

DATE: 17 JANUARY 2011

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

Ward(s) All

Portfolio:

Councillor McCracken – Social Care and Health

Summary of report

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

Recommendation

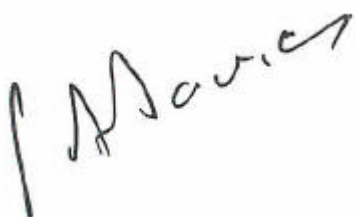
The panel are recommended to consider the draft proposals in this report and make further recommendations to Cabinet as appropriate.

Background papers

Various financial working papers.
Equality Impact Assessment
Budget Consultation

Reason for scrutiny

To enable consultation and scrutiny of the draft budget proposals for 2011/12.



**Paul Davies
Executive Director – Social Care and Inclusion**

06 January 2011

Background

Cabinet on 17 November 2010 presented their draft revenue budget proposals for 2011/12 for consultation. These proposals were considered by this panel on 29 November 2010, with recommendations to Cabinet on 15 December 2010.

A further report on revenue savings options requiring a formal policy decision to implement was also presented to Cabinet on 15 December, along with a separate report on the draft Capital Programme for 2011/12.

The draft formula grant settlement was announced on 13 December 2010. This is a 2 year settlement and covers the period 2011/12 to 2012/13. The draft settlement includes a number of grants that have been unringfenced and rolled into this single funding mechanism totalling £16.689m. The settlement represents a 10.4% reduction in Formula Grant, which rises to 13.2% following a further reduction of £6.2m in specific grants.

The Government has also announced a one off council tax freeze grant of £2.712m for Walsall in 2011/12 (this will be included in the settlement for 2012/13, but we are not aware of how this will be treated beyond 2012/13). The actual grant will not be known until April 2011, but this replaces the need to raise council tax to residents of the borough in 2011/12.

Resource and legal considerations

Revenue

The draft revenue budget for services within the remit of this panel was presented to the panel meeting on 29 November 2010. This included the detailed breakdown of both investment and savings options submitted to Cabinet to enable the panel to make recommendations for Cabinet to consider as part of the budget process. The panel discussed the options in principle, and made the following recommendations to Cabinet on 15 December 2010 :-

'the Panel notes the proposals, public consultations and reassurances given with regard to the restructuring of services and of charges. Members also request that the Panel is kept regularly informed regarding the impact of the proposed changes on service users - in order to meet concerns that it would not be possible to fully assess changes until more detailed information and case studies become available.'

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

Table 1 : DRAFT 2011/12 NET BUDGET – SOCIAL CARE AND HEALTH	
	£m
Budget brought forward from 2010/11	77.971
Inflation pressures	1.076
Other changes (including changes to grants)	1.915
Budget pressures : demographics, cost pressures, fall out of grant, etc	1.433
Full year effect of 2010/11 growth	0.448
Proposed savings	(7,133)
Full year effect of 2010/11 savings	(1.690)
Draft net budget	74.020

Investment

The draft 2011/12 revenue budget for the Social Care and Health portfolio includes £448k of growth which relates to investment decisions made by Council in February 2010 where a part year cost effect only was included in 2010/11. In addition further growth totalling £1.433m has been identified as a very high priority by Cabinet and as being essential to meeting cost pressures. There is no change to the investment reported in the report to this panel on 29 November 2010.

Savings proposals

The draft 2011/12 revenue budget for the Social Care and Health portfolio includes £1.690m 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 £7.133m are included in the draft budget proposals, again representing no change to the position previously considered by this panel on 29 November 2010. Of these, 2 savings proposals totalling £3.6m require a cabinet decision to proceed, these were presented to Cabinet on 15 December 2010 :-

- Saving No 13 – Development of the external / voluntary sector transport market within Walsall and decommissioning of current transport contracts (£100k) – **Appendix 1A**
- Saving No 14 – Review of charging areas across the Social Care & Inclusion directorate including the introduction of a benefits based charging system and review / maximisation / introduction of other charging areas (£3.5m) – **Appendix 1B**

Impact of the draft Formula Grant settlement

The Government provides funding to councils through formula grant, specific grant (which must be used to deliver government specific outcomes), and un-ring fenced grants which the council can decide how to utilise. For Walsall in 2011/12 the provisional settlement has been confirmed as £137.104m. This is a 2 year settlement and covers the period 2011/12 to 2012/13.

