

Cabinet – 25 October 2017

Draft Revenue Budget and Efficiency Plan 2017/18 – 2020/21

Portfolio: Councillor S. Coughlan – Leader of the Council (Lead Portfolio)

Related Portfolios: All

Service: Finance – council wide

Wards: All

Key decision: No

Forward plan: No

1. Summary of report

- 1.1 This report sets out an updated medium term financial outlook (MTFO) for the four year period 2017/18 to 2020/21; the draft revenue budget; and outlines the council's Efficiency Plan approach. It sets out to balance the council's finances over a four year period, to provide ongoing financial stability for the Authority, in a period of greater uncertainty.
- 1.2 The 2017/18 budget was approved by Council on 23 February 2017, and is monitored throughout the year to address key risks and pressures as they arise. A number of pressures have emerged during 2017/18 that has required action to be taken to limit the council's financial exposure. Further action is being taken to ensure the budget is balanced at the year end, with a sufficient level of reserves to manage existing liabilities and emerging risks arising in 2018/19 onwards.
- 1.3 A further report will be presented to Cabinet in December which will cover the following:
 - An assessment of the 2018/19 financial Settlement and any revisions required to the draft revenue budget as a result.
 - Feedback from stakeholder consultation as at that date, which will be considered by Cabinet in formalising its final budget to Council in February 2018.
 - Draft capital programme for 2018/19 to 2020/21.
- 1.4 The Council is legally obliged to set a one year balanced budget (2018/19) however a medium term approach is beneficial to allow for sound financial planning and to support future financial stability.
- 1.5 The council's Medium Term Financial Strategy, approved by Cabinet on 21 June 2017, is the framework within which the council's financial planning and management is undertaken and its budget set. The main objectives of the strategy are to set out how the council will structure and manage its finances now and in the

future and to ensure this approach facilitates delivery of the council's aims and objectives.

- 1.6 To ensure the budget process is informed by a clear purpose and key council priorities, the Corporate Plan and objectives have been used to shape the proposals contained within this report.
- 1.7 The 2017/18 budget approved by Council in February 2017 included plans for 2018/19 and 2019/20 for consultation, and this report provides an update to those plans as part of the draft revenue budget. This draft revenue budget contains no new policy proposals in respect of 2018/19, but does include some new operational savings. These are set out in the report and will be subject to consultation and equality impact assessment, as required.
- 1.8 The draft budget for 2018/19 and 2019/20 is balanced. The 2020/21 budget is not yet balanced and work continues to identify opportunities to balance this year.
- 1.9 The final budget, including any changes arising from consultation arrangements, tax base changes and the final allocation of direct Government funding and other specific grants will be presented to Cabinet on 14 February 2018 for recommendation to Council, and this will be considered by full Council on 28 February 2018.

2. Recommendations

Cabinet are requested to:

- 2.1 Note the latest forecast 2017/18 financial position.
- 2.2 Note the financial assumptions and projections within the draft budget, the uncertainty around final funding, and that these assumptions may change as the budget progresses.
- 2.3 Note the 2017/18 to 2020/21 provisional directorate revenue cash limits, saving and investment proposals.
- 2.4 Note that 2018/19 and 2019/20 are balanced, with further savings of c£10.7m in 2020/21 to be identified.
- 2.5 Forward the draft revenue proposals relating to the services within their remit to each overview and scrutiny committee for feedback as appropriate, noting that overview and scrutiny committees have previously been consulted on all 2018/19 and 2019/20 policy saving proposals as part of the 2017/18 budget setting process and that feedback was taken into account at that point.
- 2.6 Refer proposals for 2018/19 to 2019/20 as set out in this report for stakeholder consultation (where required), and for equality impact assessment, with feedback on these informing the final budget.
- 2.7 Note that the medium term financial outlook position assumes an increase in council tax of 4.99% (including a 3% increase ring-fenced to adult social care) in 2018/19 and 1.99% for future years, the assumed level of "reasonableness" in

respect of referendum principles, and that any changes to those principles, as set by the Secretary of State, may change the overall gap.

- 2.8 Note that provisional revenue resources are based on a forecast government grant position, and includes appropriate cost pressures and estimates of other specific grants. Should the final allocation be less than current estimates, revised proposals for ensuring a balanced budget will need to be brought back for Cabinet consideration as the budget develops and information is published.
- 2.9 Note that the level of contingency funds and general reserves will need to be in line with the levels set out with the council's medium term financial strategy, the final level to be based on a detailed risk assessment which will be reported to Cabinet in February 2018.

3. Report detail

- 3.1 The budget setting timetable of key reporting dates, following publication of this report, is as follows:
- Review of the options by overview and scrutiny committees from 26 October to 23 November 2017, and feedback to Cabinet on 13 December 2017.
 - Stakeholder consultation between October and December 2017.
 - Cabinet on 13 December 2017 to consider the draft budget and draft capital programme, informed by consultation responses and equality impact assessment outcomes to date and the draft Government grant settlement.
 - Council tax base to be approved by the Chief Finance Officer by January 2018.
 - Budget briefings for political groups and independent members, as required.
 - Receipt of the final settlement late January / early February 2018.
 - Recommendation of the final budget, in light of consultation and the final settlement, by Cabinet on 14 February 2018
 - Council set the final budget and council tax levels on 28 February 2018.

3.2 Walsall's Financial Context

Government austerity measures have meant our direct funding has reduced considerably from 2010, with a loss of revenue funding of c£95m to 2017/18. Walsall signed up to the Governments multi-year settlement to 2019/20 to aid our budget planning, but there remains considerable uncertainty in government funding from 2018/19 onwards. From 2017/18, Walsall (as part of the West Midlands Combined Authority) is piloting 100% business rates retention.

