrutiny committees and the update on feedback to date from public / stakeholder consultation as set out in this report, and consider this feedback in preparation for final budget recommendations in February.
- 2.2 Approve as a basis for consultation the current draft capital programme of £71.32m for 2016/17, and an indicative capital programme of £26.15m for 2017/18, £14.64m for 2018/19 and £9.83m for 2019/20, whilst recognising that the further work is required on the programme for 2017/18 and future years to identify funding sources and further prioritise schemes to achieve a balanced programme.
- 2.3 Following formal approval of the capital programme in February by Council, Cabinet delegate responsibility to the Chief Financial Officer, in consultation with the Asset Strategy Group, to designate resources to projects off the capital reserve list should resources become available in year.
- 2.4 Refer this report to all overview and scrutiny committees for consultation to enable their comments to be considered by Cabinet on 3 February 2016.
- 2.5 Note the forecast revenue and capital financial forecast for 2015/16.
- 2.6 Approve the write off of debt as detailed in section 3.8.

3. Report detail

3.1 Update on Resource Allocation 2016/17 to 2019/20

The first draft revenue budget proposals 2016/17 to 2019/20 were reported to Cabinet on 28 October 2015. These detailed revenue savings / funding changes of £25.46m in 2016/17, along with policy papers for savings requiring an executive decision to implement and subsequently referred for public consultation. A saving for the outsourcing of internal audit and risk contract was identified as a year 2 saving, options for which are currently being explored to bring forward into 2016/17, and therefore a policy paper is attached at **Appendix 1**.

The budget is an evolving process, with recognition that proposals may change as the budget develops. The council also awaits publication of the draft

settlement for 2016/17 which may have implications on the current proposals, and will be reported in the final draft budget report to Cabinet on 3 February 2016.

3.2 Consultation

- 3.2.1 The draft revenue budget proposals were referred to all overview and scrutiny committees. **Appendix 2** summarises the feedback from each committee. (Social Care and Health overview and scrutiny committee meet on 10 December, after despatch of this report, so any recommendations will be circulated separately in advance of Cabinet).
- 3.2.2 Cabinet agreed that draft savings proposals with a direct impact on services would be referred for public consultation – details of which are on the ‘budget have your say’ page of the council’s website. Whilst consultation on the council’s purpose and corporate priorities is complete, with findings summarised in **Appendix 3** of this report, service specific consultation related to individual draft proposals remains ongoing and will be reported to Cabinet to allow them to consider these and to inform Cabinet’s final budget recommendations to Council for February 2016. Section 11 below provides more detail on the consultation process to date.

3.3 2016/17 Draft Capital Programme

- 3.3.1 Capital programme resources are limited. The financing for capital expenditure on new investments is heavily reliant on grants and other funding received from the Government. The success that Walsall has had in securing a wide range of external funding may be harder to achieve as many of the sources of funding may stop or reduce. Government has also published its intention for more pooling of funds regionally which will require greater collaborative working between Local Authorities.

The remaining flexibility is currently through capital receipts and borrowing. Capital receipts projections however are limited, and fully dependent on when council assets are sold. Earmarking of capital receipts beyond what we are statutorily obliged to do is not recommended without overall strategic consideration of the entire capital programme. Use of unsupported borrowing incurs ongoing revenue debt charges and impacts on council tax payers.

Capital allocations and grants from Government and other sources have not yet been provided, therefore best estimates have been used, based on published information to date. Any further reduction in funding will require amendments to the draft programme.

Despite the above difficulties, significant investment is planned and funded over the four years 2016/17 to 2019/20 and the draft capital programme is balanced for 2016/17. The council is able to fund all existing commitments and has, through prioritisation of bids and resources and sound treasury management, been able to support new investment into key services, and areas of capital investment need.

3.3.2 The capital programme is presented in three parts:

- Council funded programme - funded by the council's own resources, through borrowing, revenue contributions and receipts.
- Externally funded programme - funded from capital grants and third party contributions.
- Leasing Programme – funded from revenue

Table 1 shows the draft capital programme against predicted available resources.

Table 1 : Draft Capital Programme				
<u>Anticipated Council Funded Resources</u>	<u>2016/17</u> <u>£m</u>	<u>2017/18</u> <u>£m</u>	<u>2018/19</u> <u>£m</u>	<u>2019/20</u> <u>£m</u>
Capital Receipts target	1.50	1.50	1.50	1.50
Earmarked Capital Receipts	0.00	0.55	0.00	0.00
Borrowing	4.46	5.40	5.40	5.40
Prudential borrowing (Active Living)	1.88	0.00	0.00	0.00
Prudential borrowing (Smarter Workplaces)	0.22	0.08	0.00	0.00
Prudential borrowing (Wheeled Bins)	0.38	0.00	0.00	0.00
Uncommitted 2014-15 & 2015-16 underspend	1.72	0.00	0.00	0.00
Use of Reserves / Contingency	0.48	0.02	0.02	0.00
Revenue contribution to capital	0.45	0.05	0.04	0.04
Total council funded resources	11.09	7.60	6.96	6.94
External Funding	60.23	15.72	5.83	2.43
Total capital resources	71.32	23.32	12.79	9.37
<u>Council funded Bids</u>				
Prior Year Approvals	2.76	0.32	0.17	0.15
Rolling Programme Schemes	4.99	5.01	5.00	5.00
New capital bids	2.59	4.35	2.89	1.50
Council wide bids	0.75	0.75	0.75	0.75
Total council funded schemes	11.09	10.43	8.81	7.40
Externally funded schemes	60.23	15.72	5.83	2.43
Total draft capital programme	71.32	26.15	14.64	9.83
Funding shortfall (surplus)	0.00	2.83	1.85	0.46

The list of schemes are shown by portfolio in **Appendix 4**, and summarised as follows:

Table 2 : Draft Capital Programme - summary by portfolio				
Portfolio	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
Care and Safeguarding	3.11	4.20	2.95	2.95
Clean and Green	0.67	0.02	0.02	0.00
Community, Leisure and Culture	3.10	2.88	2.30	0.04
Economy, Infrastructure and Development	53.70	9.58	6.99	4.46
Learning Skills and Apprenticeships	7.60	7.09	0.00	0.00
Shared Services and Procurement	2.39	1.63	1.63	1.63
Centrally held budgets *	0.75	0.75	0.75	0.75
Total draft capital programme	71.32	26.15	14.64	9.83

**Centrally held relates to funding to support essential works, including health and safety eg LSVT retained housing land, asbestos removal, statutory testing, legionella, fire risk, demolition of redundant buildings, planned maintenance, risk management and self insured property damage.*

- 3.3.3 It is predicted that all bids contained in Appendix 4 for 2016/17 can be funded. A further review of proposed schemes will be required before capital allocations are released in year. For 2017/18 onwards, the full impact of these projects will be reviewed, and funding revisited as part of the ongoing budget process. There may be a number of schemes that will require match funding in year to secure external resources, which will be reviewed in year and funds drawn down as projects are confirmed.

Capital receipts projections are based on professional estimates of property colleagues. Any additional receipts received in year (excluding those earmarked i.e. for Smarter Workplaces, Family Contact, Rushall JMI) will be considered to fund projects identified on the reserve list of schemes. Reserve list schemes are referred to in each portfolio in Appendix 4.

General borrowing is funded from the council's own resources – generated through savings, and/or paid for via the council tax. Council's are allowed to borrow in accordance with the Treasury Management Code of Practice. The current capital financing cash limit is forecast to be able to support £6.94m of additional borrowing to fund high priority items in 2016/17.

Whilst the overall demand for resources usually exceeds those available, schemes deemed to be a high priority in terms of reflecting the council's priorities can be funded, representing a balanced programme for 2016/17.

- 3.3.4 As well as those in the draft programme, there are a number of large capital schemes that are in development or planning stages. It is expected that as individual business cases are developed and considered by Cabinet, they are then included in the latest update of the draft capital programme if they are deemed to be a high priority and affordable. Funding for these will need to be identified and may be through a combination of borrowing and/ or other contributions. Where practical, a payback agreement will be implemented, whereby projects should, wherever possible be self funded over the life of the project and beyond. These will include Sneyd, Family Contact Centre, EDC, Street Lighting, Pheonix 10.
- 3.3.5 For externally funded schemes, where a bidding process is required, it is assumed the full cost of the project is met from external grant and/or third party contributions. If it becomes clear during the process that this is not the case, the project cannot proceed if the external funds cannot be sourced.

3.4 Draft Leasing Programme

- 3.4.1 Leasing minimises the call on capital resources by spreading the acquisition cost over some years. Revenue funds are needed to finance operating leases. The 2016/17 draft leasing programme is summarised in Table 3 below by portfolio and will form part of the final budget report to Cabinet. The revenue implications

of the leasing programme of £1.218m for 2016/17 are already included in the draft revenue budget.

