

DATE: 10 DECEMBER 2009

Draft Revenue Budget 2010/11 for Corporate Portfolio

Ward(s) All

Portfolio: Councillor Towe: Finance & Personnel
Councillor Arif : Business Support Services

Summary of report

This report presents Cabinet's draft revenue budget proposals for 2010/11 for consultation with the panel and to provide an opportunity for the panel to make recommendations to Cabinet.

Recommendation

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

Background papers

Various financial working papers.

Reason for scrutiny

To enable consultation and scrutiny of the draft budget proposals for 2010/11.



Signed

Executive Director – Rory Borealis

1 December 2009

Background: Vision and Priorities

The following section details the vision and priorities of the Business Support and Finance and Personnel portfolio for consideration alongside the draft budget proposals.

Business Support Portfolio

Vision

To find ways of **working smarter** that will reduce the Council's operating costs and develop the required infrastructure to provide services needed and valued by our customers.

Objectives (priorities)

To ensure that our customers' needs and wants are increasingly well understood and that the organisation operates effectively and efficiently to meet them, providing self-service options where applicable.

To achieve significant reductions in operating costs by changing the way the council works, harnessing modern technology, and empowering managers and staff to work smarter.

To develop commercially astute procurement practice that significantly reduces the Council's costs.

To develop and implement shared services arrangements with other providers where this benefits Walsall people.

To ensure that programmes and projects are delivered effectively and relevant benefits are realised.

To provide quality support services and business expertise to managers and staff to enable them to deliver services needed and valued by our customers.

To manage the Council's relationship with and demands of government inspectorates to ensure the Council's reputation is maintained.

Finance & Personnel Portfolio

Vision

To foster **pride in Walsall** amongst local people through making best use of the council's finances and staff to meet the needs of our customers and ensure effective corporate governance in increasingly challenging financial circumstances.

Objectives (priorities)

To ensure a high standard of corporate governance and effective decision-making.

To ensure that strong financial management and innovation lead to effective value for money for the council's customers

To ensure that the council's staff are developed and empowered to deliver services needed and valued by our customers.

To enable local residents to have pride in Walsall through an understanding of what their council does on their behalf.

Resource and legal considerations

Cabinet on 18 November 2009 presented their draft budget proposals 2010/11 for consultation. These proposals include savings and investment proposals for the services within the remit of this pane. The proposals are presented to this panel for consultation and scrutiny and allow the panel to make recommendations to Cabinet.

The table below sets out the draft budget 2010/11 for the Business Support services and Finance and personnel portfolios and changes in resources, compared to the approved budget for 2009/10.

Draft Net Budget – Business Support Services Portfolio

Details	2010/11 £m
Budget brought forward from previous year	(5.160)
Inflation	(0.007)
Other budget refresh	0.083
Budget pressures : demographics, cost pressures, fall out of grant	1.837
Investment: service developments	0.265
Full year effect of 2009/10 growth	0.053
Efficiencies, savings and income generation	(0.738)
Full year effect of 2009/10 savings	(0.354)
Draft net budget requirement 2010/11	(4.021)

Draft Net Budget – Finance and Personnel Portfolio

Details	2010/11 £m
Budget brought forward from previous year	13.744
Inflation	0.051
Other budget refresh	0.181
Budget pressures : demographics, cost pressures, fall out of grant	0.528
Investment: service developments	0.122
Full year effect of 2009/10 growth	0.250
Efficiencies, savings and income generation	(0.884)
Full year effect of 2009/10 savings	(0.123)
Draft net budget requirement 2010/11	13.869

Budget Pressures and Investment for Service Developments

The draft 2010/11 revenue budget for business support services and finance and personnel portfolio includes **£0.303m** of growth which relates to investment decisions made by Council in February 2009 where a part year cost effect only was included in 2009/10. In addition further growth totalling **£2.752m** has been identified as a very high priority by Cabinet and as being essential to meeting cost pressures, legislative

requirements and/or to meeting or improving service delivery targets. Growth is split into two categories:

Budget Pressures: arising from demographic and legislative demand, fall out of grant and loss of income in priority areas, which are therefore considered unavoidable. These total **£2.365m**.

Investment in Service Developments: arising from enhancements to existing services identified as a high priority for investment by Cabinet. These total **£0.387m** and include enhancements to support the council’s cleaner, greener agenda and to improve the customer experience.

A summary of growth is shown below per portfolio. Further detail of individual investments is provided in **Appendix 1**.