3.3 Medium Term Financial Outlook and Key Assumptions

The medium term financial outlook has been constructed using known and estimated pressures, and best professional judgements. It is recognised that these assumptions may change and assumptions are reviewed frequently, robustly risk assessed and updated as appropriate. These assumptions are underpinned by a set of core financial principles (as set out in the MTFs) which include:

- A. Our financial planning will be inextricably linked to the council's strategic and corporate planning process. Our financial plans will reflect the councils' key strategic priorities
- B. A longer term approach to financial planning and budget setting, allowing for a more strategic focus to service re-design and savings aligned to the longer term priorities of the council
- C. A focus on the need to deliver significant efficiencies savings over the four year period
- D. A prudent assessment of future resources and cost pressures, provisions and reserves required to mitigate future liabilities
- E. Maximisation of income and external funding and prompt collection of income

There is a very high level of uncertainty as to funding beyond 2019/20, including in relation to:

1. Continued reductions in core government grant funding, for example:
 - Full business rate retention (BRR) and its implementation or otherwise, since the Finance Bill fell.
 - Public Health grant – this is expected to be transferred fully into BRR from 2020/21, and become un-ringfenced. There is limited intelligence as to how this will impact. Once subsumed into BRR, a significant chunk of this (c£17m by 2019) could be lost in future funding reviews.
 - Continuation or otherwise of iBCF1. IBCF2 is assumed to fall out at the end of 2019/20.
2. Increased demand for services, including significant demand in adult social care.
3. Limited scope to increase council tax and fees and charges.
4. Increased corporate costs, including in relation to pay and pensions.

Following national and local changes since the 2017/18 budget was set in February 2017, the four year forecast to 2021 has been reviewed and updated. Key financial planning assumptions within the current MTFO include:

- Core government funding as published in February 2017, for the four year period, adjusted for any actual growth in business rates retention.
- 100% Business Rates Retention (BRR) and therefore no Revenue Support Grant.
- Business rate income assumed to be inflated broadly in line with RPI for years 2018/19 and 2019/20 changing to CPI in 2020/21. Reductions to top-up grant for 2018/19 and 2019/20 only and then no further reductions.
- Improved Better Care Fund 1 (iBCF1) is assumed to continue beyond 2020/21, with allocations assumed to continue at 2019/20 levels (c£20m p.a.).
- iBCF2 falls out at the end of 2019/20, with a built in cost pressure of £3.2m in 2020/21 onwards to fund ongoing activity.
- Public Health grant is rolled into BRR, with an annual reduction equivalent to current year reductions (c2.4%)
- Council tax increase of 4.99% in 2018/19, of which 3% is ring-fenced to adult social care. Increases of 1.99% in 2019/20 and 2020/21 to remain within referendum limits.
- Council tax collection rate of c97.8%.
- Benchmarked increases in fees and charges, flexed for local conditions.

- Full cost recovery of traded services.
- Inflationary increases for contractual inflation, in line with contract terms and conditions.
- Full provision for pay, living wage and pension costs. Pension fund increases from 2020/21 when the new valuation period commences.
- Provision for investment in key services, including significant provision for increasing demand in children's services and adult social care.
- Opening general reserves in line with the council's medium term financial strategy.
- A current year (2017/18) overspend of £1.21m which is being actively managed, with a view to bringing this back in line with budget by year-end.
- Savings of £9.90m in 2018/19 and £18.68m in 2019/20, the vast majority of which were published in the Corporate Budget Plan 2016/17 to 2019/20, which can be found at the following link: [Corporate Budget Plan 2016/17 to 2019/20](#)
- A further £10.72m of savings required in 2020/21.

3.4 Council Tax Requirement 2017/18 to 2020/21

The predicted change in council tax requirement from 2017/18 to 2020/21 is shown in the table below.

Table 1 : Summary of financial model				
	2017/18	2018/19	2019/20	2020/21
	£m	£m	£m	£m
Net Council Tax Requirement (A)	108.47	114.23	116.85	119.53
Council Tax requirement brought forward	100.99	108.47	114.23	116.85
Core Funding changes	0.64	5.80	9.26	(1.83)
Other grant changes	(0.23)	(1.05)	(3.45)	4.58
Pay changes - centrally held	3.31	2.24	5.11	5.83
Investment –				
- Demand / demographics	14.10	7.93	4.92	4.79
- Inflation - Contractual	0.45	0.57	0.56	0.55
- Inflation - National Living Wage (ASC)	2.09	1.98	1.92	1.87
- Income shortfall	1.21	1.59	0.00	0.08
- Capital Financing	0.08	2.69	0.58	0.33
- Other cost pressures	7.24	6.22	(4.30)	0.01
Fall out of one off investment	1.99	(1.93)	0.12	0.00
Transfer to / (from) reserves	(1.40)	(6.68)	7.50	(1.17)
Full year effect of previous years savings	0.00	(2.53)	(0.81)	0.00
New corporate savings/ income	0.00	(1.17)	(0.11)	(1.64)
Revised Net Council Tax Requirement (B)	130.47	124.13	135.53	130.25
Annual shortfall prior to savings (B-A)	22.00	9.90	18.68	10.72
Less Savings identified	(22.00)	(9.90)	(18.68)	(00.00)
Net Financial Gap / Savings required	0.00	0.00	0.00	(10.72)
2017/18 forecast in year overspend	1.21	N/A	N/A	N/A
Council Tax Increase - General	1.99%	1.99%	1.99%	1.99%
Council Tax Increase – Adult Social Care	3.00%	3.00%	0.00%	0.00%