Table 3 : Draft Leasing Programme 2016/17 by Portfolio		
		Revenue
Portfolio	Asset cost	Leasing
	£m	£m
Clean & Green		
Refuse Vehicles	2.849	0.312
Light Commercial Vehicles	2.261	0.430
Tractors & Agricultural Machinery	0.154	0.199
Welfare Vehicles	0.280	0.053
Sub total	5.544	0.994
Community, Leisure & Culture		
Equipment	0.400	0.224
Total Leasing	5.944	1.218

- 3.4.2 The prudential system allows borrowing to fund the purchase of leased items. This expenditure is treated as capital expenditure and not revenue. The decision to lease or buy depends on several variables, for example, the costs of borrowing and the residual value of the asset at the end of its leased life. Before each drawdown, a review is undertaken of which financing approach is most appropriate. A rigorous evaluation is then undertaken before a decision to lease or buy is made, ensuring value for money.

The prudential system requires the setting of indicators for the likely level of capital expenditure each year. Decisions to lease or buy cause total expenditure to fluctuate during the year. Therefore regular monitoring reports to Cabinet and Corporate Management Team on the council's financial performance will include prudential indicators.

Funding Changes Notified / Expected since Cabinet on 28 October 2015

3.5 Autumn Statement

The Chancellors Autumn Statement was delivered on 25 November 2015. The following outlines the key points affecting local government along with the impact, where known, on Walsall:

- Whilst the Government have announced that spending will be the same in cash terms by the end of the parliament, this is heavily reliant on national calculations of council tax and business rates growth.
- Local authorities may increase council tax by a further 2% as a social care 'precept'. Local Authorities will be given this additional 2% flexibility on their current council tax referendum threshold to be used entirely for adult social care. For Walsall, this represents c£1.8m in 2016/17, if raised.
- By 2019/20, the government will make £1.5billion available to local authorities to add to the Better Care Fund and support better joint working between health and social care - £800m of this however will be top sliced

from existing New Homes Bonus and is not new money. None of the £1.5bn will be received in 2016/17.

- DCLG will consult on changes to the local government finance system to pave the way for the implementation of 100% business rate retention by the end of the parliament. The revenue support grant, which represents less than a quarter of local government total resources, will therefore be phased out by 2020/21.
- The government will make savings in local authority public health spending, amount unknown, along with the proposal to consult on options to “fully fund local authorities” public health spending from retained business rates receipts, as part of the move towards 100% business rates retention – hence the grant would cease for Walsall. Timelines are unknown, however the ring fence remains for 2016/17 and 2017/18.
- To reform services and make them more efficient, local authorities will have new flexibilities to spend 100% of their fixed asset receipts (excluding Right to Buy receipts) on the revenue costs of reform projects. The detail on how this will work will be set out by DCLG alongside the Local Government settlement in December 2015. Walsall is reliant on existing receipts to fund the capital programme, therefore providing limited scope for us on revenue items.
- The apprenticeship levy on larger employers announced in the Summer Budget will be introduced in April 2017. It will be set at a rate of 0.5% of an employer’s paybill. Each employer will receive an allowance of £15,000 to offset against their levy payment. The impact of the levy is expected to be c£500-£600k for the council, with the impact on schools not yet clear.
- Small business rates relief scheme to be extended by another year. Any loss of income is reimbursed via Section 31 grant.
- Savings of £600m to be made on the Education Services Grant – again the timeline is unknown. Walsall receives c£3.2m of this funding.
- Current schools funding system to be phased out, and a new national funding formula from 2017 – consultation to commence next year. The reasoning behind this is to implement a fairer and more consistent allocation of resources on a per pupil basis across the country.

Update on 2015/16 Corporate Financial Performance

Cabinet receives regular financial reports to allow it to oversee the financial performance of the council.

3.6 Revenue Forecast 2015/16

After corrective action, there is a predicted variance above budget of 0.67m. The report to Cabinet on 28 October 2015 included a variance of £0.49m, therefore this is a small increase of £0.18m. The main variance to October includes:

- Adult Social Care – a movement of £0.67m on the year end position after the use of reserves and action plan. This mainly relates to £338k of one-off forecast costs for dilapidations linked to vacating the unit at Electrium Point that has historically housed the Links to Work service, a £100k reduction in the forecast release of bad debt provision relating to outstanding debt for the historical benefits based charging and fairer

charging systems, and a £274k reduction in forecast contribution from the CCG toward the Learning Disabilities Pooled budget over spend.

The cost of care packages included within the forecast for the directorate are Residential and Nursing costs, based on information from the current Nurrcis system and, for Domiciliary care and direct payments, based on information from the CM2000 system as well as analysis of paid invoices.

The client record part of the new Mosaic system was implemented on 23rd November, with the intention of providing improved data accuracy regarding levels of client care. There is clearly a risk to the accuracy of the current forecast as a result of the legacy systems, which at this stage is not quantifiable.

- Change and Governance – movement of £0.24m due to an increase in facilities management reactive maintenance costs and a reduction in fee income from capital projects. There is a reserve approved to fund pressures within money, home, job which will be allocated if needed, which would reduce the reported overspend of the directorate to nil.
- Economy and Environment – increased underspend of £0.51m following the review of non-essential spend.
- Central leasing budgets – increased underspend of £0.16m.

3.7 Capital Programme 2015/16

The capital programme as reported to Cabinet on 28 October 2015 totalled £96.43m. **Table 4** overleaf summarises amendments, resulting in a programme of £99.08m.

Table 4 : Amendments to Capital Programme 2015/16	
	£m
Capital programme 2015/16 per Cabinet 28 October 2015	96.43
Council Funded Resources	
Rushall Skate Park*	0.01
Specifically Funded / Grant Schemes	
Darlaston SDA Re-profiling of budgets from 2014/15	2.48
Rushall Skate Park - external funding allocation	0.16
Revised capital programme 2015/16	99.08

** funded via a revenue contribution to capital*

The council funded element of the capital programme currently shows a predicted underspend of c£1.71m which will be utilised to fund the 2016/17 capital programme

3.8 Write off of debt

The following write offs above £10,000 require the approval of Cabinet;

- £13,221.31 relating to a contribution to the cost of care. The client is now deceased and there is no estate to recover the debt from.
- £11,934.56 relating to a contribution to the cost of care. This debt is recommended for write off based on the client group, the time that has elapsed, the lack of contact details, and the inability to perform any welfare rights reviews or issue arrears statements
- £16,751.57 relating to a contribution to the cost of care. The client is now deceased and there is no estate to recover the debt from.

3.9 Earmarked reserves – change of use

Adult Social Care currently has an earmarked reserve totalling £261,718 to fund the cost of interim posts. £86,702 will be utilised in year to cover these costs, leaving a balance of £175,016 which is no longer required for its intended purpose. The reserve will now be utilised to reduce the overall overspend within Adult Social Care and is currently included within the action plan.

4. **Council priorities**

- 4.1 The budget process is an annual cycle aiming to support delivery of council priorities within the available resources. It aims to achieve this through the delivery of efficiencies, income reviews and service reviews and redesign to redirect existing and reducing resources to areas of high council priority.

5. **Risk management**

- 5.1 The budget process is governed by the overarching medium term financial strategy. 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.
- 5.2 There is a significant amount of uncertainty around Government funding for 2016/17 and beyond, with a high likelihood that austerity measures will be tightened even further. The medium term financial outlook will need to be updated once these measures are confirmed.
- 5.3 The budget is risk assessed and this is used to formulate the recommended level of contingencies and reserves. The outcome of this will be reported to Cabinet and Council in the final budget report.

6. **Financial implications**

- 6.1 The council must set a balanced budget to meet its legal requirements.

7. **Legal implications**

- 7.1 The legal duty for a council's finances falls within s151 of the Local Government Act 1972. Arrangements for the proper administration of their affairs is secured by the s151 Officer (the Chief Financial Officer).
- 7.2 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. This will include the Chief Financial Officer's report that deals with the robustness of the budget and the adequacy of the reserves for which the budget provides, together with an assessment of risk.

- 7.3 Local Authority Accounting Panel Bulletin 77, issued by CIPFA in November 2008, outlines the guidance on reserves. Whilst this does not prescribe an appropriate level of reserves, leaving this to the discretion of individual authorities, it does set out a number of important principles in determining the adequacy of reserves. It emphasises that decisions on the level of reserves must be consistent with the council's MTFS, and have regard to the level of risk in budget plans, and the council's financial management arrangements (including strategies to address risk).
- 7.4 The collection fund and council tax base are governed by Statutory Instrument 2012 No.2914 of the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012. The council is legally obliged to set the council tax base and notify the precepting authorities by 31 January each year.
- 7.5 In addition, section 114 of the Local Government Finance Act 1988 requires the Chief Financial Officer to '...make a report ... if it appears to him that the Authority, a committee or officer of the Authority, or a joint committee on which the Authority is represented':
 - a) has made or is about to make a decision which involves or would involve the Authority incurring expenditure which is unlawful,
 - (b) has taken or is about to take a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency on the part of the Authority, or
 - (c) is about to enter an item of account the entry of which is unlawful.

8. Property implications

- 8.1 Any direct property implications as a result of service redesign and revenue savings proposals will be assessed as part of the council's strategic property review.

