

Cabinet Meeting

21 October 2015

Report title	Draft Budget 2016/17	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Andrew Johnson Resources	
Key decision	Yes	
In forward plan	Yes	
Wards affected	All	
Accountable director	Keith Ireland, Managing Director	
Originating service	Strategic Finance	
Accountable employee(s)	Mark Taylor Tel Email	Director of Finance 01902 554410 mark.taylor@wolverhampton.gov.uk
Report to be/has been considered by	Strategic Executive Board Adults and Safer City Scrutiny Panel Children, Young People and Families Scrutiny Panel Health Scrutiny Panel Stronger City Economy Scrutiny Panel Confident Capable Council Scrutiny Panel Vibrant and Sustainable Scrutiny Panel Scrutiny Board Audit Committee	6 October 2015 24 November 2015 25 November 2015 26 November 2015 1 December 2015 2 December 2015 3 December 2015 15 December 2015 14 December 2015

Recommendation(s) for action or decision:

The Cabinet is recommended to approve:

1. That the Savings, Redesign and Income Generation proposals amounting to £14.1 million in 2016/17 proceed to the formal consultation and scrutiny stages of the budget process.

2. That the Financial Transactions and Base Budget Revisions totalling a net reduction of £7.1 million in 2016/17 be incorporated into the 2016/17 draft budget.
3. That the adjustments to the 2016/17 July Budget projections, totalling £2.049 million, as detailed in Appendix C, are incorporated into the 2016/17 draft budget.
4. That authority be delegated to the Cabinet Member for Resources in consultation with the Director of Finance to approve the final budget consultation arrangements.
5. That authority be delegated to the responsible Cabinet Member and the Cabinet Member for Resources in consultation with the responsible Director and the Director of Finance to implement financial transactions, base budget revisions, efficiencies and income generating opportunities at the earliest opportunity where the proposal is not reliant on the outcome of formal budget consultation.

Recommendations for noting:

The Cabinet is asked to note:

1. That because the future remains extremely uncertain a full update to the Medium Term Financial Strategy (MTFS) 2016/17 – 2018/19 will only be conducted once the Spending Review and the Provisional Local Government Finance Settlement have been announced, on 25 November and mid-December 2015 respectively.
2. That a review of the anticipated assumptions and projections built into the Draft Budget and Medium Term Financial Strategy 2016/17 – 2018/19 has been undertaken following the Government Summer Budget 2015 announcement which indicated that there would be some additional cost pressures and potential further cuts to grant, in addition to reviewing existing assumptions concerning the successful delivery of significant levels of challenging savings. This has resulted in the savings target for 2016/17 being revised upwards from £22.0 million to £24.0 million. It is important to note, that this new savings target for 2016/17 still includes a prudent uplift of £5.2 million due to the extremely uncertain times within which the Council is operating.
3. That when identifying savings proposals key focus continues to be placed upon the Council's strategic approach to addressing the projected budget deficit, which is to: manage demand for core services by using early intervention to help families in trouble live unsupported and independent lives; improve educational attainment and skills, and to encourage enterprise and business and private sector employment and to stimulate economic activity through capital investment.
4. That due to the uncertainty surrounding the future of public finances in 2016/17 and beyond, the projected additional savings requirement in each of the next three financial years could still change significantly as more information becomes available.
5. That due to the current level of uncertainty medium term financial planning has been restricted to a three year period in the Medium Term Financial Strategy.
6. That a comprehensive review of all service areas, led by Finance, was undertaken to challenge all areas of underspend and identify any recurring savings which may contribute towards the savings strategy for 2016/17. The results of this review have been included in the proposals and base budget revisions included in this report.
7. That the Council's General Fund Balance stands at £10.0 million; the minimum balance as determined in the Council's approved Reserves and Balances Policy. This is in accordance with the planned approach as set out in the Council's MTFS, approved by Full Council on 4 March 2015. Emphasis has therefore been placed on identifying budget savings to meet the approved savings strategy for 2016/17 and later years without calling on these general reserves.

8. That the 2016/17 budget timetable will, as in previous years, include an updated report presented to Cabinet in January 2016 detailing the outcome of the Provisional Local Government Settlement, with the final budget report being presented to Cabinet in late February and then Full Council in March 2016 for final approval.
9. That the overall level of risk associated with the Draft Budget and Medium Term Financial Strategy 2016/17 to 2018/19 continues to be assessed as Red.

1.0 Purpose

- 1.1 The purpose of this report is to identify additional savings proposals for 2016/17 and future years in accordance with the strategy set out in the Budget 2015/16 and Medium Term Financial Strategy (MTFS) 2015/16 to 2018/19 report, which was approved by Cabinet in February 2015 and Full Council in March 2015. The savings proposals and base budget revisions have been further developed in recent months having initially been reported to Cabinet in July 2015.
- 1.2 This report requests approval from Cabinet to use the budget and savings proposals as the basis for consultation.
- 1.3 This is the second report of the financial year on the budget and MTFS and provides an update on some key factors, the timetable for the budget process and the risks in relation to them.