3.5 Summary of detailed assumptions made in the financial plan shown above

The following detailed assumptions are included and are based on best professional estimates:

1. *Provision for pay and pensions (Corporate Cost pressure);*
 - An annual pay increase and provision for pay increments
 - Provision for the national living wage
 - Impact of pension auto-enrolment and tri-annual employer pensions contributions based on the latest valuation information
2. *Inflationary pressures (Corporate Cost pressure);*
 - Provision for contractual increases including utilities, care packages, etc.
 - No provision for general inflation – services are required to manage this within existing budgets
3. *Demographic changes within Adult Social Care and Children's Services (Corporate and Demand Led Cost pressures);*
 - Increases in placement costs for Looked after children
 - Increased social workers to manage down caseloads
 - Increased care package costs within Adult Social Care arising from an increased ageing population and the pressure from hospital admissions
4. *Other cost pressures (Other Service Cost Pressures);*
 - Ongoing shortfalls in income for planning, markets, building design fees, land charges, children's services and adults community charging.
 - Review of maintenance costs for council buildings.
5. *Changes in Government funding;*
 - Core funding reduced by c£95m between 2010 and 2017. There remains considerable uncertainty in respect of the amount of income we will receive in Government funding from 2018/19 onwards, despite the acceptance of a multi-year settlement. The Autumn Budget planned for 22 November 2017 is expected to outline Government spending plans for 2018/19 and future years.
 - Core funding via top up grant is expected to halve, from c£32m in 2017/18 to £16m in 2019/20. Due to uncertainty beyond 2020, no further reduction has been assumed for 2020/21.
 - Comparison of actual business rates income compared with what the Government anticipated the council to collect, along with provision for appeals against rate valuations, means that actual income is lower than Government estimates.
 - Actual income is, however, expected to rise in line with inflation.
 - As 100% BRR is implemented, so the risk to the council increases, as the council will be required to fund the full cost of appeals, which have proved a significant cost to councils' to date

6. Changes in other specific grants, fees and charges

- New Homes Bonus - predicted reduction of £1.73m over the next 3 years as the grant will be paid over a reduced period from 6 to 4 years plus other technical changes.
- Public Health (PH) - predicted reduction of £1.4m over the next 3 years, with the grant rolling into Business Rates in 2020/21 and becoming unringfenced. It is assumed that the grant, following roll-in, continues with an annual reduction equivalent to those in 2016/17+ (c2.4% p.a.). However, as it becomes unringfenced, then there is considerable risk that it may be cut even further.
- iBCF1 – assumed to continue beyond 2019/20, with allocations unknown. There is a risk that this may no continue or may reduce further.
- iBFC2 – assumed to fall out in by 2020/21. Continuing activity to be funded (c£3.2m).
- Dedicated Schools Grant (DSG) - allocated based on schools funding formula - to be paid directly to schools from 2019/20.
- Housing Benefit grant expected to reduce annually as we move to Universal Credit.
- Discretionary Housing Payments - expected reduction of 20% per annum.
- Other grants are expected to continue at current levels unless informed otherwise.

As indicated, uncertainty around BRR, PH and BCF grants and any allocations create considerable risk for the authority. The following table indicates allocations, based on the assumptions above, included within the current MTFO. It can be seen that variations of as little as 2% can lead to significant changes in overall funding.

Funding	2017/18 £	2018/19 £	2019/20 £	2020/21 £
Baseline NNDR	71,970,946	72,651,859	73,070,538	74,898,643
Top Up Grant	32,569,391	24,461,196	16,282,343	16,282,343
Total Core Funding	104,540,337	97,113,055	89,352,881	91,180,986
<i>2% Variance</i>	-	1,942,261	1,787,058	1,823,620
Public Health	18,119,000	17,647,906	17,189,060	17,189,060
<i>2% Variance</i>	-	352,958	343,781	343,781
Better Care Funding				
Improved Better Care Fund	918,000	5,954,000	10,309,000	10,309,000
Improved Better Care Fund 2	6,501,000	4,084,000	2,024,000	0
Better Care Funding	19,673,319	21,774,065	21,774,065	21,774,065
Total	27,092,319	31,812,065	34,107,065	32,083,065
<i>2% Variance</i>	-	636,241	682,141	641,661
Total 2% Variance		2,931,461	2,812,980	2,809,062

3.6 Council Tax

The financial forecast assumes an ongoing increase of 1.99% in council tax, to remain within existing referendum levels, with a further 3% in 2018/19 which is allocated as a precept to fund Adult Social Care services. The tax base is adjusted annually to reflect new builds.

3.7 Savings Requirement

As stated above, the council's medium term financial outlook has been updated to reflect predicted changes to direct government funding and other known cost pressures (contractual inflation, pay, pensions revaluation, income projections, etc.), resulting in a requirement to make changes to service delivery to meet a four year funding shortfall of c£65m as follows:

2017/18 - £22.00m
2018/19 - £12.43m
2019/20 - £19.49m
2020/21 - £10.72m

Savings of £22m were identified and approved by Council on 23 February 2017, resulting in a balanced budget for 2017/18. The current year's financial position is reported regularly to Members, alongside actions to address any pressures and resulting overspends. During 2017/18, a number of new, ongoing cost pressures have arisen, resulting in a revised budget requirement for 2017/18 of a further £1.21m. This is after the identification and implementation of corrective action across the council.