9. Staffing implications

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

10. Equality implications

- 10.1 An equality impact assessment is undertaken on all proposals as they develop and on the overall budget and implications along with any required action will be reported when assessments are finalised, to allow Cabinet to consider any revisions required to the budget as it progresses and is finalised.

11. Consultation

- 11.1 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. The 2010 Equality Act whilst not imposing a specific duty to consult, lays a requirement to have due regard to the equality impact when exercising its function.
- 11.2 Consultation is an integral part of the budget process and a wide programme of consultation is being undertaken to consult with a wide range of stakeholders (i.e. councillors, council tax payers, service users, and potential service users as appropriate, NNDR rate payers, voluntary and community organisations, etc.).
- 11.3 Overview and scrutiny committees have received draft revenue budget proposals, and their recommendations are reported at **Appendix 2**. Committees will receive and consider any revisions to the draft budget proposals, and feedback from budget consultation during December 2015 / January 2016, with further recommendations to be reported back for Cabinet to consider in producing their final budget recommendations on 3 February 2016.
- 11.4 Consultation is an integral part of the council's budget setting process. Since 29 October 2015, consultation on the council's purpose and corporate priorities and proposed changes to services has been taking place and feedback has been gathered from a wide range of stakeholders including residents, service users, and potential service users as appropriate, business rate payers, voluntary and community organisations and other partner organisations.
- 11.5 Whilst consultation on the council's purpose and corporate priorities is complete, with findings summarised in **Appendix 3** of this report, service specific consultation related to individual draft budget proposals remains ongoing and will be reported to Cabinet to allow them to consider these and to inform Cabinet's final budget recommendations to Council in February 2016.
- 11.6 In addition, during the Autumn of 2014, in preparation for the 2015/16 budget, significant work was undertaken to understand what people who live, work, visit or do business in the borough felt the council's spending priorities should be and was used to shape the council's purpose and corporate priorities. In addition specific feedback was sought on individual service change proposals. Overall this work generated over 10,000 responses, gathered via a range of methods including face to face, online, in writing and over the phone.
- 11.7 As this data was gathered just 12 months ago and in order to maximise its use, this feedback has and will be used to inform proposals for the 2016/17+ budget. Detailed findings were reported to Cabinet on 17 December 2014 and are summarised as follows:
- Residents are fairly well aware of the challenges faced with public sector budgets, but many find it difficult to comprehend the scale of savings needed.

- People find it far easier to say what services they wish to see protected rather than ceased, reduced or changed. Few call for ceasing services altogether, preferring to suggest reductions in services.
- There were calls for the protection of core universal services such as those that help keep the area looking cared for and helping people move around.
- Residents expect the council to deliver value for money and will first and foremost look to itself to make savings rather than cut front facing services that are important to them. Achieving this through better housekeeping, efficient service delivery, streamlining staffing and political structures, including pay.
- There appears to be more of an appetite for paying 'a little' more to help protect services.
- Residents did not want to see services outsourced to the private sector. There was however an appetite to share services with other councils on the assumption that there are savings to be made. Using the voluntary sector to deliver services is also seen as positive for both parties.

11.8 Extensive service change consultation was undertaken in 2014 and is also taking place in relation to policy 'service change' draft budget proposals put forward for the 2016/17 budget.

Background papers: Various financial working papers.

Authors

Vicky Buckley, Head of Finance, ☎ 652326, ✉ Vicky.Buckley@walsall.gov.uk

Stuart Wootton, Financial Planning Mgr, ☎ 652348, ✉ Stuart.Wootton@walsall.gov.uk



James Walsh
Assistant Director – Finance (CFO)
8 December 2015



Councillor M Bird
Leader of the Council
8 December 2015

Appendices: -

- 1 Policy paper – Delivery model for Internal Audit and Risk
- 2 Feedback from Overview and Scrutiny Committees -
 - 2a Education and Children's
 - 2b Corporate and Public Services
 - 2c Social Care and Health
- 3 Summary of consultation findings to date
- 4 Draft Capital Programme by portfolio

PORTFOLIO: Leader of the Council**Delivery Model for Internal Audit and Risk**

Estimated Net Saving				
2016 / 2017	2017 / 2018	2018 / 2019	2019 / 2020	Implementation / Investment cost
£153,000	£40,000	£0	£0	£0

1. Description of the Proposal

- 1.1 The Head of Internal Audit left the council on 1 October 2015 and this post has been deleted, providing an opportunity for reviewing service delivery options for internal audit.
- 1.2 Internal audit is currently delivered by an in-house team of 7 FTE's (2 posts are currently vacant), reporting to the Audit Manager. Risk management currently reports to the Head of Finance and is delivered by 0.4 FTE's.
- 1.3 In line with the current thinking for assurance activities, the functional separation of internal audit and risk is outdated. The most recent thinking is Assurance Based Audit (ABA). ABA uses the risk based approach to co-ordinate all assurance activity to ensure that duplication is minimised and a co-ordinated assurance position is given to management. Risk based auditing is employed in place of the traditional systems based audit approach. This raises the profile of risk management and embeds it in the day to day operations and management of the business as opposed to it being perceived as a 'bolt on' exercise.
- 1.4 There are a number of available options to the council for the future service delivery of internal audit and risk within the council's current medium term financial outlook, for example:
 - Retain as an in-house function and merge internal audit & risk with reduced management costs.
 - Outsourcing the delivery of internal audit and risk to a third party provider.
 - Co-sourcing in adopting a similar approach as the outsourcing model, but service delivery is shared between the contracted third party provider and the in house team, with the third party provider delivering specialised areas or those that are more cost effective to outsource, such as IT audit and forensic investigations. This is the current internal audit service model.
 - Shared Services in sharing service delivery with other local authorities / public sector organisations.
- 1.5 Having fully considered the options, an outsourced model is recommended for the following reasons:
 - Effective internal audit and risk functions require a diversity of skills that local authorities can find difficult to source and retain.

- Difficulties have been experienced in trying to employ suitably qualified and experienced staff from the Agency to provide additional audit coverage.
- In house teams are not as able to keep abreast of / afford, continuing professional development and training.
- Specialist expertise and in-depth knowledge cannot be as easily sourced by an in-house team. For example computer audit expertise is bought in on an annual basis.
- In house teams do not always have the awareness of current and emerging issues, both sector specific and general, that third party specialist providers may be privy to.
- In cross organisational working, knowledge of best practice from other organisations / sectors can be shared and capitalised upon.
- An element of added independence is obtained from an outsourced arrangement, which may not be effectively realized using only employee internal auditors who are being directly paid and possibly influenced by the organisation itself.
- In house teams transferring to third party providers, can benefit from training and development opportunities that are not otherwise available to them via a local authority in house model.
- An outsourced service delivery model for internal audit and risk would fit seamlessly into an 'assurance based service' with contract monitoring being the responsibility of the new assurance head or lead. Until that time, contract monitoring responsibilities would be assumed by the CFO.

1.6 An invitation to tender for the Internal Audit and Risk Management service was issued on 18 November 2015 using the Crown Commercial Services Consultancy One Framework RM1502 Lot 5.1. The benefits of using this framework are that pre-qualifications of finance, experience, and training have already been undertaken. All the companies on the framework are nationally known and reputable thereby reducing the potential risk to the council. At this point the council is not under any obligation.

1.7 There would be 2 phases to the agreement:-

Phase 1 would require the provider to produce a 3 year Audit Strategy 2016/17 to 2018/19; an Annual Audit Plan for 2016/17 and to update the Audit Charter by 8th February 2016;

Phase 2 would be the implementation of the plan commencing 1 April 2016 to be delivered in accordance with the requirements of the Public Sector Internal Audit Standards (PSIAS). Any employees that are transferred to the Provider via the TUPE process would commence employment with the Provider from this date.

1.8 The agreement would be for a period of **2 years** (with the option to extend for 2 further 12 month periods).

2. Implications Associated With Proposal

2.1 Corporate Plan

The proposals for the future delivery of the Audit & Risk service will not impact upon the delivery of the council's priorities set out in the Corporate Plan.

2.2 Customers

2.2.1 Section 151 of the Local Government Act 1972 specifies that 'every local authority will make arrangements for the proper administration of their financial affairs and will secure that one of their officers has responsibility for the administration of those affairs'. The Chief Finance Officer is the responsible officer for the Council.

2.2.2 In addition, the Accounts & Audit Regulations 2015 refer specifically to matters pertinent to internal audit and risk within local authorities:

'(1) A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

(2) Any officer or member of a relevant authority must, if required to do so for the purposes of the internal audit:

(a) make available such documents and records; and

(b) supply such information and explanations; as are considered necessary by those conducting the internal audit.

(3) In this regulation "documents and records" includes information recorded in an electronic form.

2.2.3 The Provider would be required to comply with all conditions, warranties and representations expressed or implied by statute or common law, council policies, strategies, rules and procedures in delivering the Internal Audit and Risk service to the standards required. This would ensure that the service to customers continued to be of a high standard.