2.0 Background and Summary

- 2.1 The Budget 2015/16 and Medium Term Financial Strategy (MTFS) 2015/16 to 2018/19 was presented to Full Council for approval on 4 March 2015. After taking into account savings proposals approved during the 2015/16 budget setting process, equating to £26.9 million over the four year period to 2018/19, it was projected that the Council would be faced with finding further estimated savings totalling £46.3 million by 2018/19.
- 2.2 A strategy to address the projected budget deficit over the medium term was approved by Full Council in March 2015, with an initial focus on identifying £20.0 million of additional savings for 2016/17 during the first few months of the current financial year, in order to demonstrate that a balanced budget can be achieved in 2016/17. Whilst the projected budget deficit for 2016/17 stands at £14.8 million, a savings target in excess of the projected budget deficit was deemed necessary due to the increased uncertainty surrounding future government funding. It was deemed that in the unlikely event that government funding is in line with, or better than, current projections, this strategy would give the Council some choice over the implementation of savings proposals.
- 2.3 It is important to note that a £2.0 million Adult Services savings target was incorporated into the existing MTFS within 2016/17, taking account of this the total savings target for 2016/17 stood at £22.0 million in July 2015.
- 2.4 A further £26.3 million of savings needed to be identified, over and above the savings target for 2016/17, in order to address the projected budget deficit over the medium term to 2018/19. Although it was noted that due to the very uncertain times within which the Council is operating this figure could potentially increase significantly.
- 2.5 Since the 2015/16 budget was set, detailed work has been in progress across all areas of the Council to identify savings to deliver the approved strategy of identifying £22.0 million of savings for 2016/17.

- 2.6 An update on savings targets that had been identified during the first three months of this financial year was presented to Cabinet on 22 July 2015. The savings targets totalled £16.9 million for 2016/17. This represented significant progress against the Council's agreed budget strategy. Work has continued during the second quarter of 2015/16 to develop those savings targets into savings proposals and to identify further possibilities to deliver the remaining estimated savings targets required to meet the agreed budget strategy for 2016/17.
- 2.7 In total, the Council has identified £14.1 million Savings, Redesign and Income Generation proposals and Financial Transactions and Base Budget Revisions totalling £7.1 million towards the approved budget strategy as at July 2015 of £22.0 million for 2016/17. Further details are provided in Section 3.
- 2.8 Cabinet were informed in July 2015 that an update to the assumptions and projections built into the Draft Budget and Medium Term Financial Strategy 2016/17 – 2018/19 would be undertaken during the 2016/17 budget setting process. This is an iterative process that will occur throughout the 2016/17 budget setting process; however the Government's Summer Budget 2015 announcement indicated that there would be some additional cost pressures and likely further cuts to grant. Whilst the full extent of this announcement will not become clear until the Spending Review is announced on 25 November 2015 and the Local Government Finance Settlement is announced in mid-December, an indication of the projected impact of the announcements, in addition to a review of existing assumptions concerning the successful delivery of significant levels of challenging savings, is detailed in Section 4 below. As a result of this, the Council will need to identify further saving proposals as the savings target has been revised upwards to £24.0 million for 2016/17. This new savings target for 2016/17 still includes a prudent uplift of £5.2 million due to the extremely uncertain times within which the Council is operating.
- 2.9 The Council's General Fund Balance stands at £10.0 million; the minimum balance as determined in the Council's Reserves and Balances Policy. Emphasis has therefore been placed on identifying budget savings to meet the approved savings strategy for 2016/17 and later years without calling on these general reserves; this is in accordance with the planned approach as set out in the Council's MTFS, approved by Council on 4 March 2015.

3.0 Proposals for 2016/17

3.1 When identifying savings proposals key focus continues to be placed upon the Council's strategic approach to addressing the projected budget deficit, which is to:

- Manage demand for core services by using early intervention to help families in trouble live unsupported and independent lives
- Improve educational attainment and skills
- Encourage enterprise and business and private sector employment and to stimulate economic activity through capital investment.

The Council does not want to simply manage decline, investment in the future is essential for both the Council and the City.

3.2 Taking this strategic approach into account, Savings, Redesign and Income Generation proposals that have been identified at this stage are summarised in the table below:

Table 1 – Savings, Redesign and Income Generation Proposal Summary

	No.	2016/17 £000	2017/18 £000	2018/19 £000	Total £000
Adult Services	3	(1,355)	-	-	(1,355)
Children and Young People	2	(4,500)	-	-	(4,500)
City Assets	3	(192)	(8)	-	(200)
City Economy	6	(330)	(169)	(25)	(524)
City Environment	21	(1,678)	(17)	(217)	(1,912)
Education	1	(4,200)	4,200	-	-
Resources	7	(1,690)	120	700	(870)
Governance	2	(165)	-	-	(165)
Total	45	(14,110)	4,126	458	(9,526)

Figures reported in brackets represent savings totals, whilst positive figures represent a reduction to savings proposals in later years as the saving will only be realised in one year or the saving has been accelerated and implemented in earlier years.