Officers continue to take action to address this overspend. If the council is unable to identify further actions, then this will be addressed through production of revised 2017/18 estimates, with any balance being funded from general reserves. Revised estimates will be reported to Cabinet in February 2018, alongside the revenue budget for the remaining three years (2018/19 to 2020/21) of the Efficiency Plan period.

In considering resource allocation, funding for the development of services will need to be met from the redirection of existing resources and the identification of new or revised income sources. The council will need to be a leaner, more focussed organisation. The process considers:

- The council's priorities – what does it want to do, to what standard and what results does it want to achieve
- The methods of service delivery that will deliver value for money (e.g.: in-house, partnerships, outsourcing).
- The organisational structure that is needed to support the above.
- The level of council tax increases (subject to Government direction and referendum levels) and what this means for the council's overall budget.
- Income that can be generated (through the charging policy, increased charges, new charges, new grants, etc.).
- The levels of reserves and contingencies required for financial prudence and to proactively manage the council's risks (set out by the Chief Finance Officer).
- The use of unringfenced grant – it is assumed that all unringfenced grant be pooled to support the corporate good, unless Cabinet approve otherwise during the budget process.
- Stakeholder consultation and lobbying.

3.8 Efficiency Plan and Transformation

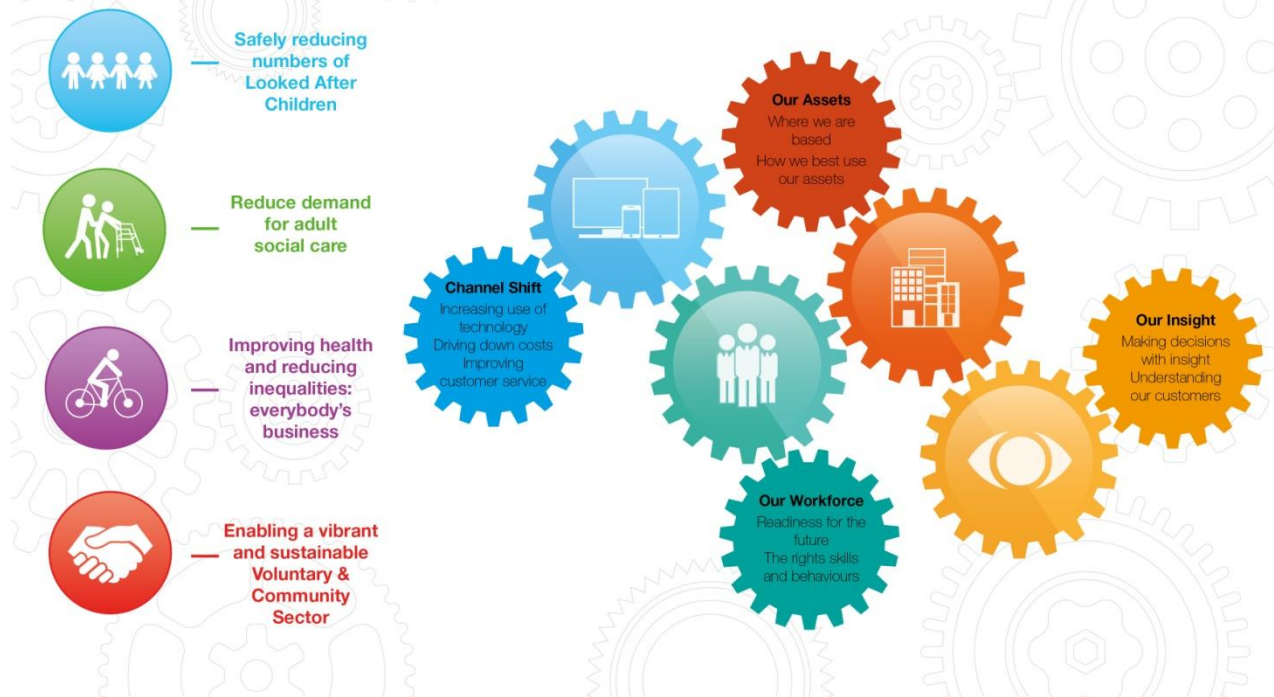
The Councils Efficiency Plan, published October 2016, identified a strategy to close the financial gap through a new transformational agenda, incorporating the following:

- *Demand management* – reducing and eliminating as far as possible, unavoidable demand (caused by the council not doing something or not doing it right) and delivering better outcomes to residents and communities by better targeting support and services to where they are most needed and developing residents' independence and community resilience, with a further benefit of saving money through achieving operational and financial efficiencies by: a) Removing duplication and waste, b) Enabling customers to serve themselves, c) Targeting resources, and aligning supply more closely to demand
- *Channel shift* – through use of digital technology, with a decreasing dependence on face to face service contact (other than for the vulnerable) and a roll out of digital solutions for contact and transacting with the council. This will be delivered alongside a consolidation of custom contact centres to support the provision of accessible, efficient contact at reduced cost.
- *Review and redesign of services* – this is aimed at rebalancing the relationship between the council and its citizens, so the council can target its scarcer resources on the most vulnerable.
- *Partnership working*, and the voluntary and community sector are key to this. This element of the programme also includes building on emerging locality models across services.
- *Reducing costs* – 1. either through efficiencies or 2. stopping or decommissioning certain non-statutory services and functions or through 3. Back office savings
- It is however recognised that the council can no longer provide universal services to all and some services must be targeted to those most in need, meaning in some instances, the council will no longer provide some services by 2021 or will provide them in a different way.
- *Income maximisation* – through fees & charges, an increased commercial approach to traded services, growth dividends (increasing Business Rates, New Homes Bonus through stimulating regeneration in the economy), traded services, better use of assets, through both investment and divestment of assets.