Budget Pressures and Investment for Service Developments Per Portfolio	Budget Pressures £'m	Service Development £'m	Total £'m
Business Support Services	1.837	0.265	2.102
Finance and personnel	0.528	0.122	0.650
Total	2.365	0.387	2.752

Efficiencies, Savings and Fees and Charges Increases

In order to set a balanced budget, and after a review of available resources from Formula grant and council tax, and taking into account additional known and likely pressures, a council wide savings and efficiency target of just over £12m was set for services. Proposals were brought forward and considered by Cabinet and total budget reduction options (including efficiencies, savings and fees and charges) of £1.622m are included in the draft budget proposals for Resources within this report for consultation. This has enabled Cabinet to use available resources to target priority services, and allowed some targeted investment in high priority areas, such as 0.122m for additional capacity within Legal in contract and social care (children’s) law.

Efficiencies and Savings, including service redesign options of £1.343m, are reflected in this report. These effectively release funding for other council priorities and investment. Removal of any saving increases the proposed draft council tax and percentage increase. Additional savings would reduce it.

Fees and charges were also reviewed as part of the budget process and proposals amounting to £0.883m are included. Where appropriate, increases have been proposed. Extra work has taken place to begin to benchmark against other councils to ensure that the council is making appropriate fees and charges for services provided. This review will continue to ensure that applicable charges and value for money services are delivered.

A summary of savings and fees and charges is shown below. Further detail on individual savings is provided in **Appendix 2**.

Efficiencies, Savings, Fees and Charges Proposals Per Portfolio	Efficiencies £'m	Service Redesign and reduction Savings £'m	Fees and Charges £'m	Total £'m
Business Support Services	0.519	0.219		0.738
Finance and personnel	0.471	0.134	0.278	0.884
Total	0.990	0.353	0.883	1.622

Citizen impact

The budget is aligned with service activity within service plans across the council. Investment is intended to be targeted at service improvement, stability and user demand. The report sets out the vision and priorities for the services within the remit of this panel.

Environmental impact

Services within the remit of this panel have a direct influence and impact on the environment.

Performance management

Financial performance is considered alongside service targets. Managers are required to deliver their service targets within budget, wherever possible.

The key indicators that the portfolios are responsible, or works in partnership to deliver improved outcomes against, are in **Appendix 3**.

Equality Implications

Services consider equality issues in setting budgets and delivering services. Irrespective of budgetary pressures the council must fulfil equal opportunities obligations

Consultation

This is the first of two meetings for scrutiny to consider Cabinets draft budget proposals. Proposals from the panel will be reported to Cabinet at its meeting on 16th December 2009 for their consideration. The second meeting on 22nd January 2010 will include the impact of the final settlement and any other funding changes and any changes to the draft figures arising from budget consultation. It will also include Cabinets draft capital programme budget proposals.

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DRAFT PORTFOLIO PROPOSALS : INVESTMENT

Invest't Category	INVESTMENT DESCRIPTION	SERVICE AREA	ANNUAL INVESTMENT		
			2010/11	2011/12	2012/13
			£	£	£
BUSINESS SUPPORT PORTFOLIO					
Budget Pressures	Shortfall of income within print and design services, over several years, due to falling activity and different publication methods	Print and Design	337,000	337,000	337,000
Budget Pressures	Due to the current economic climate efficiencies within procurement of contracts has not been realised and investment is required to prevent budget pressures in future years	Procurement	1,500,000	1,500,000	1,500,000
Service Development	Creation of 3 business analyst posts to support council wide efficiency activity. Funding is for one-off set up costs and it is expected that year 2 + the posts will generate sufficient efficiencies to cover the cost of the posts and achieve further savings for the council.	Business Solutions	120,000	0	0
Service Development	Setting up a single operating model for customer service improvements and efficiencies in processes to support effective customer service across the organisation will be secured, supporting self-service as the most cost effective solution where possible.	Business Solutions	145,000	145,000	145,000
TOTAL INVESTMENT : BUSINESS SUPPORT			2,102,000	1,982,000	1,982,000
FINANCE AND PERSONNEL PORTFOLIO					
Budget Pressures	Change in legislation for elections services - Individual registration not household registration from 2010/11	Electoral Registration	123,000	123,000	123,000
Budget Pressures	Corporate feasibility studies resource. A corporate resource to enable targeted feasibility studies /and investigation work to be undertaken	Council Wide	225,000	225,000	225,000
Budget Pressures	Reduction in housing benefit administration grant	Revenues	180,000	200,000	200,000
Service Development	Additional capacity within legal in contract and social care (children's) law and social care lawyer, to manage demand. This will result in a reduction in the number of cases that require support from agency staff and external legal support. It involves the employment of a contract lawyer and a social care lawyer.	Legal Services	122,000	122,000	122,000
TOTAL INVESTMENT : FINANCE AND PERSONNEL			650,000	670,000	670,000
TOTAL INVESTMENT			2,752,000	2,652,000	2,652,000