2.3 Employees

As the preferred delivery option is outsourcing, TUPE arrangements would apply. HR, legal and procurement have been involved in preparing the tenders papers and will be involved on an ongoing basis.

2.4 Partners

The proposals for the future delivery of the Audit & Risk service will not impact on partners.

2.5 Other Council Services

A communication and consultation plan will be produced to ensure that all stakeholders are made aware of the change in service provision.

3. **Associated Risks / Opportunities**

The proposal to outsource provides a number of opportunities and mitigates against the risks of either keeping the service in house with a reduced management cost and either co-sourcing or a shared service model.

Effective internal audit and risk functions require a diversity of skills that local authorities can find difficult to source and retain. Difficulties have been experienced in trying to employ suitably qualified and experienced staff from the agency to provide additional audit coverage. In house teams are not as able to keep abreast of / afford, continuing professional development and training. Specialist expertise and in-depth knowledge cannot be as easily sourced by an in-house team. This will need to be bought in on an annual basis. In house teams do not always have the awareness of current and emerging issues, both sector specific and general, that third party specialist providers may be privy to. In cross organisational working, knowledge of best practice from other organisations / sectors can be shared and capitalised upon. In house teams transferring to third party providers can benefit from training and development opportunities that are not otherwise available to them via a local authority in house model.

4. **Consultation and Customer feedback**

- 4.1 Cabinet approval is required. Consultation will also need to be undertaken with the Audit Committee. A communication and consultation plan will be produced to ensure that all stakeholders are made aware of the change in service provision.

5. **Legal Implications**

- 5.1 Under the Accounts and Audit Regulations 2015, the council is required to 'undertake an effective Internal Audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance'. There are no restrictions placed on how this is delivered.

All procurement and contractual arrangements would be required to comply with the council's Contract Rules and advice sought where necessary from Legal, Procurement and HR.

6. **Equality Implications**

- 6.1 An Equality Impact Assessment has been completed as part of the procurement exercise.

Resource Allocation 2016/17 to 2019/20: Draft Revenue Budget - Recommendations of the Education and Children's Services Overview and Scrutiny Committee following Budget Consultation

Summary of report

This report presents the comments and recommendations from the Education and Children's Services overview and scrutiny committee following consideration of the draft revenue budget proposals for 2016/17 to 2019/20 at the committee's meeting on 24 November 2015. This will enable consideration by Cabinet on 16 December 2015.

All overview and scrutiny committees have received the draft revenue budget proposals in respect of the portfolio of services falling within their remit. Any changes to these proposals, following consultation, along with the draft capital programme, will be reported to a future meeting of the Committee, providing an opportunity to make further recommendations to Cabinet. Cabinet are requested to consider the feedback contained within this report in formulating their draft budget proposals.

Response to the draft budget

The Committee made it clear that the proposed savings expected of Children's Services should be realistic given the significant overspend in previous years which required subsequent use of reserves to balance the budget.

Saving reference 16 – Review and seek to reduce the number of looked after children (LAC)

The Committee questioned how this would be achieved given that previous attempts to do so had little success. It was also made clear that any changes should be made safely and with the best interest of the child at the heart of the decision.

The Executive Director advised of numerous initiatives, such as the investment to reduce demand for statutory intervention (proposal 24). Early help was a key area and edge of care teams would assist in providing support to families, where appropriate and safe, to prevent a child or young person entering care. In addition, the Committee were assured that the council's thresholds were accurate and being consistently applied. A systematic review would be undertaken of all placements to ensure that children and young people were in the right place. Where children could return home or achieve permanency this will be expedited more quickly.

Saving reference 14 – Review and reduce short break services (Policy)

The Committee sought clarity on the introduction of a 100 hour cap on short breaks and expressed concern that this could lead to a rise in Looked After Children (LAC) and impact upon foster carers. The Executive Director (Children's Services) advised that the reduction would bring the council into line with comparator Local Authorities. It was

clarified that should a child need the service as part of their Care Plan it would be provided.

Saving reference 22 – Review all children’s external residential placement packages and seek to develop and provide alternative cheaper provision where appropriate.

It was identified that the cost of external placements were costly and efforts to reduce this were supported. The Executive Director assured Members that any changes would be made safely and with wrap around care.

Saving reference 26 – Invest to save: Reduce the number of social work posts within children’s services as a result of the investment in toxic trio prevention.

The Committee stated that any proposal to reduce staff should not have a negative impact on the level of care and support provided to the children and young people receiving it. The Executive Director advised that the use of non qualified social workers would be used to provide additional support. It was proposed that 13 Social Worker facilitators would be appointed.

Saving reference 30 – Generate additional income through marketing under occupied internal short break placements and charging other local authorities for use of them.

The Committee sought clarity that this would not impact existing short break placements for those within the borough. The Executive Director (Children’s Services) advised that there was capacity to offer other Local Authorities use of the facility as it was not fully used.

Saving reference 149 – Consider ceasing to provide the Toy Library service and distribute existing stock across Children’s Centres and organisations working with and on behalf of the council (Policy)

The Committee noted that this was unfortunate, however, it was accepted that there were difficult choices to be made and so did not contest the saving proposal. Members were assured that the toys would be redistributed to ensure that they were still used.

Saving reference 169 – Reduce Virtual School Service

Concern was raised at the proposed reduction and sought clarity as to what would be in place for LAC. The Committee were advised by the Assistant Director (Access and Achievement) that the service would still be provided. A virtual head would be appointed and work 5 days a week supported by 2 other members of staff.

The Panel Resolved:

That Cabinet be requested to take note of the comments made above during deliberation of the budget.

Author

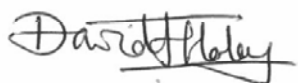
Neil Picken

Senior Committee Business and Governance Manager

☎01922 654369

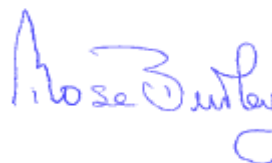
Neil.picken@walsall.gov.uk

Signed:



David Haley
Executive Director
Children's Services

Signed:



Councillor R. Burley
Chair, Education and Children's Overview and
Scrutiny Committee

2nd December, 2015

Resource Allocation 2016/17 to 2019/20: Draft Revenue Budget - Recommendations of the Corporate and Public Services Overview and Scrutiny Committee following Budget Consultation

Summary of report

This report presents the comments and recommendations from the Corporate and Public Services Overview and Scrutiny Committee following consideration of the draft revenue budget proposals for 2016/17 to 2019/20 at the committee's meeting on 25 and 26 November 2015. This will enable consideration by Cabinet on 16 December 2015.

All overview and scrutiny committees have received the draft revenue budget proposals in respect of the portfolio of services falling within their remit. Any changes to these proposals, following consultation, along with the draft capital programme, will be reported to a future meeting of the committee, providing an opportunity to make further recommendations to Cabinet. Cabinet may wish to consider the feedback contained within this report in formulating their draft budget proposals.

The Committee considered a presentation from each portfolio holder on the savings proposed in their areas. The below is a summary of the main points raised for each portfolio.

Please note comments are only provided on those savings where questions or concerns were raised:

Clean and Green

The Committee considered the savings for the Clean and Green portfolio at its meeting on 26 November 2015. Details on each saving were presented to Members. The below is a summary of comments on those savings where questions and concerns were raised:

50 Reduction in IT and systems support within Clean and Green

Following questions Members were reassured that this saving did not impact on the clean and green contact centre.

55 Reduction in compliance management

58 Reduction in infrastructure maintenance service

Members were informed that these savings related to council vehicles. The savings would not affect safety.

59 Reduction in resources deployed in countryside areas

This meant there would be one less Environmental Officer. It was likely that repairs to countryside sites would be slower.

60 Reduction in resources deployed at Walsall Arboretum

This saving would have a small impact on maintenance. The Heritage Lottery Fund had been consulted and agreed to the changes. There was no job losses related to this saving.

62 Reduction in public health transformation fund

This would reduce resources to the public health. The service was under pressure from in year budget reductions and future savings.

63 Reduction of the frequency of grass cutting on highway verges

66 Reduction in street cleansing service (policy)

A Member suggested that long grass in highway verges could cause litter to accumulate and the areas would be better if they were replaced with tarmac.

A Member expressed a fear that reduced levels of street cleansing and grass cutting could lead to the creation of grot spots and create a negative image of Walsall. Members were reassured that strategic gateways would be prioritised.

Ideas such as working with local businesses to raise a levy to help with street cleansing were discussed.

64 Reduction in the levels of parks maintenance

This was also a reduction in one Environmental Officer. Tasks would be reallocated across the wider team.

65 Reduced herbicide treatments on green spaces

This saving did not affect herbicide treatment for highways.

67 Increase in the income from bulky collection as a result of increased demand

This would be achieved by altering the income generation target. The service was well used by residents.