The council has established a transformation programme, with specific pieces of work being prioritised to inform the 2017/18 to 2020/21 savings plan and ensure successful delivery of a number of key savings. The programme will also establish structure and consistency in how the council approaches transformation:

The Transformation Programme has been developing, and covers the following:

the transformation programme



In February 2017, Cabinet published savings totalling £2.5m relating to the Transformation Programme, plus c£10m of new savings proposals for 2018/19, just under half of which relate to the Transformation Programme, as shown in the table overleaf. Additionally, proposals totalling £11.77m relate to 2019/20. Work continues to identify options for 2020/21.

Saving reference	Detail of saving / efficiency	2017/18 £	2018/19 £	2019/20 £
9	Reduction of spend on Looked after Children including those in Out of Borough Placements		300,000	600,000
10	Review and reduce Looked after Children numbers & associated costs	680,044	462,044	1,223,044
	Safely reducing numbers of LAC	680,044	762,044	1,823,044
73	Review of investment portfolio			500,000
140	Introduce new Asset Management practices		25,000	25,000
157	Transformation work based on the "our assets" theme reviewing Council assets	100,000	350,000	350,000
	Our Assets	100,000	375,000	875,000
79	Reduce demand for Adult Social Care - Improving demand management for Adult Social Care	1,718,750	4,208,333	4,072,917
	Channel Shift – roll out of digital solutions for contacting the council			5,000,000
Total Transformation Programme Savings		2,498,794	5,345,377	11,770,961
As % of total published savings		11%	43%	57%

3.9 Savings Proposals

During 2017/18, services have been reviewing previously reported indicative plans for 2018/19 and 2019/20, and working on other options to meet the forecast financial shortfall in funding over the next four years, including the need to find savings of c£9.90m in 2018/19, whilst maintaining and optimising as far as possible, front line services to the public. In reviewing savings options, reviews of income and fees and charges have also been undertaken.

This report contains revenue savings identified to date to address the financial gap, for consideration by Cabinet and onward consultation with the public and stakeholders prior to Cabinet presenting their four year draft budget in December.

Savings proposals are analysed in 2 ways:

1. **Policy Proposals** - with a direct impact on services, and which require an Executive decision to proceed, these will be referred for specific public consultation and equality impact assessment prior to any decision being made to include these in Cabinet's final budget proposals.
2. **Operational Proposals** – savings which officers have delegations to implement; examples include restructures, back office savings, operational efficiencies.

All savings proposals are summarised at **Appendix 1**. The summary of investment / cost pressures are shown in **Appendix 2** and the indicative cash limits by directorate at **Appendix 3**.

The outcome of consultation to date will be reported to Cabinet on 13 December 2017 and during December and January as feedback is received, with a final report to Cabinet on 7 February 2018. This will inform the final draft budget to be considered by Cabinet on 14 February 2018 to be recommended to Council on 28 February 2018. Any changes to Cabinet's December draft revenue budget proposals as a result of equality impact assessments and consultation will be fed into the final budget report.

4. **Council priorities**

- 4.1 Resource allocation is an annual cycle aiming to support delivery of council priorities within 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.
- 4.2 In order to meet the council's purpose and vision, the council will be focussing its' energy over the next four years on the following key priorities, recognising that it must do so with decreased and decreasing resources and concentrating efforts on those most in need:
 - **Pursue inclusive economic growth:** Walsall people will have appropriate skills and access to jobs so economic benefits are felt in each of our communities.

- **Make a positive difference to the lives of Walsall people:** Increasing independence and improving healthy lifestyles so all can positively contribute to their communities.
- **Children are safe from harm, happy and learning well with self-belief, aspiration and support to be their best:** Walsall children are provided with the best start in life so they can fulfil their potential and make positive contributions to their communities.
- **Safe, resilient and prospering communities:** Walsall is a clean, safe and healthy place, with the right housing to meet need, accessible to all and with a strong sense of belonging and cohesion

4.3 The financial constraints the council must operate within means that, in the short term, difficult decisions have to be made, with reductions to some services that the council would otherwise wish to protect.

5. Risk management

5.1 The budget process is governed by the overarching medium term financial strategy and corporate plan. 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 still uncertainty around Government funding for 2018/19 and beyond, despite the take up of the Government's multi-year settlement. The medium term financial outlook continues to be regularly reviewed to ensure all predicted changes are reflected.

5.3 There is a risk that funding will reduce more than anticipated or that further pressures will emerge, which will require the council to identify further savings prior to setting the budget in February 2018. As the need for savings increases, the council's ability to protect services from being reduced or actually ceasing diminishes.

5.4 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. A four year plan provides for sounder financial planning and management of financial risk.

7. Legal implications

7.1 Under the Local Government Act, an authority must set a council tax and balanced budget, giving 14 days' notice of the council tax level prior to the date of billing. The council must set a budget before 11 March of each year. At this point in time, prior to receipt of the government settlement, consultation feedback and equality impact assessment outcomes, the 2017/18 to 2020/21 four year plan is balanced to 2019/20, with further options being worked on in relation to 2020/21.

8. Property implications

- 8.1 Any direct property implications as a result of service redesign and revenue savings options are included within the individual plans within this report.

9. Health and Wellbeing implications

- 9.1 This report is prepared with consideration of health and wellbeing implications and policy development.

