

**DATE: 26 JANUARY 2007**

**DRAFT BUDGET 2007/8**

**Ward(s)** All

**Portfolios** Cllr Z Ali

**Summary of report**

This report presents the draft revenue budget for Children & Young People for 2007/8 along with service specific saving and investment options in respect of the revenue budget 2007/8 to enable consideration and further recommendations to cabinet.

**Recommendations**

To consider the information within this report and make recommendations to cabinet as appropriate.

**Signed**



**Executive Director:** Carole Evans

**Date:** 17 January 2007

**Background papers**

Various financial working papers.

**Reason for scrutiny**

To enable scrutiny of draft budget for 2007/8 along with options for investment and savings in the context of setting the 2007/8 corporate revenue budget.

**Resource and legal considerations**

Services were requested to identify efficiency savings and investment for consideration in the setting of the 2007/8 corporate revenue budget and to review base budgets in line with the corporate guidelines and estimated changes in inflation and pay awards.

**Citizen impact**

The budget is aligned with service activity within service plans across the council. Investment has been targeted at service improvement, stability and user demand.

**Environmental impact**

None directly associated with this report.

**Performance management**

Draft budgets, investment and savings options are considered in the context of service targets and outcomes.

## Equality Implications

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

## Consultation

Scrutiny panels received service specific budget options for consultation and consideration in November 2006. These were fed back to Cabinet as part of the overall budget setting process. A further Cabinet meeting is scheduled for February 2007 at which the final draft corporate revenue budget for 2007/8 will be recommended to Council.

## Author

Melanie Harmitt - Head of Finance

☎ 01922 650320

harmittm@walsall.gov.uk

### 1. DRAFT REVENUE BUDGET FOR 2007/8

- 1.1 The draft revenue budget for 2007/8 has been calculated based on the 2006/07 budget which has been adjusted in line with expected inflationary factors. A summary of which is shown in **Table 1** below.

**Table 1 – Calculation of 2007/8 Draft Revenue Budget**

Description	£M
Base budget 2006/7	71.824
Budget refresh 2007/8 – pay award, inflation, etc	1.738
Total assumed spend 2007/8	73.562
FYE of investments/efficiencies approved 2006/7	(0.055)
Revised base budget 2007/8	73.507
Council wide / corporate pressures	0.589
Efficiencies - efficiencies	(0.032)
- reductions in service	(1.146)
<b>Total forecast 2007/8</b>	<b>72.918</b>

- 1.2 The total forecast for 2007/8 has been broken down into service areas to show the breakdown across different client groups. The attached appendices show the service's expenditure and income across the different subjective categories.

Appendix 1	Education
Appendix 2	Children's Social Care
Appendix 3	Youth Service
Appendix 4	Parent Partnership Service

1.3 The figures contained within the appendices exclude any items of growth and savings which have still to be approved by full Council. However, for completion they have been shown at the bottom of each page in summary format.

## 2. INVESTMENT AND SAVINGS OPTIONS 2007/8

### 2.1 Investment

As part of the budget process investments are identified by services in line with service plans across the council and are targeted at service improvement, stability and user demand. **Appendix 5** shows details of service specific investments currently put forward for consideration.

### 2.2 Savings

In order to achieve a balanced budget services have submitted savings options for consideration. These options were worked up by managers and have also been considered by EMT. A risk assessment for each option has been undertaken to assess the affects on service delivery. **Appendix 6** details service specific savings which have been categorised into the following themes:

- Efficiencies (Appendix 6a)
- Reductions in service (Appendix 6b)

### 2.3 Scrutiny Recommendations to Cabinet

At its meeting on 23 November, this panel made a number of recommendations to Cabinet for inclusion in the draft proposals. These recommendations were reported to Cabinet on 20 December. Cabinet's will consider draft budget proposals on 17 January 2007. The following table details the recommendations of this panel and compares them to Cabinet's draft proposals.

<b>Saving / Investment Proposal</b>	<b>Value £</b>	<b>Scrutiny recommendation to Cabinet</b>	<b>Cabinet budget proposals</b>
1. Reduction in project funding – Youth Service	86,000	Do include	Included in draft budget
2. Reduction in development funding – Youth Service	25,000	Do include	Included in draft budget
3. Reduction in use of external placements	358,000	Do not include	Included in draft budget (50% of original £715,000 proposed)
4. Staffing restructure in Children's Social Work Services	320,000	Do not include	Included in draft budget

In addition, the panel expressed concern about the risk implications to the service if reductions as set out in proposals 3 and 4 above are implemented.