Community, Leisure and Culture

The Committee considered the savings for the community, leisure and culture portfolio at its meeting on 25 November 2015. Details on each saving were presented to Members. The below is a summary of comments on those savings where questions and concerns were raised:

72 Reduce opening hours at the New Art Gallery (policy)

Members questioned whether Sunday was the best day to close as it was a good day for families to visit. The Committee was informed that Sunday was the quietest day for visitors at the New Art Gallery (NAG). The NAG was very busy in the week with passing trade and organised educational visits.

74 Consider closure of 7 libraries across the borough and mobile library service (Policy)

The Committee was very concerned that the libraries proposed for closure were in the more deprived areas of the borough. There were concerns that this could further reduce the long term prospects of these communities.

Whilst Members recognised the value in introducing more volunteers into libraries to sustain the service there were worries that not enough work was taking place to build sufficient capacity in local communities. Members also felt that deprived communities were less likely to volunteer to assist in libraries which further compounded the problems that could be caused by the proposals.

The committee was informed that the libraries proposed for closure were selected as they were the least visited libraries. On reflection the committee felt that the methodology for selecting libraries for closure should be altered. It was recommended to Cabinet that the criteria for library closures be altered to take into account educational attainment, achievement, life chances and deprivation indices.

80 Cease area management and area panels (Policy)

The Committee felt that Walsall Voluntary Action had been ineffective for a number of years and were informed now a new body would set up and funded by a group of partners.

Members were concerned about the loss of Area Panels without a firm proposal to replace them. It was believed that a new model of area panels that engaged the community and had clear powers and responsibilities could be successful.

86 Provide an income stream from the use of the environmental levy (policy)

It was explained to Members that funding that was previously set aside as a sinking fund for the replacement of crematoria and mercury abatement was to be reallocated. The potential £1m cost of replacement would now be factored into the capital programme.

87 Leisure centres to become self sufficient by 2018/19

Questions were raised if it was anticipated Darlaston and Gala Baths would break even. The committee were informed that it was expected the financial performance of the boroughs four leisure centres would break even with surpluses from newer centres making up for deficits at others.

89 Additional charges to cover the council's contribution to schools library support service above those charged for the core service. This will achieve full cost recovery.

Following questions Members were informed that academy schools did not have to buy into this service but it was felt the charges were achievable. The service could be sold to schools outside of the borough too.

90 Registrars service to become self sufficient by 2018/19

Members questioned how this would happen and were reassured that this would happen by increasing the range of goods for sale in the service rather the increase of fees.

Economy, Infrastructure and development portfolio

The Committee considered the savings for the Economy, Infrastructure and Development portfolio at its meeting on 26 November 2015. Details on each saving were presented to Members. The below is a summary of comments on those savings where questions and concerns were raised:

100 Integrate the environmental health, trading standards, licensing and community safety teams

A Member expressed the view that he understood the logic of integrating the environmental health, trading standards and licensing teams but felt that the community safety team should be separate. It was explained that the officers in the new team would all have enhanced enforcement and regulatory roles.

103 Use of bus lane enforcement cameras

Members called for bus lane enforcement at Junction 10 of the M6 to be relaxed during the upcoming improvement works.

109 Consider reducing the maintenance of council car parks

The Committee queried if this was a good idea in the long term and were provided with reassurance that many of the council's car parking spaces were empty so it was anticipated the reduction in funding could be tolerated.

Members expressed concern about the reduction in cleansing. Particularly in autumn when there was increased leaf fall.

119 Increase the charge for district markets by £5 a stall

A Member recalled a recommendation of the former Markets Working Group which stated that market stalls needed replacement. He felt it was unlikely that traders would pay increased fees without better facilities.

120 Capitalise the remaining revenue elements of the salary costs of 4 employees in the highways maintenance team (policy)

Following questions the Committee were informed that this was the Council using capital, rather than revenue, funding to pay for staff. This was allowed with some capital projects.

124 Increase in the cost of parking permits

Members queried if this increase was for the general public but were informed it was for staff and councillors who used council parking permits.

Leader of the Council

The Committee considered the savings for the Leader of the Council at its meeting on 26 November 2015. Details on each saving were presented to Members. The below is a summary of comments on those savings where questions and concerns were raised:

138 Increased income from schools for financial advice and support

Members queried if this new income was achievable given that academy schools often purchased similar services from their sponsors. The Leader felt the income was achievable as the council provided a tried and tested service which schools could have confidence in.

Personnel and business support

The Committee considered the savings for the personnel and business support portfolio at its meeting on 26 November 2015. Details on each saving were presented to Members. The below is a summary of comments on those savings where questions and concerns were raised:

171 Operational changes across Human Resources

Members expressed concern that there could be changes to the services purchased by academy schools that affected the viability of some Human Resources services. This was acknowledged as a potential risk but every effort would be made to maintain current customer levels.

172 Reduction in trade union facility time

Members questioned whether the reduction in trade union facility time would create a situation where the workforce did not have sufficient trade union representatives available. The Portfolio Holder explained that if the budget was implemented the council would have approximately 3750 staff of which half were known to be trade union members. Therefore he felt the level of trade union facility time was appropriate.

Shared Services and Procurement

The Committee considered the savings for the shared services and procurement portfolio at its meeting on 26 November 2015. Details on each saving were presented to Members. The below is a summary of comments on those savings where questions and concerns were raised:

184 Establish a charitable body to deliver welfare advice and support and withdraw grant to the Walsall Citizens Advice Bureau for welfare advice.

It was explained to Members that the charitable body was designed to be a way of creating an improved welfare advice service to local residents with reduced cost. The current system of welfare advice was too expensive and could not be maintained in the long term. Radical change was required if it was desired to maintain current levels of support and potentially improve them.

The Committee expressed concern about this proposal. Members felt that the Citizens Advice Bureau (CAB) was a well established and respected source of welfare advice and queried why a separate body was being established rather than simply supporting the CAB to improve. Members also questioned whether the proposed charitable body would be operational before funding was withdrawn from the CAB. Taking these factors into consideration the Committee made a recommendation to Cabinet asking for funding to the CAB to be maintained at existing levels.

185 Review of council tax reduction scheme (council decision)

The Committee were informed that the saving would be made by reducing the level of support received by residents who received help with paying their council tax by 25%. This would mean those residents would pay 50% of their council tax from 2017/18.

Members expressed concern that this budget saving would disproportionately affect disadvantaged people.

186 Outsource internal audit and risk contract

A Member felt that the relatively small saving proposed may not be worth the loss of corporate knowledge from the existing team. This point was acknowledged and the Committee informed that an assessment of this point would be made during the development of the business case for the proposal.

187 Restructuring of teams across ICT

A Member suggested that the Council should increase its use of Open Source computer programmes to make savings on expensive licence fees.

The Committee Resolved:

- 1. That this Overview and Scrutiny Committee urges Cabinet to rethink and change its methodology for library closures and base their decision on educational attainment, achievement, life chances and deprivation. Further to this capacity should be created in the third sector to develop a volunteer base to improve the long term sustainability of the library service.**
- 2. This Overview and Scrutiny Committee asks the Cabinet to recognise the importance of Walsall Citizens Advice Bureau to the people of Walsall at this time of increased austerity and urges the Cabinet to maintain the current level of funding to Walsall Citizens Advice Bureau.**

Author

Craig Goodall

Committee Business and Governance Manager

☎01922 654765

craig.goodall@walsall.gov.uk

Signed:



Rory Borealis

Executive Director

Change and Governance

Signed:



Councillor M. Nazir

Chair, Corporate & Public Services Overview and
Scrutiny Committee

Signed:



Simon Neilson

Executive Director

Economy and Environment

7 December 2015

Resource Allocation 2016/17 to 2019/20: Draft Revenue Budget - Recommendations of the Social Care and Health Overview and Scrutiny Committee following Budget Consultation

Social Care and Health overview and scrutiny committee meet on 10 December 2015, after despatch of this report, so any recommendations will be circulated separately in advance of Cabinet.

Summary of Consultation Findings to Date

1. Budget Consultation – consultation on purpose and priorities

- 1.1 In order to further shape and agree the council's purpose and corporate priorities for the next four years, anyone who lives, works, studies, visits or does business in the borough was invited to have their say on the council's key purpose and corporate priorities. Feedback was gathered via a range of channels including online and paper questionnaires, email, in writing or over the phone.
- 1.2 To meet our statutory duty to consult non domestic rate payers on the budget, over 2,750 businesses¹ were contacted directly and invited to have their say. In addition targeted social media was used to engage with the business sector and invite their comment.
- 1.3 By the closing date over 200 responses had been received, most of which were via the online questionnaire. A small number of responses were also received by email and post, plus letters from;
 - The Birmingham and Black Country Wildlife Trust (BBCWT)
 - Walsall Citizens Advice Bureau (CAB)
 - European Welfare Association (EWA)
 - Walsall Clinical Commissioning Group (WCCG)
 - Walsall Friends of the Earth (FoE)
 - Walsall Police (WP)
- 1.4 Relevant feedback on the budget from these organisations is summarised in section 8 of this Appendix.