3.3 There have been some minor changes to the savings that were reported to Cabinet in July 2015, these have been reflected in proposals reported in Appendices A and B.

3.4 Since the last update to Cabinet in July 2015, further detailed work has continued to take place to identify new proposals towards the agreed budget strategy for 2016/17. This work included a comprehensive review of significant underspends against budget within the 2014/15 outturn. Details of all of the new proposals identified during this period are provided in Appendix A.

- 3.5 Furthermore, Financial Transactions and Base Budget Revisions totalling £7.1 million in 2016/17 have been identified; details of those revisions are provided in Appendix B. The table below summarises those revisions by Cabinet Portfolio:

Table 2 – Financial Transactions and Base Budget Revisions Summary

Cabinet Portfolio	No.	2016/17 £000	2017/18 £000	2018/19 £000	Total £000
Adult Services	3	(381)	352	-	(29)
Children and Young People	1	(623)	623	-	-
Public Health and Wellbeing	2	(1,600)	-	-	(1,600)
City Assets	3	(165)	85	(4)	(84)
City Economy	1	(139)	139	-	-
City Environment	4	(741)	54	263	(424)
Education	1	(138)	(154)	(239)	(531)
Resources	6	(3,281)	250	1,184	(1,847)
Total	21	(7,068)	1,349	1,204	(4,515)

Figures reported in brackets represent a net reduction to the base budget, whilst positive figures represent a reversal of the base budget reduction in later years.

- 3.6 As can be seen in Tables 1 and 2, the Council has identified a total of £14.1 million Savings, Redesign and Income Generation proposals and £7.1 million Financial Transactions and Base Budget Revisions towards the approved budget strategy of £22.0 million for 2016/17, as at July 2015. This represents significant progress towards the Council's agreed budget strategy.
- 3.7 It is proposed that Cabinet approve that the proposals amounting to £14.1 million in 2016/17 proceed to the formal consultation and scrutiny stages of the budget process. The outcome of budget consultation and scrutiny will be reported to Cabinet in February 2016.
- 3.8 Further details for individual proposals are available on the Council's website using the following link <http://www.wolverhampton.gov.uk/budgetsavings>.
- 3.9 In order to secure the benefit of certain of these proposals at the earliest opportunity delegated authority to implement financial transactions, base budget revisions, efficiencies and income generating opportunities, where the proposal is not reliant on the outcome of formal budget consultation is being sought within this report.
- 3.10 Cabinet were informed in July 2015 that an update to the assumptions and projections built into the Draft Budget and Medium Term Financial Strategy 2016/17 – 2018/19 would be undertaken during the 2016/17 budget setting process. This is an iterative process that will occur throughout the 2016/17 budget setting process; however the Government Summer Budget 2015 announcement indicated that there would be some additional cost

pressures and likely further cuts to grant. Whilst this will not become clear until the Spending Review and the Provisional Local Government Finance Settlement are announced, on 25 November and mid-December 2015 respectively, an indication of the projected impact of the announcements in addition to a review of existing assumptions concerning the successful delivery of significant levels of challenging savings, is detailed in Section 4 below. As a result of this, the Council will need to identify further saving proposals as the budget position is anticipated to worsen. This new savings target for 2016/17 still includes a prudent uplift of £5.2 million due to the extremely uncertain times within which the Council is operating.

4.0 Medium Term Financial Strategy Assumptions

- 4.1 The assumptions used in the preparation of the Budget and Medium Term Financial Strategy (MTFS) remain under constant review and update. As stated in paragraph 3.10 above, due to the continued uncertainty surrounding Local Government funding and additional cost pressures, a full update to the MTFS will only be conducted following the announcement of the Spending Review and the Provisional Local Government Finance Settlement, which is anticipated to be on 25 November and mid-December 2015 respectively.
- 4.2 Whilst the Government's Summer Budget 2015, announced in July, indicated that Local Government would not incur additional in-year budget cuts; it is likely that there will be some additional cost pressures from 2016/17 onwards. Therefore in order to be prudent, work has started to project the impact that the Spending Review may have on the Council over the medium term. The outcome of this work, combined with the outcome of the review of all other elements of the MTFS, is provided below and is summarised in Appendix C. The overall net impact of this work totals £2.049 million and this has been incorporated into the 2016/17 draft budget.