## EDUCATION

	Actual	Estimate	Forecast	Draft
	05/06	06/07	Outturn 06/07	Budget 07/08
<b>Expenditure</b>				
<u>Employee Costs</u>				
Salaries	308,048	500,484	504,824	596,302
Agency	0	0	2,325	0
Training	0	0	9,819	0
Other	2,006,910	3,059,753	2,779,564	2,636,746
<b>TOTAL</b>	<b>2,314,958</b>	<b>3,560,237</b>	<b>3,296,532</b>	<b>3,233,048</b>
<u>Premises Costs</u>				
Repairs & Maintenance	2,740	14,201	2,976	16,372
Utilities	138,443	196,932	208,114	219,196
Rent	117,261	117,261	117,261	117,261
Rates	91,258	102,212	95,802	117,840
Cleaning & Caretaking	0	0	0	0
Other	4,787	5,121	4,867	5,904
<b>TOTAL</b>	<b>354,489</b>	<b>435,727</b>	<b>429,020</b>	<b>476,573</b>
<u>Supplies &amp; Services</u>				
Equipment	0	0	6,004	0
Provisions	161,476	160,000	168,000	175,000
Subscriptions	182,932	179,324	162,844	184,703
Other	71,976	98,936	147,421	107,870
<b>TOTAL</b>	<b>416,384</b>	<b>438,260</b>	<b>484,269</b>	<b>467,573</b>
<u>Agency &amp; Contracted Services</u>				
Delegated Schools	143,850,654	156,609,905	156,609,905	166,902,319
PVI Nurseries	387,026	551,059	551,059	567,591
Standards Fund	22,125,102	17,535,152	17,535,152	18,009,510
School Standards Grant	5,347,746	5,526,327	7,433,309	7,656,308
General Sure Start Grant	8,984,856	5,828,076	8,221,017	8,467,648
SERCO Contract	17,245,896	18,234,237	18,255,979	19,040,876
SERCO Grant Payments	205,606	481,940	510,074	525,376
Other	0	0	0	0
<b>TOTAL</b>	<b>198,146,886</b>	<b>204,766,696</b>	<b>209,116,495</b>	<b>221,169,628</b>
<u>Transfer Payments</u>				
Office Accommodation	71,616	90,441	90,441	90,441
CSS	576,786	455,676	455,676	455,676
Payroll	31,873	311,806	311,806	311,806
Staffing	66,008	154,986	154,986	154,986
Personnel	177,164	103,905	103,905	103,905
ISS	38,148	233,242	233,242	233,242
Legal	144,032	173,701	173,701	173,701
Other	135,941	9,156	8,699	10,556
<b>TOTAL</b>	<b>1,241,568</b>	<b>1,532,913</b>	<b>1,532,456</b>	<b>1,534,313</b>
<u>Capital Financing</u>				
Leasing	2,482	2,694	989	2,694
Prudential Borrowing	0	99,000	99,000	99,000
Deferred Charges	572,907	0	0	0
Capital	31,157,693	31,157,693	31,157,693	31,157,693
<b>TOTAL</b>	<b>31,733,082</b>	<b>31,259,387</b>	<b>31,257,682</b>	<b>31,259,387</b>
<b>TOTAL EXPENDITURE</b>	<b>234,207,367</b>	<b>241,993,220</b>	<b>246,116,454</b>	<b>258,140,522</b>
<b>Income</b>				
Fees	-112,610	-140,954	-123,991	-144,232
Rent	-16,219	-20,332	-20,032	-22,394
PCT	0	0	0	0
<b>TOTAL</b>	<b>-128,829</b>	<b>-161,286</b>	<b>-144,023</b>	<b>-166,626</b>
Government Grants	-45,753,474	-200,175,957	-204,316,454	-215,637,194
<b>TOTAL INCOME</b>	<b>-45,882,303</b>	<b>-200,337,243</b>	<b>-204,460,477</b>	<b>-215,803,820</b>
<b>NET EXPENDITURE</b>	<b>188,325,064</b>	<b>41,655,977</b>	<b>41,655,977</b>	<b>42,336,702</b>