10. Staffing implications

- 10.1 There will be significant staffing implications arising from this report and consultation with employees and unions will be undertaken in accordance with legislative requirements and the council's required procedures.
- 10.2 Staff affected will be supported as appropriate throughout the process and the number of compulsory redundancies will be minimised wherever possible.

11. Equality implications

- 11.1 Equality impact assessments are undertaken on service and organisational change options as they develop and on the overall budget and any implications reported as they arise, to allow Cabinet to consider and make any revisions required.
- 11.2 Assessing the impact of proposed organisational changes and changes to policies, procedures and services is a positive opportunity for the council to ensure good decisions are made, based on robust evidence. It is clear that the decisions taken by individual services do not operate in isolation. Thus, when making policy, it is important not just to look at the potential impact of individual measures, but also to ensure that their interaction is properly understood and that the cumulative impact is taken into account. Understanding the cumulative impact on protected groups should be a pre-requisite of any policy making process.
- 11.3 Under the Public Sector Equality Duty an analysis of impact on equality must contain sufficient and suitable information to enable the council to;
- demonstrate we have had 'due regard' to the aims of the equality duty in our decision making
 - consider ways of mitigating or avoiding any adverse impacts.
- 11.4 The council uses the Equality Impact Assessment (EqIA) to check the lawfulness of council decisions in relation to the impact on people with certain characteristics protected by the Equality Act 2010. An EqIA must contain relevant data and sufficient analysis to enable Members to understand the equality implications of a proposal and any alternative options before any decisions are arrived at.
- 11.5 Initial screening EqIAs have been carried out on options to indicate whether full EqIAs will be required. Full EqIAs identify the outcomes, and their potential impacts, and document the reasons for this decision. There are four possible outcomes:

- A. No major change required
When no adverse impact is identified and all opportunities to promote equality have been taken
- B. Adjustments are needed to adverse impact to better promote equality
- C. Continue despite possible adverse impact
Compelling reasons will be needed and mitigating actions may be required to minimise adverse impact
- D. Stop and rethink the proposal
When an EqIA shows actual or potential unlawful discrimination and needs to be reviewed immediately

11.6 If adjustments are needed or a potential adverse impact is identified, an action plan is developed to show how this will be mitigated or in exceptional circumstances, justified. EqIAs will be considered by Members prior to any decision being made as to the final proposals to be included in the final Budget report to Council.

12. Consultation

12.1 Section 138 of the Local Government and Public involvement in Health Act 2007 places 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.

12.2 Consultation is an integral part of the budget process and arrangements are in hand to consult with a wide range of stakeholders (i.e. councillors, council tax payers, service users, and potential service users as appropriate, business rate payers, voluntary and community organisations, etc.). A range of qualitative and quantitative research methods will be used to gather feedback and understand the impact savings options may have on individuals and communities.

12.3 A number of the saving proposals have been consulted upon as part of the 2017/18 budget or in year and where this has been the case, these have been reported to Cabinet and decisions taken on their inclusion or otherwise. Consultation will be undertaken on 2019/20 and 2020/21 proposals as they develop and findings presented to Cabinet. There is a further opportunity for decision makers to consider feedback from consultation informally in January prior to Cabinet recommendations to Full Council in February 2018.

Summary of Appendices:

1	Summary of savings proposals 2018/19 and 2019/20	Page 16
2	Summary of Investments / Cost Pressures 2018/19 – 2020/21	Page 20
3	Provisional Directorate Cash Limits 2017/18 – 2020/21	Page 22

Background papers: Various financial and working papers.

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James Walsh
Assistant Director – Finance (CFO)

17 October 2017



Councillor S. Coughlan
Leader of the Council

17 October 2017

Summary of savings proposals 2018/19 and 2019/20

Saving reference	Detail of saving / efficiency	2018/19 £	2019/20 £
Children's Services			
Policy			
6	Review demand for SEN transport. More provision of Special School Places will reduce transport and existing travel costs		200,000
9/10	Reduction of spend on Looked after Children including those in Out of Borough Placements and reduced LAC numbers and costs	762,044	1,823,044
11	Review and reduce Children's Social Care contact service	64,000	
13	Review and reduce Youth Services and align functions to the 0-19 Early Help locality model	421,301	110,572
14	Cease or identify alternative funding to support School Improvement Services	271,198	135,599
Operational			
8	General efficiencies and improved commissioning arrangements	100,000	
90	Reduce administrative support – Children's wide	333,010	403,313
91	Review and reduce Early Help 0-19 model		100,000
93	Review demand for SEN short breaks	23,000	140,000
95	Reduce agency social workers	227,000	227,000
97	Review and reduce Children's Social Care Workforce Training & Practice Development		44,744
99	Review and reduce Children's Youth Justice Services or identify alternative contributions	50,000	50,000
NEW	Efficiencies within Early Help	65,000	
NEW	Additional traded income and structure changes within Safeguarding	42,000	
NEW	Reduction on premature retirements budget to realign against current spend profile	50,000	
NEW	General efficiencies across directorate	36,135	43,135
Total Children's Services		2,444,688	3,277,407
Adult Social Care			
Policy			
79	Improving demand management for Adult Social Care	4,208,333	4,072,917
Operational			
NEW	Income contributions - new clients	507,000	515,000
Total Adult Social Care		4,715,333	4,587,917
Economy and Environment			
Policy			
16	Reduction in Public Health investment to lifestyle services		145,000