The draft settlement includes a number of grants that have been unringfenced and rolled into this single funding mechanism, totalling £16.689m. For Social Care, this includes:-

- AIDS support
- Preserved rights
- Mental health
- Learning disability development fund
- Mental capacity act
- Carers
- Personal Social Services

In addition there have been changes to specific grants issued from other government departments. For 2011/12 these total £17.998m compared to £24.222m in 2010/11, a reduction of £6.224m, however none of this specifically relates to Social Care.

A new Learning Disability and Health Reform Grant of £6.459m will be received from 2011/12, which rises to £6.612m in 2012/13. This grant is simply a national redirection of funding from the NHS to Local Authorities to reflect a transfer of responsibilities, thus there is a net nil impact on the budget.

Further NHS funding to support Social Care and benefit Health of £3.874m has been announced in 2011/12. This funding will be allocated directly to the NHS, although the use of the funding will need to be agreed with partners including the Local Authority.

Capital Programme

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

Table 2 sets out a summary of the draft capital programme for schemes under the remit of this panel, with the full list of associated schemes listed in **Appendices 2 and 3**.

Table 2 : DRAFT 2011/12 CAPITAL PROGRAMME – SOCIAL CARE AND HEALTH	
	£m
Mainstream (Council’s own resources) New Bids – Schemes that will cost the council more in the medium term if we don’t do them - Appendix 2	1.976
External Funding (Ring fenced) – Appendix 3	0.740
Draft Capital Programme – Social Care	2.716

If grant or council mainstream funding is unavailable, schemes will not proceed. At this point in time, a number of grants have not been confirmed, therefore there is likely to be some movement as the budget process progresses.

Schemes are recommended to go ahead as they represent council priorities, for a number of reasons:

- Corporate commitments - annual commitments that must be in the capital programme i.e for infrastructure projects, though the amounts may be varied.
- Prior year approvals - projects that have started or received prior Cabinet approval and funding in 2011/12 is required for their completion.
- Schemes which are critical for health and safety reasons, or which will cost the council more in the long run or are critical to deliver a specific service outcome.
- Capital insurance reserves: in a number of areas as insurance reserves to protect the council's position, for which funding is available should the need arise to draw it down.

Leasing minimises the call on capital resources by spreading the acquisition cost over a number of years, with revenue funds needed to finance operating leases. For Social Care, the impact of the current leasing programme will be £73k in 2011/12 (relating to equipment).

Citizen impact

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

Environmental impact

The draft budget provides funding for community safety initiatives.

Risk Management issues

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

Equality Implications

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

Consultation

This is the second of two meetings for scrutiny to consider Cabinet's draft budget proposals. Recommendation from this panel will be reported to Cabinet at its meeting on 9 February 2011 for their consideration.

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

- Budget consultation packs sent to key community and voluntary sector organisations, and also published on the council's website
- Interviews of older people at Age Concern road shows
- Discussions held with service users, young people, and people with learning disabilities, and gathered feedback at the Centre for Independent Living
- Business consultation with representatives from the business community on 28 September 2010, and a follow up meeting on 11 January 2011
- On line budget simulator tool launched on 8 October 2010 until 5 November 2010 for residents to review budget prioritisation
- A Workforce Management JNCC has been established to consult with employee representatives and discussion on budget options started formally on 22 November 2010

The feedback from budget consultation was reported to Cabinet on 15 December 2010, and is attached to this report for your information.

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Saving 13: Development of the external/voluntary sector transport market within Walsall and decommissioning of current transport contracts:

Estimate Net Saving in £'000			
2011 / 2012	2012 / 2013	2013 / 2014	Implementation cost
£100,000	£100,000	£100,000	£0

1. Description of the Savings Proposal

- 1.1 Transport is an ordinary every day expense and the provision of a transport service by the local authority to social care clients is not a statutory function. It is therefore proposed to review costs of the provision and ensure there is a more efficient procurement to reduce costs.

2. Implications Associated With Savings Proposal

2.1 Customers

The actual charge for the service to customers would not change, and there should be no impact on customers.

2.2 Employees

Transport Services are currently provided under commissioned contracts, therefore there will be no impact on Council staff.