**Growth/Savings Proposals**

Education Contract Re-configuration

589,000

**DRAFT BUDGET 2007/08****42,925,702**

## CHILDREN'S SOCIAL CARE

		Actual 05/06	Estimate 06/07	Forecast Outturn 06/07	Draft Budget 07/08
<b>Expenditure</b>					
<b>Employee Costs</b>					
	Salaries	9,843,134	10,877,864	9,858,685	11,255,964
	Agency	1,841,407	453,486	1,212,751	615,036
	Training	-35,294	34,837	54,148	35,569
	Other	1,951,516	1,771,057	2,142,683	1,808,237
	<b>TOTAL</b>	<b>13,600,763</b>	<b>13,137,244</b>	<b>13,268,267</b>	<b>13,714,806</b>
<b>Premises Costs</b>					
	Repairs & Maintenance	63,271	73,935	1,123	75,488
	Utilities	58,687	120,799	97,433	137,975
	Rent	81,145	160,354	212,078	163,721
	Rates	29,626	43,648	53,020	44,565
	Cleaning & Caretaking	21,977	20,379	70,485	20,807
	Other	244	1,366		1,395
	<b>TOTAL</b>	<b>254,951</b>	<b>420,481</b>	<b>434,139</b>	<b>443,950</b>
<b>Transport Costs</b>					
	Repairs & Maintenance	7,313	19,000	57,623	19,399
	Hire	6,035	98,053	31,886	100,112
	Car Allowances	330,338	259,623	326,125	265,075
	Other	182,700	200	204,031	204
	<b>TOTAL</b>	<b>526,386</b>	<b>376,876</b>	<b>619,665</b>	<b>384,790</b>
<b>Supplies &amp; Services</b>					
	Furniture	184,532	145,982	99,595	149,048
	Equipment	23,610	13,283	31,123	13,562
	Provisions	49,116	92,185	60,311	94,121
	Telephones	123,469	107,176	74,800	109,427
	Computers	56,599	1,850	29,815	1,889
	Subscriptions	62,280	83,641	126,730	85,704
	Grants	65,499	55,468		56,633
	Office Expenses	140,484	105,456	153,307	107,671
	Other	2,072,001	2,042,014	1,542,326	2,208,443
	<b>TOTAL</b>	<b>2,777,591</b>	<b>2,647,055</b>	<b>2,118,007</b>	<b>2,826,496</b>
<b>Agency &amp; Contracted Services</b>					
	Voluntary Bodies	6,922,290	9,542,142	9,747,860	9,828,406
	Other LAs	88	0	0	0
	Payment to Carers	8,329,690	3,891,004	4,563,645	3,982,492
	Other	588,114	144,604	182,390	147,641
	<b>TOTAL</b>	<b>15,840,182</b>	<b>13,577,750</b>	<b>14,493,895</b>	<b>13,958,539</b>
<b>Transfer Payments</b>					
	Office Accommodation	31,553	32,532	32,532	32,532
	CSS	564,315	450,076	450,076	450,076
	Payroll	44,305	66,728	66,728	66,728
	Staffing	105,295	91,771	91,771	91,771
	Personnel	521,693	185,977	185,977	185,977
	ISS	317,836	364,806	364,806	364,806
	Legal	159,628	82,365	82,365	82,365
	Other	150,513	19,843	53,918	19,843
	<b>TOTAL</b>	<b>1,895,138</b>	<b>1,294,098</b>	<b>1,328,173</b>	<b>1,294,098</b>
<b>Capital Financing</b>					
	Leasing				
	Capital	91,711	91,711	91,712	91,711
	<b>TOTAL</b>	<b>91,711</b>	<b>91,711</b>	<b>91,712</b>	<b>91,711</b>
	<b>TOTAL EXPENDITURE</b>	<b>34,986,722</b>	<b>31,545,215</b>	<b>32,353,858</b>	<b>32,714,391</b>
<b>Income</b>					
	Fees	-22,159	0	-1,069	0
	PCT	-2,511,333	-1,448,313	-1,727,410	-1,491,316
	Other	-598,079	-82,703	-268,250	-84,440
	<b>TOTAL</b>	<b>-3,131,571</b>	<b>-1,531,016</b>	<b>-1,996,729</b>	<b>-1,575,756</b>
	Government Grants	-3,276,609	-3,534,124	-3,572,277	-3,761,937
	<b>TOTAL INCOME</b>	<b>-6,408,180</b>	<b>-5,065,140</b>	<b>-5,569,006</b>	<b>-5,337,693</b>
	<b>NET EXPENDITURE</b>	<b>28,578,542</b>	<b>26,480,075</b>	<b>26,784,852</b>	<b>27,376,698</b>