Saving reference	Detail of saving / efficiency	2018/19 £	2019/20 £
17	Introduce charging for garden waste collections - subject to a separate Cabinet report on 25 October 2017, further to which an amendment may be required.	300,000	
19	Review HWRC site and Transfer Station provision		137,772
24	Further review of waste collection		274,000
35	Removal of the council's revenue subsidy to the Forest Arts	100,000	185,000
43	Reduction in Healthy Child 5-19 in school services		100,000
44	Re-commissioning of 0-5 services		400,000
45	Reduce scope of healthy lifestyles services		250,000
48	Cease falls prevention service		295,000
49	Reduce capacity in sexual health services		500,000
50	Reduce scope of infection control services	20,000	20,000
54	Energy saving from major street lighting invest to save	50,000	450,000
55	Reduction in the maintenance of road signs		64,000
56	Reduced maintenance of road drainage following pilot on drainage and streams		72,000
57	Reduced maintenance road markings		31,500
59	Additional reduction in Highways maintenance revenue budgets resulting from re-procurement of highways maintenance contract	100,000	
60	Increase cost of parking permits	6,000	6,000
63	Introduction of a street and road works permit scheme	75,000	25,000
64	Redesign and reduce the traffic management function	50,000	25,000
73	Review of Investment portfolio		500,000
Operational			
108	Reduction of Operational Manager	48,410	
112	Fleet services redesign		40,000
120	Increase Crematoria fees further (6%)	180,000	180,000
121	Registrars to cover all direct costs by 2019/20	20,000	30,000
122	Cemeteries management restructure		70,000
125	Staff savings within regulatory / enforcement	100,000	100,000
128	Staff savings in Public Health		102,000
136	General efficiencies within Planning, Engineering and Transportation		10,000
137	Full year effect of re-procuring highways maintenance contract	50,000	
138	Restructure lighting maintenance support	14,000	
140	Introduce new Asset Management practices	25,000	25,000
144	Further review of pollution control service	42,000	

Saving reference	Detail of saving / efficiency	2018/19 £	2019/20 £
147	Parking warden contract re-procurement		50,000
155	Reductions in services provided by Economy & Environment Directorate Support	61,000	50,000
156	Operational efficiencies across Economy and Environment including management savings	100,000	100,000
157	Transformation work based on the "our assets" theme reviewing Council assets	350,000	350,000
NEW	Reduction in disposal costs	150,000	
NEW	Additional efficiencies in clean & green	231,000	
Total Economy & Environment		2,072,410	4,587,272
Change & Governance			
Policy			
2	Charging for Appointeeships	15,000	
28	Efficiencies to be realised from transformation theme "enabling a vibrant and sustainable voluntary and community sector"		168,795
76	Reduction in grant to Citizens Advice Bureau	57,458	45,966
Operational			
83	Increase in income by the Insurance team	26,313	
87	Review and restructure in Finance and Financial Administration	65,472	65,003
88	Review of staffing in Legal Services	31,612	62,433
131	Restructure / efficiencies within Human Resources	101,470	102,197
133	Efficiency savings within ICT	60,321	
134	Efficiency savings across Procurement	8,783	17,340
158	Review & restructure across Money Home Job	300,000	764,000
Total Change & Governance		666,429	1,225,734
Corporate			
	Channel Shift		5,000,000
Total Corporate		0	5,000,000
Total Draft Savings Options		9,898,860	18,678,330

**Saving reference is as per budget report to Council 23 February 2017.
New saving is a new saving proposal.**

Summary of Full Year Effect of 2017/18 Revenue Savings by Directorate

Saving reference	Detail of saving / efficiency	2018/19 £	2019/20 £
Adult Social Care			
<i>Policy</i>			
77	Consider cessation of adult social care universal services	1,032,499	
78	Review of respite and day services	400,024	
Total Adult Social Care		1,432,523	0
Economy & Environment			
<i>Policy</i>			
34	Relocate local history centre into Lichfield Street central library	93,405	
41	Reduction in public health investment in drug & alcohol treatment services	250,000	500,000
47	Reduction of public health stop smoking services	200,000	
<i>Operational</i>			
106	4 day working week over Monday to Friday waste collection service	63,095	
107	Service re-design – operational team leaders	7,000	
Total Economy & Environment		613,500	500,000
Change & Governance			
<i>Operational</i>			
132	Review of HR contracts	5,250	
Total Change & Governance		5,250	0
Corporate			
84	Dividend review – Birmingham Airport	304,453	311,437
85	Treasury management – review of debt portfolio	173,855	
Total Corporate		478,308	311,437
Total Full Year Effect of 2017/18 savings		2,529,581	811,437

