

**CHILDREN'S SERVICES
SCRUTINY AND PERFORMANCE PANEL**

DATE: 03 DECEMBER 2010

Draft Revenue Budget Proposals 2011/12 for Consultation

Ward(s) All

Portfolio:

Councillor R. Andrew – Children's Services

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.



**Pauline Pilkington
Executive Director – Children's Services**

24 November 2010

Background

This section summarises the councils financial forecast and key timeline, and the organisational context of the Children's Services 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 Children's Services

Children's services have a wide ranging portfolio of mainly statutory services covering services for all children to services for the most vulnerable. Nationally the two universal services, schools and health services, are undergoing dramatic changes to their organisation under the new government, but are better protected from the most far reaching savings to be made over the next four to five years. In drawing up our proposals we have attempted to safeguard services which have greatest impact on our key priorities for the coming year and beyond – improving attainment, by supporting school improvement and reducing the need for children to be looked after by early intervention and support. Using the 'working smarter' principles, we are seeking to ensure we raise attainment of, and keep safe, the most vulnerable.

Young peoples services, including careers advice and family support services will have to target activity to where it is most effective, with fewer people. Services previously offered to all children and young people will have to become targeted at those who need them most. We will expect highly effective, efficient services and will ensure we commission and procure services that are demonstrably making a real difference. We will do what is shown to work and cease what does not.

Generally, in children's services the services most vulnerable to cuts are those most likely to help prevent problems escalating and requiring intervention by social workers or the police. Early intervention services which have a clear evidence base will be supported particularly where they are delivered with partners (health, the police, probation). We have been mindful not to cut off the activities that alleviate pressure on child protection services and services for children in care. In the long term, we believe such decisions will be more expensive and more damaging for the children and young people involved

In light of the Government policy of devolving autonomy to schools (outlined in the recently published white paper), and the need for future service delivery to focus on continued improvement in educational attainment, a review of the current education contract output specifications has begun. The review process is following the council's working smarter

principles with Walsall Head teachers directly involved and a report will recommend changes by end of December 2010, to be implemented in April 2011.

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 Children's Services portfolio and proposed changes in resources, compared to the approved budget for 2010/11.

Table 1 : DRAFT 2011/12 NET BUDGET – CHILDREN'S SERVICES PORTFOLIO

DETAILS	£m
Budget brought forward from previous year	64.648
Inflation pressures	0.846
Other changes	(0.022)
Budget pressures : demographics, cost pressures, fall out of grant, etc	2.100
Full year effect of 2010/11 growth	(0.093)
New savings - operational (where officers have delegated authority to implement) – Appendix 1	(0.629)
New savings - requiring Cabinet decision to implement – Appendix 2	(2.603)
Full year effect of 2010/11 savings	0
Draft net budget	64.247

Pressures

The draft 2011/12 revenue budget for Children's Services portfolio includes £0.093m 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 £2.1m 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
Looked after children and Family Contact costs – increased demand on the service	2.100
Total	2.100

Efficiencies, Service Redesign and Fees and Charges Increases

Proposals for savings have been considered by Cabinet and total new budget reduction options (including efficiencies, service redesign savings and income generation) of £3.232m are included in the draft budget proposals for Children's Services portfolio within this report for consultation.

Operational savings - those not requiring an Executive (Cabinet) decision - totalling £0.629m 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 £2.603m are included for consultation. These appear at **Appendix 2**.

Staffing implications

The savings proposals identified in this report are predicted to impact on 56 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 25 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 25 January 2011.

Contact Officer:

Chris Knowles,
Lead Accountant
☎ 01922 652964,
knowlesc@walsall.gov.uk

APPENDIX 1

BUDGET 2011/12 + OPERATIONAL SAVINGS - FOR INFORMATION

REF NO	WORKING SMARTER - SAVING DESCRIPTION	SERVICE AREA	ANNUAL GROSS SAVING			REDUCTION IN POSTS (No)
			2011/12	2012/13	2013/14	
			£	£	£	
CHILDRENS SERVICES						
Restructuring						
58	Reduction in youth justice services management costs as part of Integrated Young People Support Service (IYPSS) service redesign and focus on targeted support which will strengthen the role of senior practitioners.	Integrated Young People Support	74,000	74,000	74,000	2
59	Implementation of next phase of IYPSS service redesign maximising working smarter principles, which will increase focus on targeted youth support (TYS) for most vulnerable groups of young people.	Integrated Young People Support	435,000	435,000	435,000	54
Review of operational budgets						
60	Reduction in spend on activity within the teenage pregnancy/conception reduction programme.	Integrated Young People Support	65,000	65,000	65,000	0
61	Review of activities for young carers	Integrated Young People Support	10,000	10,000	10,000	0
62	Reduction in overall commissioning resource. Commissioning resource currently consists of the council core budget and positive activities for young people (PAYP) activities grant fund which supports the provision of the young peoples positive activities programme.	Integrated Young People Support	45,000	45,000	45,000	0
TOTAL			629,000	629,000	629,000	56

APPENDIX 2

BUDGET 2011/12 + EXECUTIVE SAVINGS OPTIONS - FOR CONSULTATION

REF NO	WORKING SMARTER - SAVING DESCRIPTION	SERVICE AREA	ANNUAL GROSS SAVING			REDUCTION IN POSTS (No)
			2011/12	2012/13	2013/14	
			£	£	£	
CHILDRENS SERVICES						
15	Negotiate reduction in overall value of the contract for delivery of information, advice and guidance services with Prospects.	Integrated Young People Support	75,000	75,000	75,000	0
16	Projected savings as part of the council review of essential car user allowance. Changes to essential car user allowance will provide the savings identified within youth offending budget.	Integrated Young People Support	28,000	28,000	28,000	0
17	Negotiate reduction in cost of education services contract with Serco.	Education	2,500,000	2,500,000	2,500,000	0
TOTAL			2,603,000	2,603,000	2,603,000	0