DRAFT PORTFOLIO PROPOSALS - EFFICIENCIES / SAVINGS / REVIEW OF FEES AND CHARGES

REF NO	SAVING CATEGORY	SAVING DESCRIPTION	DIRECTORATE	SUB SERVICE AREA	ANNUAL NET SAVING		
					2010/11	2011/12	2012/13
					£	£	£
BUSINESS SUPPORT SERVICES PORTFOLIO							
26	EFFICIENCY	Restructure within performance and scrutiny team - removal of vacant post	RESOURCES	CPM	(10,368)	(10,368)	(10,368)
27	EFFICIENCY	Rationalisation of training and supplies and services budgets	RESOURCES	Procurement	(16,343)	(16,343)	(16,343)
28	EFFICIENCY	Efficiencies achieved through the Finance Direct project	RESOURCES	Financial Administration	(228,861)	(228,861)	(228,861)
29	EFFICIENCY	Restructure resulting in reduction in 1 project support post following review of service	RESOURCES	Programme Delivery	(33,284)	(33,284)	(33,284)
30	EFFICIENCY	The deletion of a vacant post following the merger of support functions in line with the creation of the new Integrated Young Peoples Services.	RESOURCES	Business Support	(15,000)	(15,000)	(15,000)
31	EFFICIENCY	Efficiencies within the performance and outcomes team supporting social care and inclusion.	RESOURCES	CPM	(6,687)	(6,687)	(6,687)
32	EFFICIENCY	General service efficiencies across CPM	RESOURCES	CPM	(9,098)	(9,098)	(9,098)
33	EFFICIENCY	Efficiencies from merging transformation and business solutions	RESOURCES	Business Solutions	(25,824)	(25,824)	(25,824)
34	EFFICIENCY	Renegotiation of supplier contracts, consolidation of hardware inventory, natural efficiencies	RESOURCES	ICT	(70,731)	(70,731)	(70,731)
35	EFFICIENCY	Rationalise PA support and delete post (PA to AD ICT) following restructure	RESOURCES	Business Support	(23,285)	(23,285)	(23,285)
36	EFFICIENCY	Saving through economies of scale of physical centralisation of 'generic' functions and / or cease or re-engineer some functions	RESOURCES	Business Support	(80,000)	(80,000)	(80,000)
TOTAL EFFICIENCIES					(519,481)	(519,481)	(519,481)
37	SERVICE REDESIGN	Restructure of service, releasing savings - o.5 FT vacant scrutiny post and vacant p/t analyst post	RESOURCES	CPM	(34,850)	(34,850)	(34,850)
38	SERVICE REDESIGN	Savings related to a reduction in business support required following the successful implementation of People First in Social Care and Inclusion.	RESOURCES	Business Support	(86,000)	(86,000)	(86,000)
39	SERVICE REDESIGN	Post room savings associated with a pilot scheme to increase machine readable and standard size items.	RESOURCES	Business Support	(2,071)	(2,071)	(2,071)
40	SERVICE REDESIGN	Deletion of 3 posts not needed following realignment of roles within business support	RESOURCES	Business Support	(41,662)	(41,662)	(41,662)
41	SERVICE REDESIGN	Net savings resulting from restructuring support teams predominantly within Neighbourhood and Regeneration Services.	RESOURCES	Business Support	(40,000)	(40,000)	(40,000)
42	SERVICE REDESIGN	Rationalisation and reduction in 1st class postage	RESOURCES	Business Support	(14,424)	(14,424)	(14,424)
TOTAL SERVICE REDESIGN SAVINGS					(219,007)	(219,007)	(219,007)
TOTAL BUSINESS SUPPORT SERVICES PORTFOLIO PROPOSALS					(738,487)	(738,487)	(738,487)
FINANCE AND PERSONNEL PORTFOLIO							
75	EFFICIENCY	Weekly / monthly monitoring of processes and outstanding work. Ensuring disadvantageous changes are identified on notification and that benefit payments are suspended thereby reducing the creation of local authority error overpayments and loss of income	RESOURCES	Benefits	(67,448)	(67,448)	(67,448)
76	EFFICIENCY	General efficiencies - benefits	RESOURCES	Benefits	(31,000)	(31,000)	(31,000)
77	EFFICIENCY	Restructure of revenues team to release efficiencies and reduction of half a post	RESOURCES	Revenues	(24,043)	(24,043)	(24,043)
78	EFFICIENCY	Reduce spending on communications & marketing activities across the council by strict conformance to council wide strategy and consolidation of professional expertise.	RESOURCES	Council Wide	(80,000)	(80,000)	(80,000)