Summary of Investments / Cost Pressures 2018/19 – 2020/21

Detail of investment / cost pressure	2018/19 £	2019/20 £	2020/21 £
Children's Services			
Foster Care provision	54,660	54,857	55,055
Shortfall in traded income - truancy fines	25,000	0	0
Shortfall in traded income - education psychologists	200,000	0	0
Shortfall in traded income - information services	30,000	0	0
Increase in costs relating to changes in demographics	1,655,000	2,000,000	2,000,000
Increase in costs relating to additional LAC numbers	1,000,000	(500,000)	0
Unaccompanied asylum seeking children (UASC) placement and wrap around support costs	250,000	250,000	0
Less Home Office grant contribution for unaccompanied asylum seeking children	(38,640)	(40,116)	0
Ongoing staffing resource for Children's Commissioning and Placements function to support LAC controls/savings/placement function	0	0	112,500
Increase in transition and leaving care	200,000	0	0
Increase in costs for home to school transport	130,000	130,000	0
Additional social worker posts associated with increases in LAC demand	240,000	180,000	180,000
CSC recruitment and retention programme - associated with caseload guarantees and agreed as part of 2017/18 budget setting	422,000	(254,000)	(255,000)
ESG fall out	773,529	1,500,000	0
Fall out of troubled families grant	0	0	1,029,641
Removal of Police & Crime Commissioner contribution	61,426	0	0
Total Children's Services	5,002,975	3,320,741	3,122,196
Adult Social Care			
Contractual inflation - contractually committed	288,000	277,000	264,000
Provider Contract uplifts	1,982,000	1,924,000	1,873,000
Increase in costs relating to changes in demographics	2,576,000	2,662,000	2,752,000
Investment required to deliver Care Package cost savings	150,000	0	0
Increased cost of telecare maintenance and equipment	109,835	450,000	0
Head of Customer Transformation - Transformation Channel shift work stream	0	37,500	37,500
Community charging – review of income	839,542	0	0
Fall out of Better Care Funding - iBCF2 grant	0	0	3,280,000
Total Adult Social Care	5,945,377	5,350,500	8,206,500
Economy & Environment			
Contractual inflation	222,483	227,949	233,560

Detail of investment / cost pressure	2018/19 £	2019/20 £	2020/21 £
Review of officer time charges to capital schemes	250,000	0	0
Shortfall in markets income	100,000	0	0
Shortfall in land charges income	25,000	0	0
Shortfall in planning income	75,000	0	0
Cost of gullies	200,000	0	0
Cost for clinical waste changes	30,000	0	0
Extension of economic growth programme	0	1,000,000	0
Fall out of Heritage Lottery Fund Arboretum grant	51,000	0	0
Total Economy & Environment	953,483	1,227,949	233,560
Change & Governance			
Investment in Procurement support	239,920	0	0
Restructure of Assurance function	170,819	0	0
Investment in ICT function and infrastructure support	175,862	0	0
ICT strategic & change delivery resources (supporting change)	463,432	0	0
Funding of redundant buildings costs	200,000	0	0
Elections function	250,000	0	0
Reduction in Council Tax administration grant	53,550	48,195	43,376
Reduction in Housing Benefit administration grant	75,147	68,609	62,640
Total Change & Governance	1,628,730	116,804	106,016
Corporate			
Capital financing - review of debt portfolio	298,491	580,881	328,864
Borrowing costs of active living	1,393,000	0	0
ICT costs for Wyse Thin Client Technology	180,000	0	0
Fall out of leasing recharge for extended vehicles	42,382	3,690	81,394
Revenue implications of capital programme	0	500,000	500,000
Total Corporate	1,913,873	1,084,571	910,258
Total Investment/Cost Pressures	15,444,438	11,100,565	12,578,530

Indicative revenue cash limits by directorate 2017/18 to 2020/21

The following table summarises indicative cash limits by directorate, subject to approval of proposed revenue investment and savings –

Directorate	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m
Adult Social Care	62.93	59.37	55.78	59.64
Change and Governance	27.64	29.23	28.02	26.35
Children's Services	48.68	51.14	49.68	49.66
Economy and Environment	28.67	27.85	24.87	39.77
Net Directorate Cash Limits	167.92	167.59	158.35	175.42
Levies	11.92	11.78	11.78	11.78
Capital Financing	16.56	18.67	18.93	17.72
Central budgets *	(87.93)	(83.81)	(72.21)	(85.39)
Council Tax Requirement	108.47	114.23	116.85	119.53

*Central budgets include direct Government funding and business rates

These are analysed by directorate below –

Adult Social Care

	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m
Opening cash limit		62.93	59.37	55.78
Base budget adjustments including funding changes *		(3.36)	(4.35)	(0.01)
Less: Policy Savings – see Appendix 1		(5.64)	(4.07)	
Less: Operational Savings – see Appendix 1		(0.51)	(0.52)	
Less: Savings required				(4.34)
Investment / Pressures – see Appendix 2		5.95	5.35	8.21
Adult Social Care draft cash limit	62.93	59.37	55.78	59.64

*Increase in iBCF grant income in 2018/19 and 2019/20

Change and Governance

	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m
Opening cash limit		27.64	29.23	28.02
Base budget adjustments including funding changes		0.63	(0.10)	(0.11)
Less: Policy Savings – see Appendix 1		(0.07)	(0.21)	
Less: Operational Savings – see Appendix 1		(0.60)	(1.02)	
Less: Savings required				(1.67)
Investment / Pressures – see Appendix 2		1.63	0.12	0.11
Change & Governance draft cash limit	27.64	29.23	28.02	26.35

Children's Services

	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m
Opening cash limit		48.68	51.14	49.68
Base budget adjustments including funding changes		(0.10)	(1.50)	0.01
Less: Policy Savings – see Appendix 1		(1.51)	(2.27)	
Less: Operational Savings – see Appendix 1		(0.93)	(1.01)	
Less: Savings required				(3.15)
Investment / Pressures – see Appendix 2		5.00	3.32	3.12
Children's Services draft cash limit	48.68	51.14	49.68	49.66

Economy and Environment

	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m
Opening cash limit		28.67	27.85	24.87
Base budget adjustments including funding changes *		0.91	0.88	17.19
Less: Policy Savings – see Appendix 1		(1.24)	(3.98)	
Less: Operational Savings – see Appendix 1		(1.44)	(1.11)	
Less: Savings required				(2.52)
Investment / Pressures – see Appendix 2		0.95	1.23	0.23
Economy & Environment draft cash limit	28.67	27.85	24.87	39.77

*Public Health grant expected to move into business rates retention from 2020/21