**Growth/Savings Proposals**

Staffing Restructure	-320,000
Reduction in Use of External Placements	-715,000

**DRAFT BUDGET 2007/08****26,341,698**

## YOUTH SERVICE

	Actual 05/06	Estimate 06/07	Forecast Outturn 06/07	Draft Budget 07/08
<b>Expenditure</b>				
<u>Employee Costs</u>				
Salaries	1,269,227	1,846,950	1,683,224	2,113,425
Agency	28,437	0	11,468	0
Training	44,188	0	16,469	0
Other	52,775	0	-8,049	0
<b>TOTAL</b>	<b>1,394,626</b>	<b>1,846,950</b>	<b>1,703,112</b>	<b>2,113,425</b>
<u>Premises Costs</u>				
Repairs & Maintenance	73,134	0	0	0
Utilities	28,674	500	23,452	525
Rent	71,469	6,000	30,599	0
Rates	13,301	0	inc in above	6,126
Cleaning & Caretaking	29,887	0	29,280	0
Other	1,150	0	0	112
<b>TOTAL</b>	<b>217,615</b>	<b>6,500</b>	<b>83,331</b>	<b>6,763</b>
<u>Transport Costs</u>				
Repairs & Maintenance	2,321	3,000	149,426	3,063
Hire	15,066	0	9,694	0
Car Allowances	13,618	20,600	18,112	21,033
Other	965	0	7,978	0
<b>TOTAL</b>	<b>31,970</b>	<b>23,600</b>	<b>185,210</b>	<b>24,096</b>
<u>Supplies &amp; Services</u>				
Furniture	151,303	0	43,659	0
Equipment	0	0	16,301	0
Provisions	4,546	0	5,869	0
Telephones	9,828	5,240	6,347	5,350
Computers	98,392	0	50,508	0
Subscriptions	14,248	0	6,349	0
Grants	1,187,406	1,532,358	1,476,557	669,738
Other	206,232	110	133,693	670,472
<b>TOTAL</b>	<b>1,671,956</b>	<b>1,537,708</b>	<b>1,739,283</b>	<b>1,345,560</b>
<u>Agency &amp; Contracted Services</u>				
Voluntary Bodies	4,534	0	0	0
<b>TOTAL</b>	<b>4,534</b>	<b>0</b>	<b>0</b>	<b>0</b>
<u>Transfer Payments</u>				
Office Accommodation	0	0	0	0
CSS	0	11,943	11,943	11,943
Payroll	14,857	12,753	12,753	12,753
Staffing	21,333	23,090	23,090	23,090
Personnel	60,818	38,073	38,073	38,073
ISS	24,045	20,700	20,700	20,700
Legal	1,988	2,019	2,019	2,019
Other	36,560	0	0	0
<b>TOTAL</b>	<b>159,601</b>	<b>108,578</b>	<b>108,578</b>	<b>108,578</b>
<u>Capital Financing</u>				
Capital	81,614	81,614	81,614	81,614
<b>TOTAL</b>	<b>81,614</b>	<b>81,614</b>	<b>81,614</b>	<b>81,614</b>
<b>TOTAL EXPENDITURE</b>	<b>3,561,915</b>	<b>3,604,950</b>	<b>3,901,128</b>	<b>3,680,036</b>
<b>Income</b>				
Sales	0	-29,000	-722	0
Fees	-875,942	0	-166,595	-2,553
<b>TOTAL</b>	<b>-875,942</b>	<b>-29,000</b>	<b>-167,317</b>	<b>-2,553</b>
Government Grants	0	0	-229,628	0
<b>TOTAL INCOME</b>	<b>-875,942</b>	<b>-29,000</b>	<b>-396,945</b>	<b>-2,553</b>
<b>NET EXPENDITURE</b>	<b>2,685,973</b>	<b>3,575,950</b>	<b>3,504,183</b>	<b>3,677,484</b>

**Growth/Savings Proposals**

Staffing Review	-32,000
Reduction in Development Funding	-25,000
Reduction in Project Funding	-86,000

**DRAFT BUDGET 2007/08****3,534,484**

**PARENT PARTNERSHIP SERVICE**

		Actual	Estimate	Forecast	Draft
		05/06	06/07	Outturn	Budget
				06/07	07/08
<b>Expenditure</b>					
<u>Employee Costs</u>					
	Salaries	110,849	88,240	94,053	94,629
	Other	3,695	0	0	0
	<b>TOTAL</b>	<b>114,544</b>	<b>88,240</b>	<b>94,053</b>	<b>94,629</b>
<u>Transport Costs</u>					
	Car Allowances	4,474	3,891	4,471	3,972
	<b>TOTAL</b>	<b>4,474</b>	<b>3,891</b>	<b>4,471</b>	<b>3,972</b>
<u>Supplies &amp; Services</u>					
	Other	10,833	19,600	13,207	17,168
	<b>TOTAL</b>	<b>10,833</b>	<b>19,600</b>	<b>13,207</b>	<b>17,168</b>
	<b>TOTAL EXPENDITURE</b>	<b>129,851</b>	<b>111,731</b>	<b>111,731</b>	<b>115,769</b>
<b>Income</b>					
	<b>TOTAL INCOME</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>NET EXPENDITURE</b>	<b>129,851</b>	<b>111,731</b>	<b>111,731</b>	<b>115,769</b>

