

## Wolverhampton City Council

**OPEN EXECUTIVE  
DECISION ITEM (AMBER)**

Cabinet / Cabinet Team	<b>CABINET</b>	Date	<b>24.09.09</b>
Portfolio(s)	<b>ALL</b>		
Originating Service Group(s)	<b>CUSTOMER AND SHARED SERVICES</b>		
Contact Officer(s)/ Telephone Number(s)	<b>PAT MAIN 4410</b>	<b>RICHARD CARR 4000</b>	<b>RICHARD HILL 4500</b>
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			KEY DECISION Yes IN FORWARD PLAN Yes
Title/Subject Matter	<b><u>DRAFT BUDGET STRATEGY 2010/2011 AND MEDIUM TERM FINANCIAL STRATEGY</u></b>		

**Recommendations**

That Cabinet:

- (i) Approve as the basis of consultation:
  - a. The draft net budget requirement for 2010/2011 before the use of reserves of £238.652M for General Fund services (paragraph 2.2);
  - b. The budget policies relating to the council's budget and budget process as detailed at appendix A, including budget parameters such as inflationary increases;
  - c. The inclusion of estimated increases in staffing budgets due to annual incremental increases amounting to £0.948M;
  - d. Budget Growth relating to budget pressures amounting to £5.869M as detailed at paragraphs 3.4 to 3.6;
  - e. Budget Growth relating to budget developments amounting to £0.200M as detailed at paragraphs 3.4 to 3.6;
  - f. A draft Council Tax for City Council services in 2010/2011, frozen at 2009/2010 levels, of £1,316.72 for a Band D property (paragraph 2.13);

- g. The savings proposals categorised as *List One* that represent budget reduction opportunities and efficiency measures amounting to £2.138M for 2010/2011 (paragraphs 3.7 to 3.9);
  - h. The savings proposals categorised as *List Two* that will have implications for Customers, Employees or Partner Organisations amounting to £5.458M for 2010/2011 (paragraphs 3.7 to 3.9);
  - i. The strategy to address the shortfall of resources compared to budget of £2.0M will be to identify further savings (paragraph 2.5);
  - j. Note that this report does not take into account any costs arising from the requirement to replace core IT systems (paragraph 2.7);
- (ii) Approve the approach to budget consultation as detailed at paragraphs 7.1 to 7.2 and note that the outcome of that consultation exercise will be reported to Members at Cabinet in March 2010.
  - (iii) Where required, approve the commencement of statutory consultation procedures for savings proposals approved under recommendations (i)g and (i)h;
  - (iv) Note the budget risk and sensitivity analysis (paragraphs 2.10 to 2.11);
  - (v) Note the Medium Term Financial Strategy for General Fund Services covering the period 2011/2012 to 2012/2013, which demonstrates that further significant savings will be required over the medium term (paragraphs 2.8 to 2.9);
  - (vi) Note the schools' funding and reserves position (paragraph 2.14);
  - (vii) Note that the contents of this report will be referred to each of the relevant Scrutiny Panels for consideration during the October/November round of meetings and that the outcome of the discussions at these meetings will be incorporated into the December Revenue Budget Report to Cabinet.

## **BUDGET 2010/2011**

### **1. PURPOSE OF REPORT**

- 1.1 To provide Cabinet with an update on the Budget Strategy for 2010/2011 and the Medium Term Financial Strategy in order that Cabinet can make recommendations that can be used as the basis of consultation ahead of recommending the Final Budget Strategy for 2010/2011 to Council in March 2010.
- 1.2 The report will cover proposed council tax levels, bids for growth in budgets and detailed savings proposals as well as providing an update on general fund balances and budget risks.

### **2. EXECUTIVE SUMMARY**

- 2.1 In light of the challenging financial position that faces the Council over the medium term work has been in progress since setting the 2010/2011 Budget in March 2009 in order that the 2010/2011 budget process could be accelerated compared to previous years and therefore reported to Members at the earliest opportunity.
- 2.2 A comparison of the draft 2010/2011 budget to the 2009/2010 original budget is provided in the summary below. A more detailed analysis and breakdown is provided at section 3 and within Appendix F.