2. Feedback on our key purpose and corporate priorities

- 2.1 221 responses were made via the online questionnaire which asked questions about:
 - Their general awareness of the council's current and future financial situation
 - The council's purpose and corporate priorities
 - What council services should be protected, reduced or ceased and
 - Views around helping meet the financial challenge by paying more in fees and charges.
- 2.2 Responses to the online survey were received from a range of stakeholders including;

¹ Businesses involved in manufacturing, construction, business and professional services, logistics and distribution, as well as partners and stakeholders including Banks, developers, commercial agents and training providers, some of whom are based in Walsall, whilst others have an interest in the area.

	Number	%
Resident of Walsall	205	93%
Walsall Council employee	28	13%
Community / voluntary sector representative or charitable organisation	6	3%
Education sector	4	2%
Public sector organisation i.e. Police, Fire, Health	2	1%
Other local authority	2	1%
Business sector representative	1	*
Housing sector	1	*
Other	1	*

* = 0.5% or less. Other = Relative of Walsall resident with special needs.

- 2.3 The results summarised here are based on a small number of responses mostly of which were gathered online and therefore do not constitute a representative sample. Results are therefore a snapshot of opinion and should be treated as such.

3. Awareness of current cuts in government funding

- 3.1 Whilst most respondents are aware of reductions in current government funding for council's, awareness is less in terms of future reductions.
- 3.2 88% of Walsall residents who answered the survey were aware that government funding for Walsall Council has reduced by £102 million over the last 5 years. Fewer (70%) were aware that government funding for Walsall Council is likely to reduce by a further £43 million over the next 4 years.
- 3.3 All non residents and non council employees (6 people) were aware of the reductions in government funding over the last 5 years, with 4 aware that reductions were likely to continue.

4. Council's key purpose

- 4.1 80% of all respondents agreed that the council's key purpose *'Improve lives and life chances for everyone who lives and works in the Borough of Walsall and in so doing minimise the help that residents need from the state'* was right for Walsall.
- 4.2 Comments were generally supportive of minimising reliance on the state and that people need to do more to help themselves. However, many comments from those who agreed with the key purpose highlighted the need to continue to support the most vulnerable including children and adults.

'I think that opportunities and work should be offered to local residents to reduce the burden on the local council. I also believe that people have to create their own opportunities and not have them handed to them on a plate; they need to put something into things to get something out.'

'People need to learn to stand on their own two feet. The more that the Council does for residents the more they will let them. Only the vulnerable need help. Resources need to be targeted at the young, disabled and elderly.'

'Improving lives/life chances is a positive purpose but the vulnerable still need to be protected.'

'We need to teach people to be self supportive not just offer hand outs - we need to offer a hand up and educate/train/enthuse/empower and get people out of the rut of it being better paid on benefits than in employment.'

It is important to me that we focus on reviving community spirit and promote the need for everyone to look after our borough and work together to improve it without waiting for 'someone else' to do it for us.'

'Those that can be independent should be encouraged to be so. However, those in proven need of assistance should continue to receive help.'

- 4.3 20% of all respondents disagreed that the purpose was right for Walsall. Many comments expressed concerns that the key purpose fails to adequately reflect that support is often needed by the most vulnerable people in society, and thus many disagree that the purpose is right for Walsall. Some felt that minimising help was counter-productive.

'Those that need the most support in improving their lives and in gaining the ability to access available opportunities will be the people most disadvantaged by minimising such state support.'

'Vulnerable residents are still going to need help from the state and no amount of restricting is going to change the fact that they are going to be hit the hardest.'

'How is minimising help going to gain anything, it would make the area worse.'

- 4.4 Walsall Citizens Advice Bureau felt that the overall purpose was not sufficient to aspire to improve the lives of everyone, also citing that particular individuals and communities require greater assistance and help than others. Walsall CAB suggested the addition of the following sentence:

'We recognise that at a time of scarce resources we need to target support to those in greatest need, who through disadvantage and discrimination are more likely to find themselves living in poverty, with limited opportunities to improve their lives.'

5. Corporate priorities

- 5.1 When asked about the council's corporate priorities the one most commonly selected by residents as most important to them i.e. their 'first priority', is "Improving health and well being, including independence for older people and the protection of vulnerable people", (35%). It is important to keep in mind that this does not mean that residents regard the other priorities as unimportant.

- **35% ranked - Improving health and well being, including independence for older people and the protection of vulnerable people - as their top priority.**

5.2 Why do you say this;

'I think that this group of people are the most vulnerable in our society and there it is important that they are supported to remain as independent as possible for as long as possible.'

'With an aging population living longer and emerging financial pressures ahead, this has to be a higher priority to make sure a crisis of catastrophic proportions does not hit the next generation.'

'By helping older people to maintain independence, as an ever growing population their "drain" on the system would have less impact if they retained more independence.'

'I believe people's health and well being to be of utmost importance, giving them every opportunity to work and sustain themselves well into older age. Vulnerable people need to be protected, nurtured and loved by provision of every possible help.'

- **29% ranked - Improving safeguarding, learning and the life chances for children and young people, raising aspirations - as their top priority.**

5.3 Why do you say this;

'Investing in the future. Happy, safe and well educated children will lead to reduction of help needed as they become adults.'

'We have to plan for the future and what happens to young people today has an impact on the rest of their lives. All of our young people deserve the best we can give them.'

'If we can get the young on the right tracks it helps reduce further generations dependant on the state.'

5.4 One Walsall based business commented that recruiting competent people is a major challenge for them and so from their perspective their top priority would be education, which they feel should be at the core of the council's work.

'When I look at your 5 priorities you have listed I ask myself how are you going to do this and each time I answer with education, which must be at the heart of your strategy.'

- **17% ranked - Supporting business to thrive and supporting local people into work - as their top priority.**

5.5 Why do you say this;

‘Because thriving businesses are needed to train/employ local people to ensure they are earning a wage, which in turn will support them and their family and reduce the need for state help through benefits of all classifications.’

‘Essential to maintain and enhance the prosperity and development of the Borough thus attracting more business and job opportunities benefitting all residents.’

‘Businesses and employment drive economic development and more people in work and more businesses to employ people will result in more available money which will in turn impact on the social well being of the town.’

- **15% ranked - Creating safe, sustainable and inclusive communities - as their top priority.**

5.6 Why do you say this;

‘As a resident I want to feel safe where I live, and when working and living within Walsall. I want to be proud of where I live and for people to support each other and for crime to reduce.’

‘We live in a very diverse community in Walsall. Everyone, regardless of who they are, has a right to feel safe where they live. Our community must be inclusive otherwise we have no chance of accepting one another and working together to deliver other priorities and the budget.’

- **9% ranked - Create a modern, dynamic and efficient workforce designed around what residents need - as their top priority.**

‘I believe this is integral to the success of the Council moving forward and in turn will be equipped to deliver upon the outcomes for the Citizens of Walsall.’

‘Like all businesses the council needs to maximise efficiency.’

‘The workforce is the lifeblood of Walsall Council. The council needs to be efficient and effective to drive other changes and improvements.’

5.7 The Birmingham and Black Country Wildlife Trust stresses that all of the council’s priorities are underpinned by a high quality environment and that Walsall is lucky to have many important natural assets.

‘The natural environment plays a key role in delivering a healthy environment, healthy people, healthy businesses and economy, and securing a high quality of life. It increases the resilience of Walsall to major impacts of climate change including flooding and over-heating. Therefore, a healthy natural environment is of crucial service in securing Walsall’s priorities. Work to secure this objective is

of key importance and must be a key strategic priority in moving Walsall forward.'
Birmingham and Black Country Wildlife Trust

- 5.8 The Trust highlights that when making budgetary decisions there are many environmental implications as well as opportunities and highlights that the natural environment is beneficial for improving health and well-being, education and learning and the economy.
- 5.9 Walsall Citizens Advice Bureau accept the five corporate priorities, but suggest two additional priorities;
- Tackling health inequalities and reducing the gap in life expectancy between the constituencies and wards in Walsall
 - Reducing overall levels of poverty in Walsall with a particular focus on child poverty.

6. Willingness to pay a bit more

- 6.1 Looking at responses from residents only (205 people), when asked what they would be willing to accept in order to protect services, there does appear to be an appetite for paying a bit more (Table 1). 48% of respondents indicate that they would be willing to accept paying for services not previously charged for and 48% say they would be willing to pay more in council tax.
- 6.2 Conversely there is little appetite amongst residents regarding the council charging the full cost of services (23% willing to accept this) or increasing fees and charges above inflation (20% willing to accept this).