**COUNCIL WIDE / CORPORATE PRESSURES AND INVESTMENT**

INVESTMENT No.	STRATEGIC CHOICE / INVESTMENT BID	SERVICE AREA	ANNUAL NET COST			DETAILS OF HOW THE INVESTMENT MEETS THE COUNCIL'S VISION PRIORITIES	CONSEQUENCES / RISK OF NOT GOING AHEAD	MEASURABLE EFFECT ON KEY INDICATORS (REGIONAL & NATIONAL COMPARATORS, BVPIS)
			2007/08	2008/09	2009/10			
1	<p><b>Education Contract</b> This will allow preparatory work and repositioning of the education services at the end of the current contract arrangements.</p>	Education	589,000	0	0	Restructuring, new commissioning arrangements and partnerships - and will be used for project management, stakeholder consultation and professional support	Unable to support and fund the cost of new commissioning arrangements following end of current arrangements, leading to inadequate future arrangements or a significant budget gap.	CPA and various Education and other PI's will be adversely affected.
	<b>TOTAL NEW INVESTMENT</b>		589,000	0	0			



2007/08 EFFICIENCIES

No.	EFFICIENCIES	SERVICE AREA	ANNUAL NET COST			DETAILS OF EFFICIENCY	RISKS OF EFFICIENCY	MEASURABLE EFFECT ON KEY INDICATORS (REGIONAL & NATIONAL COMPARATORS, VIPS)
			2007/08	2008/09	2009/10			
1	Staffing review	Youth Service	(32,000)	(32,000)	(32,000)	Increase in vacancy management or possible deletion of vacant post.	Some service provision may be reduced in the short or long term.	Best value performance indicators for achievement of accredited and recorded outcomes for young people may be missed.
	<b>TOTAL EFFICIENCIES</b>		<b>(32,000)</b>	<b>(32,000)</b>	<b>(32,000)</b>			

**2007/08 REDUCTIONS IN SERVICE**

No.	REDUCTIONS IN SERVICE	SERVICE AREA	ANNUAL NET COST			DETAILS OF REDUCTION	CONSEQUENCES / RISKS OF REDUCTION	MEASURABLE EFFECT ON KEY INDICATORS (REGIONAL & NATIONAL COMPARATORS, BVPIS)
			2007/08	2008/09	2009/10			
1	Reduction in development funding	Youth Service	(25,000)	(25,000)	(25,000)	Reduction in the funding available for support to youth work programmes	Young People (especially the more vulnerable) would be less able to gain access to challenging and educational opportunities	Best value performance indicators for achievement of accredited and recorded outcomes for young people may be missed.
2	Staffing restructure	Childrens services	(320,000)	(320,000)	(320,000)	A remodelling of social work services to reduce social work and management posts equivalent to one vulnerable children's team (10 posts)	Unallocated priority cases, children's assessments delayed, children left in unsuitable circumstances, cases not reviewed, delay in response to child protection concerns, significant risk to children.	Possible undesirable effects on PAF A1 stability, PAF C20 child protection reviews and PAF C18 LAC health, unable to meet assessment times (APA) and fall from current top quartile performance.
3	Reduction in use of external placements	Childrens services	(715,000)	(715,000)	(715,000)	A reduction of 3 independent residential placements and 4 external foster care placements.	Children in unsuitable placements, unable to meet needs locally, increase in placement breakdown, children at risk. Lack of local service provision for vulnerable children.	Possible undesirable effects on PAF A1 stability, PAF C20 CP reviews and PAF C18 LAC health; poor inspection outcomes CSCI intervention.
4	Reduction in project funding	Youth Service	(86,000)	(86,000)	(86,000)	Reduction in funding for youth clubs and projects	Young people in need of support of good quality youth work will lose this opportunity. There will be an impact on the relationship between the community and the council and the youth service in the areas where projects have to be cut. Any deletion of posts will result in a reduction of the service available to young people and a potential for redundancies as a result of these measures.	Best value performance indicators for achievement of accredited and recorded outcomes for young people may be missed.
<b>TOTAL REDUCTION IN SERVICE</b>			<b>(1,146,000)</b>	<b>(1,146,000)</b>	<b>(1,146,000)</b>			