Pay Assumptions

- 4.3 The Summer Budget announcement identified that the National Living Wage of £7.20 an hour for employees over 25 will be introduced from April 2016, and that this will rise to £9.00 an hour by 2020. Currently the lowest grade for council employees is above the proposed living wage, however, it is anticipated that the increasing level of living wage will start to have an impact on the council's pay scales in 2018/19.
- 4.4 In addition to the announcement of the National Living Wage, the Chancellor also announced that public sector pay increases would be capped at 1% for the next four years. The MTFS currently assumes that the pay award would increase from 2% in 2016/17 to 2.5% by 2018/19. A reduction in the anticipated cost of pay awards has been factored in when projecting the likely impact of the Spending Review in Appendix C.

Savings Revisions

- 4.5 A review of the successful delivery of significant levels of challenging savings has also been considered. There is an element of uncertainty surrounding the £2.0 million Demographic Growth through the NHS Partnership for Adult Services annual saving.

Whilst every effort will be made to achieve this saving, it is prudent to identify that this is a potential pressure which may need to be addressed in future iterations of the MTFS. If this were to be the case, it may be partially offset by a reduction in the allowance for demographic growth that had been built into the MTFS.

- 4.6 It is anticipated that external contracts for social care will rise by approximately £1.5 million in 2016/17 as a result of the introduction of the National Living Wage. The additional cost will in part be offset by calling upon the £1.0 million provision that had been set aside for future inflationary increases. However, detailed monitoring of approved savings proposals, has identified that the Domiciliary Care savings proposal totalling £450,000 will be unachievable once the National Living Wage is implemented.
- 4.7 Furthermore the £1.5 million Older People Promoting Independence savings targets will also need to be reprofiled from 2016/17 to 2017/18. The Adults service will still aim to deliver this saving however, with the prudent adjustment held corporately.
- 4.8 As previously reported, the Local Government Boundary Commission will be required to undertake a review of councillor numbers, wards and electorates. As at the time of writing, it is anticipated that the Boundary Commission will not be in a position to report their findings in the near future, therefore it is envisaged that a reprofile of the Reduction in Number of Councillors savings proposal from 2016/17 to 2018/19 will be required.

Savings to be Identified

- 4.9 Better Care Fund pressures totalling £1.3 million have been included within the 2015/16 projected outturn as reported to Cabinet (Resources) Panel in July 2015. This represents the additional sum that the Council is required to contribute towards the Better Care Fund due to ongoing pressures from prior years. Adult Services have been set an additional savings target of £1.3 million for 2016/17 to fund this additional contribution.

Collection Fund Deficit

- 4.10 The City of Wolverhampton Council maintains a Collection Fund which accounts for the receipt of council tax and business rates income and payments to precepting authorities such as Central Government, the Fire Authority and the Police. Due to the timing of those payments and receipts, and the backdating of business rates appeals, the Collection Fund may be in surplus or deficit at the end of each financial year. This is then proportionately allocated to each of the authorities, including the Council.
- 4.11 The MTFS currently assumes that a Collection Fund deficit of £720,000 attributable to the Council will be realised in 2016/17. After taking into account the 2014/15 outturn against the Collection Fund, it is anticipated that the deficit is likely to be higher, primarily as a result of the backdating of Business Rates appeals prior to localisation which were accounted for in 2014/15. It is anticipated that this additional cost will be offset by release of funds from the Business Rates Equalisation reserve.

Business Rates

- 4.12 A review and update to Business Rates income projections for 2016/17 has indicated that the anticipated income levels assumed in the MTFS are prudent, with further adjustments not envisaged at this stage.

Council Tax

- 4.13 A review and update to Council Tax income projections has indicated that the anticipated income levels assumed in the MTFS remain at prudent levels with further adjustments not envisaged at this stage.

Government Grants

- 4.14 The assumptions surrounding Revenue Support Grant, Top Up and Section 31 grants have been reviewed and it is anticipated that additional net income of £1.5 million will be receivable in 2016/17.
- 4.15 It is important to note however, that the impact of the Government announcement on 5 October 2015 regarding the removal of Revenue Support Grant and 100% localisation of business rates has not been factored into these projections. It is anticipated that further information will be received following the announcement of the Spending Review and the Provisional Local Government Finance Settlement. Detailed work into the impact that this will have on the Council's budget will be conducted with an update reported to Cabinet in early 2016, once further information is known.
- 4.16 The review of the additional cost pressures, further cuts to Government grants and the assumptions surrounding the successful delivery of existing savings has resulted in the savings target for 2016/17 being revised upwards from £22.0 million to £24.0 million. This new savings target for 2016/17 still includes a prudent uplift of £5.2 million due to the uncertain times within which the Council is operating. Full details of the projected revisions to existing assumptions built into the MTFS and the budget preparation parameters are provided in Appendices C and D respectively.
- 4.17 It is important to note that the full impact on the MTFS will not become clear until the announcement of the Spending Review and the Provisional Local Government Finance Settlement, which are anticipated to be announced on 25 November and mid-December 2015 respectively. However the Council will now work towards identifying further savings to address the potential additional savings requirement for 2016/17.