**Table 1 – 2010/2011 Draft Net Budget Requirement before Use of General Fund Reserves: Analysis of Changes from 2009/2010 Original Budget**

	<b>2010/2010 £M</b>
<b>Original Budget 2009/2010 before the Use of Reserves as Approved March 2009</b>	<b>238.238</b>
<b><u>Changes</u></b>	
Inflationary Increases (Pay and Non-Pay)	1.906
Staffing – Effect of Increase in Employers' Superannuation Rate	0.958
Staffing – Estimated Incremental Increases	0.948
Budget Pressures	5.869
Budget Developments	0.200
Technical Financing Items	(4.597)
Savings (Full Year Effect of 09/10 Proposals)	(2.138)
Savings Proposals – List One (Budget Reduction Opportunities and Efficiency Measures)	(5.458)
Savings Proposals – List Two (Budget Savings Initiatives)	2.726
	<b>0.414</b>
<b>2010/2011 Draft Net Budget Requirement Before Use of General Fund Reserves</b>	<b>238.652</b>

- 2.3 A detailed assessment of the link between the Council's Priorities and the changes in the budget arising from proposed Growth and Savings proposals will be undertaken once the Corporate Plan and Priorities are approved and as the budget process develops to ensure that investment and disinvestment are being appropriately targeted.
- 2.4 The table below compares 2010/2011 Draft Net Budget Requirement to available resources. Further details about the various elements of available resources are provided at paragraphs 3.20 to 3.23:

**Table 2 – Analysis of Available Resources 2010/2011**

	<b>2010/2011 £M</b>
<b>Net Budget Requirement Before Use of General Fund Reserves</b>	<b>238.652</b>
Formula Grant	144.093
Council Tax (based on no increase over 2009/2010 levels)	93.087
Collection Fund Deficit	(0.500)
Further Savings to be Identified	1.972
<b>Total Resources</b>	<b>238.652</b>

- 2.5 For 2010/2011 there is a projected shortfall of resources compared to the budget amounting to £2.0M. The strategy to address this shortfall will be to identify opportunities to achieve further savings, progress identifying these savings will be reported to Cabinet in December.
- 2.6 It important to note that this is an early indication of the budget position for the Council based on the latest available information, however, detailed budget preparation work will continue through the autumn in preparation for the next planned draft 2010/2011 budget strategy report to Cabinet in December. This position therefore remains subject to change.
- 2.7 No assumptions have been made yet about the requirement to set aside funds to invest in new technology to replace the majority of the council's ageing mainframe IT systems. The options for system replacement are currently subject to review. The costs will be taken into account when the way forward has been decided by Cabinet.
- 2.8 Early consideration has also now been given to the Medium Term Financial Strategy and the results are included in the table below. A more detailed analysis and breakdown is provided at section 4.

**Table 3 – Medium Term Financial Strategy 2011/2012 and 2012/2013**

	<b>2011/12 Forecast £M</b>	<b>2012/13 Forecast £M</b>
<b>Budget Requirement for Previous Year</b>	<b>238.652</b>	<b>245.726</b>
<u>Changes</u>		
Inflationary Increases (Pay and Non-Pay)	3.218	4.356
Estimated Increase in Employers' Pension Contributions	0.977	1.005
Staffing – Estimated Incremental Increases	0.967	0.995
Budget Pressures	2.991	1.766
Budget Developments	0.400	0.100
Technical Financing Items	(0.717)	2.682
Full year Effect of 2010/11 Savings Proposals – List One (Budget Reduction Opportunities and Efficiency Measures)	(0.012)	-
Full year Effect of 2010/11 Savings Proposals – List Two (Budget Savings Initiatives)	(0.750)	-
<b>Projected Budget</b>	<b>245.726</b>	<b>256.630</b>
Formula Grant	(144.093)	(145.534)
Council Tax (assumed 2.5% increase)	(95.414)	(97.799)
<b>Projected Resources</b>	<b>(239.507)</b>	<b>(243.333)</b>
<b>Projected Budget Deficit/(Surplus)</b>	<b>6.219</b>	<b>13.297</b>

Note: in order to prepare the budget forecast models at Table 3 above an annual council tax increase of 2.5% has been assumed. The actual recommended increase for these years will be confirmed by Cabinet when the budget requirement for these years is developed.

- 2.9 This confirms the importance of achieving ongoing savings of £28.5M by 2010/11. If any of the assumptions incorporated into the above table change adversely, further work will be required to identify additional opportunities for savings. This work will be incorporated into the existing Savings Programme. Not only will this help with the medium term projected budget pressures, it will also help to reduce the call on General Fund Reserves during 2010/2011 and mitigate the risk of underachievement against the £28.5M savings proposals incorporated into the 2010/2011 draft budget.

