

REGENERATION SCRUTINY AND PERFORMANCE PANEL

06 DECEMBER 2010

Draft Revenue Budget Proposals 2011/12 for Consultation

Ward(s) All

Portfolio:

Councillor A. Andrew – Regeneration

Summary of report

This report presents Cabinet's first draft revenue budget proposals for 2011/12 for consultation with the panel and to provide an opportunity for the panel to make recommendations to Cabinet.

Recommendation

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

Background papers

Various financial working papers.
Equality Impact Assessment
Budget Consultation

Reason for scrutiny

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



Tim Johnson
Executive Director – Regeneration

23 November 2010

Background

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

Financial forecast and key timeline

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

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

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

Organisational context of Regeneration

The budget strategy for Regeneration was to achieve the required levels of efficiencies in line with Working Smarter principles, particularly ensuring the future flexibility of services is enhanced to improve the ability to respond to forthcoming national policy changes; changes in sub-regional working and the Regeneration & Economic Development Service Review, which is being undertaken as one of the agreed 8 Working Smarter service reviews, but which will not complete until early in 2011. Emphasis has been given to ensuring where possible, in the context of significant reductions in external funding, services are improved, integrated and re-focussed to respond to changing customer expectations, address current economic challenges together with understanding how we more explicitly support what will increasingly be the private sector led economic regeneration of the borough which is our long term objective. A range of more specific service review activity is also underway to explore different, future service delivery options, some in the context of the AM2010 process which is a key priority within Working Smarter.

Resource and legal considerations

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

Table 1 sets out the draft budget 2011/12 for the Regeneration portfolio and proposed changes in resources, compared to the approved budget for 2010/11.

Table 1 : DRAFT 2011/12 NET BUDGET – REGENERATION PORTFOLIO

DETAILS	£m
Budget brought forward from previous year	11.017
Inflation pressures	0.163
Other changes	0.238
Budget pressures : demographics, cost pressures, fall out of grant, etc	0.494
Full year effect of 2010/11 growth	(0.662)
New savings - operational (where officers have delegated authority to implement) – Appendix 1	(0.673)
New savings - requiring Cabinet decision to implement – Appendix 2	(0.032)
Full year effect of 2010/11 savings	(0.218)
Draft net budget	10.327

Pressures

The draft 2011/12 revenue budget for Regeneration portfolio includes £0.662m reduction which relates to investment decisions made by Council in February 2010 where a part year cost effect only was included in 2010/11. In addition further growth totalling £0.494m has been identified as a very high priority by Cabinet and as being essential to meeting cost pressures. A summary of growth is shown in **Table 2**.

Table 2 : COST PRESSURES 2011/12

DETAILS	£m
Planning Services - Black Country Joint Core Strategy	0.081
Planning Services - Planning application fee income shortfall	0.278
Property Services – Unclassified land and buildings fee shortfall	0.060
Strategic Regeneration – Black Country Re-investment Society loans to small businesses	0.075
Total	0.494

Efficiencies, Service Redesign and Fees and Charges Increases

The draft 2011/12 revenue budget for services within the remit of this panel includes £0.218m of savings which relate to decisions made by Council in February 2010 where a part year effect only was included in 2010/11.

Proposals for savings have been considered by Cabinet and total new budget reduction options (including efficiencies, service redesign savings and income generation) of £0.705m are included in the draft budget proposals for Regeneration portfolio within this report for consultation.

Operational savings - those not requiring an Executive (Cabinet) decision - totalling £0.673m have been included. Where feasible, these will be introduced as soon as practicably possible to generate early savings. Full analysis shown at **Appendix 1**.

Additionally, executive proposals (those requiring a Cabinet decision to proceed) of £0.032m are included for consultation. These appear at **Appendix 2**.

Staffing implications

The savings proposals identified in this report are predicted to impact on 21 posts. These are noted alongside each savings proposal on Appendix 1 and 2 attached to this report.

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

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

Citizen impact

The budget is aligned with service activity in service plans, and prepared using the principles of the Working Smarter programme. The savings and efficiencies reduce net cost and dampen the need for council tax increases. A stable financial position ensures activity is targeted on service delivery and driving improvement.

Environmental impact

The draft budget provides funding for community safety initiatives.

Risk Management issues

Service managers undertake comprehensive risk assessments of their budgets by identifying risk factors associated with potential changes to service delivery and funding streams to ensure that adequate corporate budgetary provision is available to cover unforeseen future events. This risk management approach has been in place for several years and is used to inform the level of earmarked reserves and working balance. A detailed statement on the adequacy of general and earmarked reserves and provisions will be included within the final budget report in February, along with a comprehensive financial assessment of the key risks to the 2011/12 budget.

Equality Implications

Service managers have regard to equalities in setting budgets and delivering services. Equality impact assessments are undertaken on options and the overall budget which are independently assessed by the Councils Equality and Diversity team. These will be refined as feedback is received on the budget as part of the consultation process.

Consultation


This is the first of two meetings for scrutiny to consider Cabinet's draft budget proposals. Recommendation from this panel will be reported to Cabinet at its meeting on 15 December 2010 for their consideration. The second meeting on 21 January 2011 will include the impact of the final settlement and any other funding changes and any changes to the draft figures arising from budget consultation.

The council is statutorily obliged to consult with representatives of non-domestic ratepayers before setting the budget for the following financial year. Public consultation started in September and includes:

- Budget consultation packs sent to key community and voluntary sector organisations, and also published on the council's website
- Interviews of older people at Age Concern road shows
- Discussions held with service users and young people, met people with learning disabilities, and gathered feedback at the Centre for Independent Living
- Business consultation with representatives from the business community on 28 September 2010
- On line budget simulator tool launched on 8 October 2010 until 5 November 2010 for residents to review budget prioritisation
- A Workforce Management JNCC has been established to consult with employee representatives and discussion on budget options started formally on 22 November

The results of this consultation will be reported to Cabinet on 15 December, and then included in the next budget report to this panel meeting on 21 January 2011.

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