5.0 General Balances

- 5.1 The Council's General Fund Balance stands at £10 million; this is the minimum balance as determined in the Council's Reserves and Balances Policy. Emphasis has therefore been placed on identifying budget savings to meet the approved savings strategy for 2016/17 and later years without calling on these general reserves; this is in accordance with the planned approach as set out in the Council's MTFS, approved by Council on 4 March 2015.

6.0 Budget Risk Management and Timetable

6.1 A summary of the 2016/17 budget setting process timetable is detailed in the table below:

Table 3 – Budget Timetable

Milestone	Deadline
Draft Budget 2016/17 report to Cabinet	21 October 2015
Formal Budget Consultation and Scrutiny	26 October 2015 – 15 January 2016
Report to Cabinet following the Provisional Local Government Financial Settlement	13 January 2016
Final Budget Report 2016/17 to Cabinet	24 February 2016
Full Council Approval of Final Budget 2016/17	4 March 2016

6.2 The overall level of risk associated with the Draft Budget and Medium Term Financial Strategy 2016/17 to 2018/19 continues to be assessed as Red. The following table provides a summary of the risks associated with the MTFs, using the corporate risk management methodology.

Table 4 – General Fund Budget Risks 2016/17 – 2018/19

Risk	Description	Level of Risk
Financial and Budget Management	Risks that might materialise as a result of the impact of non-pay inflation and pay awards, staff vacancy factors, VAT rules, loss of ICTS facilities, treasury management activity and the impact of Equal Pay and budget management failure.	Amber
Transformation Programme	Risks that might materialise as a result of not identifying savings, not delivering the savings incorporated into the budget and not having sufficient sums available to fund the upfront and one-off costs associated with delivering savings and downsizing the workforce.	Red
Income and Funding	Risks that might materialise as a result of income being below budgeted levels, claw back, reduction to government grant or increased levels of bad debts.	Red
Service Demands	Risks that might materialise as a result of demands for services outstretching the available resources.	Amber
Third Parties	Risks that might materialise as a result of third parties and suppliers ceasing trading or withdrawing from the market.	Amber
Government Policy	Risks that might materialise as a result of changes to Government policy including changes in VAT and personal taxation rules and, in particular, from the Care Bill.	Red

7.0 Financial Implications

- 7.1 The financial implications are discussed in the body of the report.
[MH/05102015/Z]

8.0 Legal Implications

- 8.1 The Council's revenue budgets make assumptions which must be based on realistic projections about available resources, the costs of pay, inflation and service priorities and the likelihood of achieving any savings proposals.
- 8.2 The legal duty to spend with propriety falls under S.151 Local Government Act 1972 and arrangements for proper administration of their affairs is secured by the S.151 Officer as Chief Financial Officer.
- 8.3 Section 25 of the Local Government Act 2003 requires the Chief Financial Officer to report to the Council when it is making the statutory calculations required to determine its council tax. The Council is required to take this report into account when making its budget decision. The Chief Financial Officer's report must deal with the robustness of the budget estimates and the adequacy of the reserves for which the budget provides. Both are connected with matters of risk and uncertainty. They are inter-dependent and need to be considered together. In particular, decisions on the appropriate level of Reserves should be guided by advice based upon an assessment of all the circumstances considered likely to affect the Council.
- 8.4 The relevant guidance concerning reserves is Local Authority Accounting Panel Bulletin 77, issued by CIPFA in November 2008. Whilst the Bulletin does not prescribe an appropriate level of reserves, leaving this to the discretion of individual authorities, it does set out a number of important principles in determining the adequacy of reserves. It emphasises that decisions on the level of reserves must be consistent with the Council's MTFs, and have regard to the level of risk in budget plans, and the Council's financial management arrangements (including strategies to address risk).
- 8.5 In addition, Section 114 of the Local Government Finance Act 1988 requires the Chief Financial Officer to **'...make a report ... if it appears to him that the Authority, a committee or officer of the Authority, or a joint committee on which the Authority is represented'**:
- (a) has made or is about to make a decision which involves or would involve the Authority incurring expenditure which is unlawful,
 - (b) has taken or is about to take a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency on the part of the Authority, or
 - (c) is about to enter an item of account the entry of which is unlawful.
- 8.6 The Chief Financial Officer of a relevant Authority shall make a report under this section if it appears to him that the expenditure of the Authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure.

- 8.7 These statutory requirements will have to be taken into account when making final recommendations on the budget and council tax requirement for 2016/17.

[TS/08102015/F]

9.0 Equalities implications

- 9.1 Each of the savings proposals covered by this report has been the subject of an initial equalities screening and, where necessary, a full equalities analysis is being undertaken. Details of this work will be published as part of the public consultation on the 2016/17 budget proposals. Further analysis will be carried out before the final draft budget is presented to Cabinet in February and Council in March, which will include a cumulative analysis of the various proposals to ensure Councillors can pay due regard to the equalities implications of their budget decisions.