#### Budget Risks

- 2.10 The key budget risks associated with the budget estimates and the medium term financial strategy as detailed within this report are as follows:

- Partnership with Axon Solutions Limited;
- Single Status Job Evaluation and Equal Pay Compensation;
- The Economic Recession;
- Delivery of the Savings Programme;
- General demographic trends resulting in increases in demands on services.

- 2.11 Further details about these risks are provided at section 6 and in Appendix G. As a result it will be necessary for the council to retain sufficient sums in general fund reserves to ensure capacity exists to manage them over the next three years.

General Fund Reserves

- 2.12 The table below details the projected position against General Fund Reserves. This takes account of the additional £0.677M forecast to be required from reserves in 2009/2010, as reported to Resources Panel on 8 September. Further information on reserves is provided at section 5.

**Table 4 – General Fund Reserves**

	<b>2010/2011 £M</b>	<b>2011/2012 £M</b>	<b>2012/2013 £M</b>
<b>Estimated Balances at 1 April:</b>	<b>23.324</b>	<b>23.324</b>	<b>23.324</b>
Planned Use of General Fund Balances During the Year	0	0	0
<b>Total Balance Carried Forward at 31 March</b>	<b>23.324</b>	<b>23.324</b>	<b>23.324</b>

NOTE: Latest indications are that other than the forecast use of General Fund Balances of £5.988M in 2009/2010 no further call on these balances will be necessary.

Council Tax

- 2.13 After taking into account the predicted budget requirement for 2010/2011 along with the anticipated risks and available reserves Cabinet's aspirations are to recommend council's council tax precept of 0%. Further details are provided at paragraphs 3.15 to 3.19.

Schools' Budgets

- 2.14 Schools are funded by Dedicated Schools Grant (DSG), a ring-fenced grant paid by the Department for Children, Schools and Families. This grant effectively represents a guaranteed minimum funding level for schools. In line with the policy of recent years, it is proposed that no additional funding for schools over and above DSG is provided by the General Fund.
- 2.15 Any surpluses or deficits on individual schools' budgets result in transfers to or from earmarked reserves, meaning that the outturn position of schools is financially neutral to the General Fund. Further details are provided at section 8.

## REPORT DETAILS

### 3. 2010/2011 DRAFT BUDGET

- 3.1 Table 5 below sets out the draft budget for the 2010/2011 financial year, compared to the approved budget for 2009/2010.

**Table 5 –2010/2011 Draft Budget**

	<b>Approved Budget* 2009/2010 £M</b>	<b>Draft Budget 2010/2011 £M</b>	<b>Change £M</b>	<b>Change** %</b>
Children and Young People	74.064	72.770	(1.294)	- 1.75%
Adults and Communities	106.432	106.451	0.019	+ 0.02%
Regeneration and Environment	57.957	57.323	(0.634)	- 1.09%
Customer & Shared Services & Office of the Chief Executive	20.101	17.845	(2.256)	- 11.22%
Corporate Budgets	(20.316)	(15.737)	4.579	+ 22.54%
<b>Net Budget Requirement</b>	<b>238.238</b>	<b>238.652</b>	<b>0.414</b>	<b>+ 0.02%</b>
Formula Grant	141.440	144.093	2.653	- 1.88%
Council Tax	93.087	93.087	-	-
Council Share of Surplus/(Deficit) on Collection Fund	(1.600)	(0.500)	1.100	+ 68.75%
Planned Use of General Fund Balance	5.311	-	(5.311)	+ 100.00%
Further Savings Requirement / Use of General Fund Reserves	-	1.972	1.972	-
<b>Total Resources</b>	<b>238.238</b>	<b>238.652</b>	<b>0.414</b>	<b>- 0.02%</b>
<b>Balance</b>	-	-	-	

\* Changes from the Original Budget are shown at Appendix F.

\*\*NOTE: a positive percentage change represents an increase in costs/decrease in income

- 3.2 The budgeted use of General Fund Reserves in 2010/2011 is nil. This is consistent with the nil use of Reserves for the year that was forecast in the medium term financial strategy approved in March 2009.
- 3.3 The 2010/2011 draft budget allows for an estimated pay award of 1.5%. The total cost to the General Fund of this is £0.827M. This figure also takes account of the revised 2009/2010 pay award of 1%/1.25%, as compared to the budget assumption of 2.25%. Notwithstanding that in isolation this is favourable to the council's financial position, in practice its impact is solely to reduce the level of savings that would otherwise have been required in 2010/2011. It therefore has no material impact on the council's financial strategy.