Appendix 2

DRAFT PORTFOLIO PROPOSALS - EFFICIENCIES / SAVINGS / REVIEW OF FEES AND CHARGES

REF NO	SAVING CATEGORY	SAVING DESCRIPTION	DIRECTORATE	SUB SERVICE AREA	ANNUAL NET SAVING		
					2010/11	2011/12	2012/13
					£	£	£
79	EFFICIENCY	Restructure of finance, implemented in 2009/10 reducing overall staffing numbers	RESOURCES	Finance	(45,000)	(45,000)	(45,000)
80	EFFICIENCY	Review and rationalisation of supplies and services budgets	RESOURCES	Finance	(80,562)	(80,562)	(80,562)
81	EFFICIENCY	Rationalise relief chauffeur provision	RESOURCES	Mayoral	(18,000)	(18,000)	(18,000)
82	EFFICIENCY	Restructure of equalities service	RESOURCES	Equalities and Diversity	(9,865)	(9,865)	(9,865)
83	EFFICIENCY	General efficiencies in equalities team	RESOURCES	Equalities and Diversity	(4,102)	(4,102)	(4,102)
84	EFFICIENCY	Efficiencies in external audit grant audits leaving to reduced audit fee	RESOURCES	External Audit	(38,413)	(38,413)	(38,413)
85	EFFICIENCY	General efficiencies in Employee services	RESOURCES	HRD - Employee Services	(17,843)	(17,843)	(17,843)
86	EFFICIENCY	Reduction in mileage claims	RESOURCES	HRD - Employee Services	(1,800)	(1,800)	(1,800)
87	EFFICIENCY	General efficiencies in Safety, Health and Welfare services	RESOURCES	HRD - SHAW	(7,684)	(7,684)	(7,684)
88	EFFICIENCY	Renegotiation of costs with employee welfare provider service and physiotherapist service	RESOURCES	HRD - SHAW	(10,600)	(10,600)	(10,600)
89	EFFICIENCY	General efficiencies - personnel	RESOURCES	HRD - PERSONNEL	(1,958)	(1,958)	(1,958)
90	EFFICIENCY	General efficiencies	RESOURCES	HRD - Strategy Services	(1,798)	(1,798)	(1,798)
91	EFFICIENCY	Efficiencies and review of all supplies and services budgets	RESOURCES	Corporate Management Team	(21,479)	(21,479)	(21,479)
92	EFFICIENCY	General efficiencies - internal audit	RESOURCES	Internal Audit	(3,910)	(3,910)	(3,910)
93	EFFICIENCY	Restraint of expenditure in areas that have little direct impact on service delivery	RESOURCES	Communications	(5,097)	(5,097)	(5,097)
TOTAL EFFICIENCIES					(470,602)	(470,602)	(470,602)
94	NEW INCOME	Additional income from traded services	RESOURCES	Finance	(23,000)	(23,000)	(23,000)
95	NEW INCOME	Increased income from traded services	RESOURCES	HRD - Employee Services	(50,000)	(50,000)	(50,000)
96	NEW INCOME	Increased income for Blue Badge and road safety officers	RESOURCES	HRD - SHAW	(10,097)	(10,097)	(10,097)
97	NEW INCOME	Secure project funding: ensure project post is charged out (major projects: non-mainstream)	RESOURCES	Finance	(51,000)	(51,000)	(51,000)
TOTAL INCOME					(134,097)	(134,097)	(134,097)
98	SERVICE REDESIGN	Reorganisation within safety, health and wellbeing teams, releasing one vacant safety officer post and partner/external funding contribution to occupational health service post	RESOURCES	HRD - SHAW	(78,446)	(78,446)	(78,446)
99	SERVICE REDESIGN	Reduced use of professional services	RESOURCES	Internal Audit	(7,534)	(7,534)	(7,534)
100	SERVICE REDESIGN	Changes to discretionary relief qualifying criteria and use of electronic work flow	RESOURCES	Revenues	(59,889)	(59,889)	(59,889)
101	SERVICE REDESIGN	Restructure of transactional team in HRD employee services	RESOURCES	HRD - Employee Services	(74,557)	(74,557)	(74,557)
102	SERVICE REDESIGN	Reduction in recruitment and training activity	RESOURCES	HRD - Strategy Services	(58,500)	(58,500)	(58,500)
TOTAL SERVICE REDESIGN SAVINGS					(278,926)	(278,926)	(278,926)
TOTAL FINANCE AND PERSONEL PORTFOLIO PROPOSALS					(883,625)	(883,625)	(883,625)
TOTAL					(1,622,112)	(1,622,112)	(1,622,112)