10.0 Human resources implications

- 10.1 In line with the Council's statutory duties as an employer under the Trade Union Labour Relations (Consolidation) Act 1992, an HR1 form has been issued to the Secretary of State for Business, Innovation and Skills identifying the intention to reduce the workforce by up to 1,000 jobs across the Council in the period up to 31 March 2016 through both voluntary redundancy and savings targets which will result in compulsory redundancies.
- 10.2 Reductions in employee numbers will be achieved in line with the Council's HR policies. Compulsory redundancies will be mitigated as far as is possible through seeking voluntary redundancies in the first instance, and through access to redeployment. Given the volume and range of savings being proposed, there will be reductions in services and employee numbers which will require fair and due process to be followed regarding consultation, selection and implementation of any compulsory redundancies. The accelerated timetable for achieving savings in the light of the financial settlement is likely to require the Council as an employer to utilise the statutory 45 day and 30 day consultation periods for some service reductions, rather than the best practice position of allowing, where possible, 90 days.
- 10.3 The Council will ensure that appropriate support is made available to employees who are at risk of and selected for redundancy, and will work with partner and external agencies to provide support. Savings targets to move service delivery from direct Council management to private, community or third sector providers may have implications under the TUPE regulations.
- 10.4 There is on-going consultation with the trade unions on the impact Council's budgetary position and the targets being made to meet the challenges posed by it.

11.0 Schedule of Background Papers

Draft Budget and Medium Term Financial Strategy 2016/17 – 2018/19, report to Cabinet, 22 July 2015.

Revenue Outturn 2014/15, report to Cabinet, 22 July 2015.

Reserves, Provisions and Balances, report to Cabinet, 22 July 2015.

Better Care Technology and Strengthening Support at Home, report to Cabinet, 22 July 2015.

Budget 2015/16 and Medium Term Financial Strategy 2015/16 – 2018/19, report to Full Council, 4 March 2015.

Savings, Redesign and Income Generation Proposals by Cabinet Portfolio

Adult Services

Details	Cabinet Member	Directorate	2016/17 £000	2017/18 £000	2018/19 £000
Reshaping of Older People Services (Further details have been provided in the 'Better Care Technology and Strengthening Support at Home' report presented to Cabinet on 22 July 2015)	Councillor Elias Mattu	People	(820)	-	-
Restructuring of the Library Service *	Councillor Elias Mattu	People	(500)	-	-
Move Warstones Office Base (completion of 2013/14 savings proposal)	Councillor Elias Mattu	People	(35)	-	-

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Children and Young People

Details	Cabinet Member	Directorate	2016/17 £000	2017/18 £000	2018/19 £000
Children's Services Redesign *	Councillor Val Gibson	People	(4,350)	-	-
Youth Offending Team - efficiency savings	Councillor Val Gibson	People	(150)	-	-

* Full details to be reported to Cabinet separately.

Savings, Redesign and Income Generation Proposals by Cabinet Portfolio

City Assets

Details	Cabinet Member	Directorate	2016/17 £000	2017/18 £000	2018/19 £000
Transfer non HRA tenanted garages from HRA to General Fund	Councillor Peter Bilson	Place	(100)	-	-
Rationalise all catering across the Council	Councillor Peter Bilson	Place	(50)	-	-
Review Public Conveniences Provision	Councillor Peter Bilson	Place	(42)	(8)	-

Savings, Redesign and Income Generation Proposals by Cabinet Portfolio

City Economy

Details	Cabinet Member	Directorate	2016/17 £000	2017/18 £000	2018/19 £000
Phased Removal of remaining Grand Theatre Grant	Councillor John Reynolds	Place	(124)	(124)	-
Review remaining Lighthouse Media Centre Grant	Councillor John Reynolds	Place	(73)	-	-
Further Restructure of City Economy Services	Councillor John Reynolds	Place	(68)	-	-
Increase new commercial activities within cultural venues (Archives, Art Gallery, Bantock House)	Councillor John Reynolds	Place	(25)	(25)	(25)
Further external funding of Outdoor events.	Councillor John Reynolds	Place	(20)	(20)	-
Bilston Craft Gallery – review current service provision including delivery of exhibitions and craft play	Councillor John Reynolds	Place	(20)	-	-

Savings, Redesign and Income Generation Proposals by Cabinet Portfolio

City Environment

Details	Cabinet Member	Directorate	2016/17 £000	2017/18 £000	2018/19 £000
Highways Management	Councillor Steve Evans	Place	(250)	-	-
Review residential parking across wider New Cross area	Councillor Steve Evans	Place	(125)	(125)	-
Carry out a phase two restructure within the Highways Service Street Lighting	Councillor Steve Evans	Place	(70)	-	-