- 3.4 General price inflation has been built in at 1.5%, except for utilities, for which no inflationary increase has been built in. Inflation at these levels amounts to £0.851M across the General Fund. Assumptions concerning inflation will be kept under review as part of the detailed budget preparation process.
- 3.5 Budget growth for services has been kept to an absolute minimum and has been analysed over two separate categories:
- **Budget Pressures** (Demographic and Demand) are defined as increases in budgets that are required to continue to provide either the same level of service or to expand service to meet statutory requirements. These additional items of expenditure, which amount to £5.869M, are therefore considered to be unavoidable.
  - **Budget Developments** represent an expansion or enhancement of services currently provided by the authority or new services altogether and amount to £0.200M.
- 3.6 A summary of budget growth for 2010/11 is contained in table 6 below, whilst full details of each item of budget growth are provided at Appendices B (Pressures) and C (Developments).

**Table 6 – Summary of Budget Growth for 2010/11**

Directorate	Budget Pressure £M	Budget Development £M	Total £M
Children and Young People	0.625	-	0.625
Adults and Community	2.472	0.200	2.672
Regeneration and Environment	0.704	-	0.704
Customer and Shared Services	0.215	-	0.215
Office of the Chief Executive	-	-	-
Corporate	1.853	-	1.853
<b>Total</b>	<b>5.869</b>	<b>0.200</b>	<b>6.069</b>

- 3.7 Taking account of all changes and the anticipated general fund resources (further details for which are provided below) savings of £9.6M (over and above the £18.9M arising from the 2009/2010 savings programme) are required to achieve a balanced budget. To date savings proposals amounting to £7.6M have been identified. These proposals have been analysed over two separate categories:
- **List One (Budget Reduction Opportunities and Efficiency Measures)** – savings with no service delivery or redundancy implications amounting to £2.138M.
  - **List Two (Budget Savings Initiatives)** – savings which are achievable but which have significant service delivery implications, redundancy implications, implications for partner organisations or other matters of concern amounting to £5.458M.

A summary of the savings proposals for 2010/11 is contained in table 7 below. It should be noted that these proposals are net of implementation costs where such costs can be funded from the saving generated in 2010/2011. Implementation costs not factored into the net savings below are:

- Redundancy costs, which are extremely difficult to estimate. These will be funded corporately from a combination of existing budget and specifically earmarked resources which were set aside at the end of 2008/2009.
- Implementation costs that exceed the total gross savings achievable in 2010/2011. Again, where the savings proposal generates significant savings, and where the costs cannot be met locally, they will be funded corporately from specifically earmarked resources. An estimate of these implementation costs is also provided in the table below.

**Table 7 – Summary of Savings Proposals for 2010/2011**

<b>Directorate</b>	<b>Implement- ation Costs £M</b>	<b>List One Net Savings £M</b>	<b>List Two Net Savings £M</b>	<b>Total Net Savings £M</b>
Children and Young People	-	0.502	1.734	2.236
Adults and Community	0.138	0.048	2.214	2.262
Regeneration and Environment	0.485	-	1.510	1.510
Customer and Shared Services	-	1.255	-	1.255
Office of the Chief Executive	-	0.333	-	0.333
<b>Total</b>	<b>0.623</b>	<b>2.138</b>	<b>5.458</b>	<b>7.596</b>

- 3.8 Full details for each individual saving proposal, including any implementation costs where these exceed the total gross saving achievable in 2010/2011, are provided at Appendices D (List One) and E (List Two).
- 3.9 The legal implications of not achieving this level of savings and not setting a balanced budget for 2010/2011 are detailed at section 10.
- 3.10 A comparison of the draft 2010/2011 budget to the 2009/2010 original budget at a directorate level is provided at Appendix F.

Council Tax Collection Fund and Tax Base

- 3.11 The Council is required to make good in 2010/2011 any projected deficit on the Collection Fund at the end of 2009/2010. Early indications of the forecast outturn are that the council will be required to contribute £0.500M in 2010/2011. This is in line with the medium term forecasts approved in March 2009. The final position, to be reflected in the 2010/2011 budget, will be based on calculations performed later in the year, and the outcome will be reported to Cabinet in January 2010.
- 3.12 The tax base for 2010/2011 will be determined at the January 2010 meeting of Cabinet. Early indications are that the tax base will increase by 0.07% over 2009/2010. This is based on a target collection rate of 98.5% (same as for 2009/2010).

3.13 For 2010/2011 council tax income is forecast to improve marginally over the forecast level (as per the medium term financial strategy approved in March 2009), due to a mixture of improved collection rates and a shift in the proportion of households receiving council tax benefit.