	Would accept	Would not accept	Don't know
The introduction of charges for services not previously charged for	48%	27%	25%
The Council charging the full cost of providing services	23%	53%	24%
Increase fees & charges above inflation	20%	60%	21%
Pay more in council tax in order to retain and protect major frontline services	48%	39%	14%

- 6.3 Respondents were presented with a list of broad service areas (Table 2) and asked which council services they think should be protected from cuts, reduced or ceased altogether. The top three services respondents want to see protected were:
1. Education and school improvement
 2. Children's Social Care
 3. Waste collection / recycling

- 6.4 Services respondents wish to see protected tend to involve children and young people, vulnerable adults and universal services, such as waste and highways.
- 6.5 The top three services respondents want to see reduced or ceased were:
1. Support Services - finance, HR etc
 2. Museums, Arts & Heritage
 3. Libraries

Respondents	Base	Protect	Reduce	Cease
Education & school improvement	215	182 85%	29 13%	4 2%
Childrens Social Care	215	172 80%	41 19%	2 1%
Waste Collection/ Recycling	216	144 67%	67 31%	5 2%
Highways - roads and pavements	209	140 67%	66 32%	3 1%
Adult Social Care	212	137 65%	67 32%	8 4%
Regeneration & job creation	214	103 48%	92 43%	19 9%
Youth Services	215	101 47%	96 45%	18 8%
Parks & Greenspaces	210	88 42%	113 54%	9 4%
Leisure Centres	215	67 31%	113 53%	35 16%
Libraries	215	57 27%	121 56%	37 17%
Museums, Arts & Heritage	216	41 19%	128 59%	47 22%
Support Services - finance, HR etc	212	17 8%	150 71%	45 21%

7. Respondent demographics

- 11% of respondents (25 people) considered themselves to be disabled or have a long term illness.
- 53% of respondents were male (116 people) and 52% female (94 people). 5% preferred not to say.
- Most respondents were White British (84%) with 8% belonging to another ethnic group. 8% preferred not to say.

8. Feedback submitted by organisations

8.1 Six organisations submitted general feedback in writing, these were:

- The Birmingham and Black Country Wildlife Trust (BBCWT)
- Walsall Citizens Advice Bureau (CAB)
- European Welfare Association (EWA)
- Walsall Clinical Commissioning Group (WCCG)
- Walsall Friends of the Earth (FoE)
- Walsall Police (WP)

8.2 Comments made that relate to specific draft budget proposals will be reported as part of that consultation process in February 2016. General feedback given on the budget, purpose and priorities is summarised here.

The financial challenge and partnership working

8.3 Organisations recognise the financial challenges the council faces and appreciates the difficult decisions that have to be made, many of them being in a similar position themselves. Working in partnership is seen as more important than ever.

'The Trust understands the financial and budgetary pressures the Council is under and the need to resource the Council's priorities with reducing government funding to 2020. Like many voluntary organisations, we are facing similar pressures.' Birmingham and Black Country Wildlife Trust.

'Being faced with similar challenges ourselves we appreciate the need for partnership working more so than ever before in order to minimise the impact upon the service provided to the public and to plan our resources effectively.' Walsall Police.

'We remain committed to working in partnership with the Council to protect and improve the health and well-being of the people of Walsall within the context of increasing demand and reducing resources.' Walsall CCG.

8.4 Across all the organisations who responded there is a clear message that partnership working is key and something seen as an area that could be further developed and strengthened. Working more closely together, pooling resources, knowledge and expertise is seen as particularly important amid ongoing budget reductions.

8.5 Birmingham and Black Country Wildlife Trust value the long-standing partnership it has with the council, particularly within the Clean and Green service.

'Through partnership working with Walsall Council, the voluntary sector, and the Wildlife Trust have the potential to bring additional project investment to bear in these areas and to contribute to projects already funded, enhancing the experience of those involved in the projects and benefitting the natural environment.' Birmingham and Black Country Wildlife Trust.

- 8.6 Specifically the Birmingham and Black Country Wildlife Trust would welcome the opportunity to partner with the council on a number of aspects of our work. European's Welfare Association (EWA) too directly offer their help by way of providing advice, expertise, experience and insight into the Polish community, which they feel is much needed.
- 8.7 Walsall Police specifically value and recognise the importance of their partnership with the council in terms of joint initiatives, managing the response to enviro-crime and noise nuisance. In addition Area Partnership Panels are seen by the police to play an important role with regard to reducing repeat demand.

Vulnerable groups and communities

- 8.8 Supporting vulnerable groups and communities is a common underlying theme flowing through the feedback received.

'It is a priority for all partner agencies to support and safeguard vulnerable communities such as the elderly, disabled and those suffering mental health issues and adult social care budgets are critical to this.' Walsall Police.

- 8.9 Walsall Police specifically highlight the role of youth services, early help offer and the troubled families programme in supporting families and diverting young people away from the Criminal Justice System. Furthermore they note the positive effect targeted youth work has on increasing the life chances and aspirations of children and young people.
- 8.10 Walsall Police also cite community cohesion as becoming 'an increasingly critical function', 'particularly as Walsall's population is becoming more ethnically diverse'. They also see resilience functions being 'critical to the improvement of contingency arrangements...to reduce vulnerability and maximise resilience and security'. They further note the importance of borough intelligence products produced by analysts in a partnership arrangement with the council and how such intelligence allows them to 'focus resources effectively'.

Draft Capital Programme 2016/17 to 2019/20**PORTFOLIO: CARE AND SAFEGUARDING**

The following summarises the proposed capital investment for the Care and Safeguarding Portfolio over the next four years.

Care and Safeguarding Capital Investment 2016/17 – 2019/20					
Capital Project	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	Source of funding
<i>Preventative Adaptations, Supporting Independence, Aids and Adaptations</i> – Assists households to maintain greater independence and live in their homes for longer through providing low cost adaptations, and assistance with community projects to enable residents to access local services. Supports the statutory requirement to provide disabled facility grants (lifts, hoists)	2.00	2.00	2.00	2.00	Council
<i>Health through warmth</i> – continuation of project up to March 2020 – to help provide a safety net for those who can't access other funding sources, available as a loan charged on the property that is repaid upon sale or relevant transfer of their home.	0.15	0.15	0.15	0.15	Council
<i>Relocation of Integrated Community Equipment team</i> from Electrium Point. Option to add an additional floor at the warehouse and to bring operational and administrative functions together.	0.11				Council
<i>PARIS replacement software</i> – new Mosaic system procured in Summer 2014 for Adult Social Care and Children's Services – development work required to complete	0.03				Council
<i>Windows Server 2012</i> – Capita One system used within Children's Services to record data and is 7 years old and out of warranty. Review of system required to minimise disruption.	0.02				Council
<i>Family Contact Centre</i> – options for potential relocation of the service from Stroud Avenue. This includes options to use existing council buildings, or potential for a new build, with potential to part fund from earmarked capital receipts		1.25			Council
<i>Social Care Capital Grant</i> – support development in three key areas of Social Care – personalisation, reform and efficiency, to keep people at home as long as possible and swift return home from bedded care	0.80	0.80	0.80	0.80	External
Total	3.11	4.20	2.95	2.95	

In addition to the above, there is also the proposed strategic schemes for the review of EDC, Sneyd and Family Contact Centre. These will be subject to a separate business case to be reported to Cabinet and will be included in the latest update of the draft capital programme when confirmed. Where practical, a payback agreement should be implemented, whereby projects should, wherever possible be self funded over the life of the project and beyond.

There is also a further allocation of £1.15m on the reserve list per annum for Preventative / Aids and Adaptations, which will be released in year subject to funding being confirmed and linked to council priorities.

PORTFOLIO: CLEAN AND GREEN

The following summarises the proposed capital investment for the Clean and Green Portfolio over the next four years.

Clean & Green Capital Investment 2016/17 – 2019/20					
Capital Project	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	Source of funding
Mayrise System Mobile Working – Purchase of additional hardware and software to enable in-cab and mobile working.	0.02	0.02	0.02		Council
New wheeled bins - Purchase of 31,015 new wheeled bins to support the revenue savings proposal to move to alternate weekly collections. This equates to 25,415 240L bins and 5,600 360L bins.	0.65				Council
Total	0.67	0.02	0.02	0.00	

There is an allocation of £300k on the reserve list for the resurfacing of the access and parking areas at Aldridge Airport, which will only be released in year should match funding be required to secure external funding towards this scheme.

PORTFOLIO: COMMUNITY, LEISURE AND CULTURE

The following summarises the proposed capital investment for the Community, Leisure and Culture Portfolio over the next four years.