Savings, Redesign and Income Generation Proposals by Cabinet Portfolio

City Environment

Details	Cabinet Member	Directorate	2016/17 £000	2017/18 £000	2018/19 £000
Alternative Environmental Enforcement Trial	Councillor Steve Evans	Place	(50)	-	-
Surface water management	Councillor Steve Evans	Place	(50)	-	-
Provision of Urban Traffic Control services for Walsall Borough Council	Councillor Steve Evans	Place	(40)	-	-
Amendments to Regulatory Services Operations	Councillor Steve Evans	Place	(31)	-	-
Reconfiguration of Play Areas	Councillor Steve Evans	Place	(25)	-	-
Review of the employee structure for the Market Service	Councillor Steve Evans	Place	(25)	-	-
Reduction in Waste Disposal Costs	Councillor Steve Evans	Place	(19)	-	-
Grounds Maintenance reductions and efficiencies in service	Councillor Steve Evans	Place	(11)	(11)	-

Savings, Redesign and Income Generation Proposals by Cabinet Portfolio

City Environment

Details	Cabinet Member	Directorate	2016/17 £000	2017/18 £000	2018/19 £000
One-off transport savings	Councillor Steve Evans	Place	(330)	330	-
Maintenance across City Environment Services Public Realm	Councillor Steve Evans	Place	(200)	-	-
Environmental Maintenance	Councillor Steve Evans	Place	(160)	-	-
Street Lighting – replacement of existing street lanterns with more efficient LED technology	Councillor Steve Evans	Place	(111)	(133)	(34)
Fleet review of capital spend profile of Vehicle Replacement Programme	Councillor Steve Evans	Place	(66)	(28)	(133)
Increase income targets for WV Active	Councillor Steve Evans	Place	(50)	(50)	(50)
West Park Conservatory – alternative service provision	Councillor Steve Evans	Place	(40)	-	-

Savings, Redesign and Income Generation Proposals by Cabinet Portfolio

City Environment

Details	Cabinet Member	Directorate	2016/17 £000	2017/18 £000	2018/19 £000
Review of Stray Dog procedures and charges	Councillor Steve Evans	Place	(10)	-	-
Review School Crossing Patrols	Councillor Steve Evans	Place	(10)	-	-
Review Allotment Costs	Councillor Steve Evans	Place	(5)	-	-

Education

Details	Cabinet Member	Directorate	2016/17 £000	2017/18 £000	2018/19 £000
Building Schools for the Future related opportunities – Refinancing of Highfields & Penn Fields Private Finance Initiative (one-off saving through use of reserve which will be replenished by drawdown of deferred income over remaining life of the Private Finance Initiative)	Councillor Claire Darke	Education	(4,200)	4,200	-

Savings, Redesign and Income Generation Proposals by Cabinet Portfolio

Resources

Details	Cabinet Member	Directorate	2016/17 £000	2017/18 £000	2018/19 £000
Customer Services Transformation – accelerate existing savings	Councillor Andrew Johnson	Corporate	(850)	150	700
Review of council tax scheme and discounts	Councillor Andrew Johnson	Corporate	(500)	-	-
Review of ICT requirements	Councillor Andrew Johnson	Corporate	(145)	(20)	-
Efficiencies within Financial Services	Councillor Andrew Johnson	Corporate	(70)	(10)	-
Revised approach to Procurement	Councillor Andrew Johnson	Corporate	(50)	-	-
Review residual fraud resource (within Internal Audit)	Councillor Andrew Johnson	Corporate	(50)	-	-
Charges for late payment of invoices	Councillor Andrew Johnson	Corporate	(25)	-	-

Savings, Redesign and Income Generation Proposals by Cabinet Portfolio

Governance

Details	Cabinet Member	Directorate	2016/17 £000	2017/18 £000	2018/19 £000
Review of Staff Training	Councillor Paul Sweet	Corporate	(90)	-	-
Governance Restructure	Councillor Paul Sweet	Corporate	(75)	-	-

Financial Transactions and Base Budget Revisions

Adult Services

Details	Cabinet Member	Directorate	2016/17 £000	2017/18 £000	2018/19 £000
Early achievement of existing savings proposal – Learning Disabilities Assessment and Care Management Care Packages	Councillor Elias Mattu	People	(350)	350	-
Efficiency saving from the relocation of the Independent Living Service	Councillor Elias Mattu	People	(29)	-	-
Drawdown of one off grants	Councillor Elias Mattu	People	(2)	2	-

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Children and Young People

Details	Cabinet Member	Directorate	2016/17 £000	2017/18 £000	2018/19 £000
Drawdown of one off grants	Councillor Val Gibson	People	(623)	623	-

Financial Transactions and Base Budget Revisions

Public Health and Wellbeing

Details	Cabinet Member	Directorate	2016/17 £000	2017/18 £000	2018/19 £000
Use of Public Health funding to support service areas with positive impact on public health outcomes	Councillor Sandra Samuels	People	(948)	-	-
Further review of utilisation of Public Health funding - Community Safety, Resilience, Healthier Schools	Councillor Sandra Samuels	People	(652)	-	-