2.3 Partners

No impact on partner organisations.

2.4 Corporate Plan/Priorities

Possible implication for the reduction in uptake of social care service, if service users opt not to accept changes in their transport.

2.5 Other Council Services

No impact on other council services.

3. Associated Risks

- 3.1 Restructuring of services may take longer than anticipated and therefore reduce level of savings deliverable in the first year.

4. Consultation

- 4.1 There will be an individual review of each service user who is affected by transport services changes.

5. Legal Implication

- 5.1 This is a non statutory service and there are no legal implications in making changes to current provision.

6. **Equal Opportunities and Environmental Implications**

6.1 Individual service users will be considered case by case.

7. **Equality Impact Assessment**

7.1 An Equality Impact Assessment form has been completed for this savings proposal, which has been assessed by the Equalities team. The assessment shows that the proposal has no adverse affect on service users. Their transport needs will still be met but within a more efficient financial model. The council has 2 Transport contracts along with a large In-house provision. The £100k saving can be achieved by reorganisation without adversely impacting on service users. Service users will be directed to the most suitable Transport service to meet their needs. Those eligible clients will also be encouraged to apply for the mobility element of Disability Living Allowance. The council will continue to ensure that clients' transport needs are met particularly those people with Disabilities who rely on council provision.

Saving 14: Review of charging areas across the SC&I directorate including the introduction of a benefits based charging system and review/maximisation/introduction of other charging areas:

Estimate Net Saving in £'000			
2011 / 2012	2012 / 2013	2013 / 2014	Implementation cost
£3,500,000	£3,500,000	£3,500,000	£100,000

1. Description of the Savings Proposal

- 1.1 The introduction of a benefits based charging system across community based services, thus superseding the current fairer charging model, implemented in 2004. The benefits based charging arrangement would signal the introduction of a fairer charging system based upon the principle that everyone would pay a contribution towards the cost of their care. The model links the disability related benefits that a service user receives, to the care being delivered and is based on the underlying principle that people in receipt of disability benefits receive such benefits to contribute towards the costs of meeting their disability needs. The principle for the development of a 'Benefits Based Charging' model is levying a flat rate charge.

2. Implications Associated With Savings Proposal

2.1 Customers

The overarching implication for customers, via disability related benefits service users would make a contribution towards the cost of their care. For a proportion of current users this would mean an increase in charge and for others this would mean a reduction in current contributions paid. For all service users this would mean the receipt of a service under a charging model which was more equitable and where despite the increase in care needs over time a flat rate levied charge would apply.

2.2 Employees

This model would mean a simplification of current labour intensive administrative processes, the establishment of a charging arrangement which is not based on or delayed by the completion of a financial assessment. There are implications for the Welfare Rights Team, as benefits maximisation will require prioritisation.

2.3 Partners

Potentially could create demand for other services, particularly universals services delivered across the third sector and within local community settings.

2.4 Corporate Plan/Priorities

Possible implication for the reduction in uptake of social care services, if service users decide not to receive local authority care.

2.5 Other Council Services

Possible implications for Support Services.

3. **Associated Risks**

- 3.1 Reduction in household disposable income for some service users. Decline in uptake of local authority community based services.

4. **Consultation**

- 4.1 Consultation planned and currently underway via direct contact to all existing service users; disability rights consultation session and a series of localised road shows being delivered across the borough.

5. **Legal Implication**

- 5.1 Legal support already enlisted due to possible challenge and associated implications including Judicial Review.

6. **Equal Opportunities and Environmental Implications**

- 6.1 All service users to be offered access to benefits maximisation and individual hardship cases to be considered case by case

7. **Equality Impact Assessment**

- 7.1 An Equality Impact Assessment form is being completed for this savings proposal, in conjunction with the Equalities team. The assessment shows that review of charging areas will be across the directorate and through the introduction of a benefits-based charging system. Where service users will be able to contribute to the cost they will be required to do so. A system will be set up in a way that allows promoting equity and fairness. There is a risk to those current recipients of services who choose not to pay for services, which they used to receive at no cost before. These clients will be closely tracked and monitored. It will be applied consistently, based on national guidance. There is a potential for more locally sourced services and a wider range of providers. The development of the Community Social Work model will enhance collaboration with all services and groups protected by Equality Act 2010.