**CURRENT PERFORMANCE FOR BUSINESS SUPPORT SERVICES AND FINANCE
& PERSONNEL PORTFOLIOS**

Ref	Indicator	Current performance (Q2 where available)	Latest Q v Same Q last year	Latest Q v 2008/09 outturn	2009/10 target
NI 179	VFM - total net value of on-going cash-releasing value for money gains that have impacted since the start of the financial year	£14.124 million	£5.540 million ↑	£7.477 million ↑	N/A
NI 180	Changes in Housing Benefit / Council Tax Benefit entitlements within the year	770.9 (09/10 out-turn taken from CLG HUB)	N/A	1100.9 (08/09 out-turn taken from HUB) ↓	400
NI 181	Time taken to process Housing Benefit / Council Tax Benefit new claims and change events	26.4 (Q1) update not provided at Q2	24.4 ↓	17.5 ↓	30
OH04 (BI)	The Council will establish opening general reserves of between 2.25% and 5.00% of the total net general fund revenue budget each year	Annual measure – 08/09 out-turn met target of 2.5%	N/A	N/A	2.25%
OH05 (BI)	Payment of creditor invoices within 30 days of receipt to the authority	89	80 ↑	85 ↑	96
OH06 (BI)	Actual income collected against total debt raised for rolling 12 month period	89	N/A	91 ↓	87
OH07 (BI)	% of non-domestic rates collected by the authority in the year	60.12	61.65 ↓	98.1 ↓	97.8

**CURRENT PERFORMANCE FOR BUSINESS SUPPORT SERVICES AND FINANCE
& PERSONNEL PORTFOLIOS**

Ref	Indicator	Current performance (Q2 where available)	Latest Q v Same Q last year	Latest Q v 2008/09 outturn	2009/10 target
OH08 (BI)	% Council Tax collection rate	55	N/A	96.9 ↓	97.3
HRD 2.2 (BI)	Vacancy %	13.86	N/A	9.82% ↓	12
HRD 5.2 (BI)	Leavers as a % of the total employees (turnover)	5.17	N/A	15.66% ↑	9.5
HRD 6.12 (BI)	Number of working days lost due to short term sickness absence	10,862	N/A	38613.84 Not comparable	34,750
HRD 6.17 (BI)	Number of working days lost due to long term sickness absence	9754 (24,738 cumulative to Q2)	N/A	60391.73 Not comparable	54,350
HRD 9.12 (BI)	% of leadership positions occupied by women	36.73	N/A	40.38% ↓	45
HRD 9.13 (BI)	% of leadership positions occupied by employees considered disabled	6.12	N/A	5.77% ↑	3.5
HRD 9.14 (BI)	% of leadership positions occupied by employees from BME communities	6.12	N/A	7.69% ↓	12.25
HRD 12.1 (BI)	Number of work experience and work placement appointments	85	N/A	N/A	260

**CURRENT PERFORMANCE FOR BUSINESS SUPPORT SERVICES AND FINANCE
& PERSONNEL PORTFOLIOS**

CURRENT PERFORMANCE FOR BUSINESS SUPPORT SERVICES AND FINANCE & PERSONNEL PORTFOLIOS

Ref	Indicator	Current performance (Q2 where available)	Latest Q v Same Q last year	Latest Q v 2008/09 outturn	2009/10 target
HRD 13.1 (BI)	Number of apprenticeships appointments	16	N/A	N/A	30
OH01 (BI)	Diversity Challenge Improvement Plan	Amber rated at Q2	N/A	N/A	
OH02 (BI)	% of council employees declaring they meet the Disability Discrimination Act 1995 disability definition	2.72	2.86 ↓	2.62 ↑	4
OH03 (BI)	% of council employees from minority ethnic communities	13.61	11.83 ↑	13.29 ↑	10.75
CFI 05 (BI)	% Tellus comments, compliments, complaints (non-statutory) responded to within timescales (includes: Chief Execs, Neighbourhoods, Regeneration, Resources and Strategic Housing)	82	N/A	N/A	84

(BI) = Beacon Index Performance Indicator for 2009/10

↑ = Improving performance trend

↓ = Declining Performance trend

N/A = Data not available or is not comparable

**CURRENT PERFORMANCE FOR BUSINESS SUPPORT SERVICES AND FINANCE
& PERSONNEL PORTFOLIOS**