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City Assets

Details	Cabinet Member	Directorate	2016/17 £000	2017/18 £000	2018/19 £000
Highways Maintenance – Reduction in Borrowing following successful grant bid	Councillor Peter Bilson	Place	(52)	6	(38)
Acceleration of Savings in Facilities Management	Councillor Peter Bilson	Place	(40)	40	-
Reprofile of School Meals Income Targets	Councillor Peter Bilson	Place	(73)	39	34

Financial Transactions and Base Budget Revisions

City Economy

Details	Cabinet Member	Directorate	2016/17 £000	2017/18 £000	2018/19 £000
Drawdown of one off grants	Councillor John Reynolds	Place	(139)	139	-

City Environment

Details	Cabinet Member	Directorate	2016/17 £000	2017/18 £000	2018/19 £000
Capitalise thin surfacing of carriageways	Councillor Steve Evans	Place	(636)	24	263
Car Parking Income	Councillor Steve Evans	Place	(50)	-	-
Landscape Income	Councillor Steve Evans	Place	(30)	30	-
Reduction in the annual service charge for the Leisure PFI scheme	Councillor Steve Evans	Place	(25)	-	-

Financial Transactions and Base Budget Revisions

Education

Details	Cabinet Member	Directorate	2016/17 £000	2017/18 £000	2018/19 £000
Primary Capital Programme (expansions) - utilise grant now secured to replace prudential borrowing	Councillor Claire Darke	Education	(138)	(154)	(239)

Financial Transactions and Base Budget Revisions

Resources

Details	Cabinet Member	Directorate	2016/17 £000	2017/18 £000	2018/19 £000
Net Employee On-cost Savings due to clearing strain balance owing to West Midlands Pension Fund at the end of 2014/15	Councillor Andrew Johnson	Corporate	(1,900)	-	1,484
Review of Centro Levy	Councillor Andrew Johnson	Corporate	(431)	-	-
Review of Pensions costs	Councillor Andrew Johnson	Corporate	(400)	-	-
Treasury Management savings including Minimum Revenue Provision	Councillor Andrew Johnson	Corporate	(300)	-	(300)
Revenues and Benefits – Maximisation of grants and other efficiencies	Councillor Andrew Johnson	Corporate	(200)	200	-
Accelerate Revenues and Benefits team restructure	Councillor Andrew Johnson	Corporate	(50)	50	-

Adjustments to the Medium Term Financial Strategy

	2016/17 £000
Projected Deficit (Cumulative) as approved by Council, March 2015	14,800
Additional Savings Target approved by Council, March 2015	5,200
Adult Savings to be Identified	2,000
Savings Target agreed in July 2015	22,000
Cumulative Impact of Revised Projections	
Pay Award Assumptions	(1,337)
Summer Budget 2015 National Living Wage	
- External Care Contracts	1,533
- Use of 100% of Provision for future inflationary increases	(1,000)
Savings Revisions	
- Demographic Growth through NHS Partnership for Adult Services	2,000
- Partially offset by reducing allowance for demographic growth	(1,000)
- Remove undeliverable Promoting Independence saving	450
- Reprofile Promoting Independence savings targets	1,500
- Reprofile Reduction of Councillors' savings proposal to 2018/19	90
Better Care Fund Savings to be Identified	1,300
- additional sum required in light of prior year overspends	
Collection Fund Deficit – after the planned use of £1.9 million from the Business Rates Equalisation Reserve	-
Business Rates – adjust to reflect RPI of 1%, impact of appeals and changes to national discounts	-
Council Tax	-
Government Grants	
- Section 31 Grant	(750)
- Revenue Support Grant – adjusted to reflect 15% reduction in 2016/17	(1,218)
- Top Up Grant – adjusted to reflect 1% RPI in 2016/17	481
Sub-total of revisions	2,049
Revised Savings Target	24,049
Savings, Redesign and Income Generation Proposals – as detailed in Appendix A	(14,110)
Financial Transactions and Base Budget Revisions – as detailed in Appendix B	(7,068)
Shortfall against Revised Savings Target	2,871

Budget Preparation Parameters

The following key parameters have been reflected in the budget and medium term projections.

	2016/17 Forecast Budget
Council Tax Annual Increase (Council element)	1.99%
Growth in Council Tax Base	0.5%
Pay Awards	1.0%
Price Inflation (excl. Gas, Electricity and NNDR)	0.0%
Price Inflation (Gas)	5.1%
Price Inflation (Electricity)	6.0%
Price Inflation (NNDR)	1.0%
Borrowing Interest Rate (PWLB 25 year rate)	4.8%
Return on Investments	0.3%
NNDR Income Annual Increase	1.0%
Growth in NNDR Tax Base	0.0%
Increase/(Decrease) in Top-Up Grant	1.0%
Increase/(Decrease) in Revenue Support Grant	(15.0)%