Community, Leisure and Culture Capital Investment 2016/17 – 2019/20					
Capital Project	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	Source of funding
Libraries Universal Digital Offer - Investment in a more rapid and interactive experience from technology that will keep pace with advancing technology and provide an up to date service which will meet their developing digital needs.	0.05				Council

Community, Leisure and Culture Capital Investment 2016/17 – 2019/20 (Continued)					
Capital Project	Capital Project	Capital Project	Capital Project	Capital Project	Capital Project
Active Living - Oak Park and Bloxwich Leisure Centres - addresses the physical standard of the Council's current leisure centres, specifically the re-building of Oak Park and Bloxwich Leisure Centre – includes funding for asbestos and road junction work.	1.89				Council
Pro-active Memorial Safety in Walsall cemeteries - assist in ensuring that Walsall Council complies with statutory obligations to provide a safe environment in its eight borough cemeteries.	0.03	0.05	0.04	0.04	Council
Leisure Management System - provides both an immediate customer interface and also essential management information to effectively control and drive the service. The proposal is for a new Leisure Management System for Bloxwich & Oak Park Active Living Centres, Darlaston Swimming Pool, Walsall Gala Baths, Walsall and Darlaston Town Hall.		0.35			Council
Willenhall Lawn Cemetery extension - to fund professional services to develop land to the east of the existing cemetery to provide facilities to continue to inter the deceased at Willenhall Lawn Cemetery		0.29	1.26		Council
Extra land at Borneo allotment - The council has a statutory requirement to ensure there are enough allotments in the right place. Match funding required to secure external funding.	0.03	0.03			Council
Aldridge Airport - Residential Outdoor Education - At present Walsall has no residential outdoor education delivery capacity and no formal relationship with out-of-borough providers. This project is to develop residential provision at the Aldridge Airport Activity Centre.		0.09			Council
Restoration and Renovation of Broadway West Playing Fields - Formal sports use was suspended at this site in 2003 following discovery of high levels of heavy metal contamination. Further more recent testing has been undertaken and proposals put forward in order to bring it back into beneficial use. Match funding required to secure external funding.		0.07			Council

Community, Leisure and Culture Capital Investment 2016/17 – 2019/20 (Continued)					
Capital Project	Capital Project	Capital Project	Capital Project	Capital Project	Capital Project
Arboretum Car Park - The improvements will provide a high quality car park to support visitors to the borough's premier park proposing to introduce parking charges to reinvest in the wider park.	0.43				Council
Open + in libraries - Cost of implementing Open + to 7 retained libraries - this includes building works to bring Darlaston Library on to the ground floor only.	0.30				Council
Heritage Centre for Walsall – co-location of heritage services on the Leather Museum site with off site storage to create operational efficiencies and improvements in service to users. There may be a requirement to match fund this scheme from council sources in order to secure external funding.	0.23	2.00	1.00		External
Active Living - Oak Park and Bloxwich Leisure Centres – external contributions towards the new Active Living scheme	0.14				External
Total	3.10	2.88	2.30	0.04	

There is an allocation of £500k on the reserve list in each of 2016/17 and 2017/18 for the refurbishment of the town hall to increase its potential for lettings. This will be released in year subject to funding being confirmed and linked to council priorities.

PORTFOLIO: ECONOMY, INFRASTRUCTURE AND DEVELOPMENT

The following summarises the proposed capital investment for the Economy, Infrastructure and Development Portfolio over the next four years.

Economy, Infrastructure & Development Capital Investment 2016/17 – 2019/20					
Capital Project	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	Source of funding
Traffic Signals - Replacement of obsolete traffic signal control equipment – Prior year approval - the Council has a statutory duty to maintain all its traffic signal infrastructure and needs to begin a programme of planned pedestrian crossing replacements to ensure the safe and efficient movement of pedestrians across the borough	0.15	0.15	0.15	0.15	Council
Highway Maintenance Programme - As Highway Authority the Council has a legal responsibility to maintain the highway network. Failure to do so inevitably leads to a deterioration of our roads, increasing the likelihood of accidents and would ultimately expose the council to increased risk of third party claims.	2.81	2.81	2.81	2.81	Council

Economy, Infrastructure & Development Capital Investment 2016/17 – 2019/20 (Continued)					
Capital Project	Capital Project	Capital Project	Capital Project	Capital Project	Capital Project
Walsall Town Centre Public Realm Improvements - public realm across the town centre varies greatly in quality, and suffers from a lack of consistency. It is proposed that the public realm across the town centre needs to be surveyed, with specific regard to the upcoming and future town centre developments.		1.00	1.00	1.50	Council
Highway Maintenance DfT Challenge Fund Local Contribution - The application for challenge funding revolved around the economic benefit of investment into the strategic highways of the region. In order to access this funding a contribution of 11% needs to be made from council resources. This will only be allocated once external funding has been secured.	0.21	0.21			Council
Migration of existing Urban Traffic Control analogue communication network - The communications network used to control parts of the traffic signal network has been in place for over 25 years and is based on obsolete analogue technology which is in urgent need for replacement.	0.13	0.13	0.13		Council
Council Building Information Modelling (BIM) requirements - From 2016 the Government has stated that it is a statutory requirement for all Government, Council and other Authorities to be compliant with BIM (Building Information Modelling).	0.27				Council
Hatherton Road MSCP - structural survey - This project will deliver the necessary structural survey required to ensure the short term safety of the car park – with a detailed options appraisal for its demolition either in part or full.	0.08	1.00	0.50		Council
Smarter Workplaces – Prior year approval - The concept of Smarter Workplaces was to reduce the Corporate estate from 23 to two buildings by staff working in a more agile manner; with opportunities to work from home, on site with customers, from appropriate “touchdown” points around the borough in addition to the Council House and Civic Centre.	0.22	0.08			Council

Economy, Infrastructure & Development Capital Investment 2016/17 – 2019/20 (Continued)					
Capital Project	Capital Project	Capital Project	Capital Project	Capital Project	Capital Project
LTP Highway Maintenance Programme – distributed by the Integrated Transport Authority we have an extremely high profile duty to maintain our highways network.	2.40	2.40	2.40		External
Highway Maintenance DfT Challenge Fund - The DfT announced the results of the Challenge fund allocations in April 2015 for the next 3 years	1.60	1.80			External
Integrated Transport Block (ITB)/Local Transport Plan (LTP) Programme 2016/17 - The programme is designed to address road safety issues, progress the Council's major scheme aspirations; and resource the required 'local contributions' to approved major schemes.	1.29				External
Darlaston Strategic Development Area Access Project - The project was developed in response to poor traffic access to and through the Darlaston Green area, especially for heavy goods vehicles.	0.54				External
Growth Deal - The Growth Deal will create the skills, connections and locations for further high value manufacturing success and support growth in the Black Country's automotive, aerospace and construction sectors.	44.00				External
Total	53.70	10.08	6.99	4.46	

There are further allocations on the reserve list, which will be released in year subject to funding being confirmed and linked to council priorities –

- Shop Maintenance £120k – relating to structural repairs and refurbishment prior to letting
- Regenerating Walsall £100k – to promote regeneration activity, including site investigations, obtaining outline planning consent, reclamation and/or demolition work. Also to support the capital receipts programme by preparing council owned land for sale.
- CCTV Public Space Surveillance System £1m (with a further £500k in 2017/18) – to aid the councils duty to assist in the prevention, investigation and detection of crime. The presence of an effective CCTV system is a proven deterrent for anti social behaviour
- Promotion of Community Health and Safety £240k – Support to local schemes to create safer communities, requiring potential match funding to attract external resources.

PORTFOLIO: LEARNING SKILLS AND APPRENTICESHIPS

The following summarises the proposed capital investment for the Learning Skills and Apprenticeships Portfolio over the next four years. Schemes to be funded from these allocations will be reported to Cabinet for approval.

Learning Skills & Apprenticeships Capital Investment 2016/17 – 2019/20					
Capital Project	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	Source of funding
Basic Need - Estimated allocation based on 2015/16 award	4.61	4.10			External
Devolved Formula Capital - Estimated allocation based on 2015/16 award	0.57	0.57			External
Capital Maintenance - Estimated allocation based on 2015/16 award	2.42	2.42			External
Total	7.60	7.09			

PORTFOLIO: SHARED SERVICES AND PROCUREMENT

The following summarises the proposed capital investment for the Shared Services and Procurement Portfolio over the next four years.

Shared Services & Procurement Capital Investment 2016/17 – 2019/20					
Capital Project	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	Source of funding
Customer facing services being accessed by citizens electronically (SQL) - upgrading to a new version of SQL means that systems will remain protected and will also enable business continuity and disaster recovery for a selected number of core business system databases.	0.05				Council
Data backup system replacement - the council needs to replace the current backup system by 2017 which is nearing the end of its support life.	0.22				Council
Money, Home, Job - core IT system hardware and support refresh - the computer system used by Money, Home, Job is running on hardware that is almost seven years old - should it fail it can't be repaired and Money Home Job will be left without a computer system to carry out their day to day work.	0.05				Council
Data Centre Air Conditioning - there is an opportunity to modify air conditioning arrangements within the Data Centre in order to reduce power consumption and to maintain the cooling of computers.	0.13				Council

Shared Services & Procurement Capital Investment 2016/17 – 2019/20 (Continued)					
Capital Project	Capital Project	Capital Project	Capital Project	Capital Project	Capital Project
Data Centre Power Backup - the project is to invest in a backup power supply for the data centre so that if power is lost to the Civic Centre, or when planned maintenance work is carried out, we will be less likely to lose any IT services.	0.31				Council
Disabled Facilities Grant – this project directly supports the council’s statutory requirement to provide disabled facility grants (DFGs). The project has a direct positive impact on the number and subsequent varied costs to the council from the increasing level of demand for home adaptations.	1.63	1.63	1.63	1.63	External
Total	2.39	1.63	1.63	1.63	

There is a further allocation of £300k on the reserve list for 2016/17 for the retendering of ICT Wide Area Network Connections which is currently under review, which will be released in year subject to funding being confirmed and linked to council priorities.