Council Tax 'Capping'

3.14 The Secretary of State has the power to cap individual authorities' increases in the net budget requirement and the council tax. No announcements have yet been made regarding what the Government might consider to be an unacceptable rise in council tax for 2010/2011. For 2009/2010, the Government stated that council tax rises should be 'substantially below 5 per cent': it is reasonable to assume that the equivalent percentage for 2010/2011 would be no higher than this.

Council Tax Increase 2010/2011

3.15 The City Council is both the billing and collecting authority for council tax in Wolverhampton. The amount collected covers not only the council's requirement but also the precepts set by the West Midlands Police and Fire Authorities. The setting of council tax follows a statutory timetable that requires the calculation of the tax base for the city and the calculation of estimated Collection Fund outturn.

3.16 As reported above the net budget requirement for 2010/2011 is £238.652M. After taking account of Formula Grant and use of reserves this is then applied to the taxbase to arrive at the Band D charge which forms the basis for the calculation of the council tax liability for all bands.

3.17 Approval of the draft budget recommendations as detailed in this report requires the City Council to levy a council tax charge of £1,316.72 for Band D properties, representing no increase compared to 2009/2010.

3.18 It is important to remember that this would not necessarily lead to an unchanged overall council tax for Wolverhampton, which will also depend on the precepts set by the police and fire authorities.

3.19 It should be noted:

- 74% of the City's homes are in the two lowest bands (A & B)
- 32% of households receive Council Tax benefit
- 34% of households receive the Single Person's (25%) Discount

**Table 8 – Council Tax 2009/2010 by Band – Wolverhampton City Council Element Only**

Band	Upper Value of Property (1991) £	Ratio	Wolverhampton City Council £
A	40,000	6/9	877.81
B	52,000	7/9	1,024.12
C	68,000	8/9	1,170.42
D	88,000	9/9	1,316.72
E	120,000	11/9	1,609.33
F	160,000	13/9	1,901.94
G	320,000	15/9	2,194.53
H	-	18/9	2,633.44

### Formula Grant

- 3.20 The Government published the amount of Formula Grant receivable by the Council in 2010/2011 as part of the three year settlement announced in January 2008. Despite the current financial challenges facing the Government, indications are that the provisional figures published for 2010/2011 will be honoured by the Government. However, this position will remain under close scrutiny and the final settlement will not be known until late November/early December 2009.
- 3.21 Table 9 below analyses Formula Grant receipts for the three years of the current settlement.

**Table 9 – Formula Grant 2008/2009 to 2010/2011**

	<b>2008/2009 £M</b>	<b>2009/2010 £M</b>	<b>2010/2011 £M</b>
Relative Needs Amount	106.474	108.825	110.808
Relative Resource Amount	(9.681)	(10.525)	(11.349)
Central Allocation	43.863	44.994	46.059
Floor Damping	(2.245)	(1.854)	(1.425)
<b>Formula Grant</b>	<b>138.411</b>	<b>141.440</b>	<b>144.093</b>
<b>Percentage Increase</b>	<b>+ 3.0%</b>	<b>+ 2.2%</b>	<b>+ 1.9%</b>

### Area Based Grant

- 3.22 Area Based Grant (ABG) was introduced by the Government in 2008/2009. It is a non-specific grant, and is therefore accounted for outside of the cost of services. The Council has been notified of the total ABG allocations for the next financial year: an analysis of these can be found at Appendix H, along with additional background information on the grant itself.

### Transformation

- 3.23 No assumptions have been made yet about the requirement to set aside funds to invest in new technology to replace the majority of the council's ageing mainframe IT systems. The options for system replacement are currently subject to review. The costs will be taken into account when the way forward has been decided by Cabinet.

### Summary

- 3.24 It is important to note that this is an early indication of the budget position for the Council based on the latest available information. Detailed budget preparation work will continue through the autumn in preparation for the next planned draft 2010/1011 budget strategy report to Cabinet in December. The position therefore remains subject to change.

#### 4. MEDIUM TERM FORECASTS

- 4.1 The medium term forecasts for 2011/2012 and 2012/2013 provide essential context for decisions on the 2010/2011 budget.
- 4.2 The table below summarises forecast 2011/2012 and 2012/2013 expenditure by service. These figures estimate the costs of continuing the 2010/2011 draft expenditure plans, altered for inflation and the effect of approved policies.

**Table 10 – Medium Term Financial Strategy 2011/2012 and 2012/2013**

	<b>Forecast Budget 2011/2012 £M</b>	<b>Forecast Budget 2012/2013 £M</b>
Children and Young People	74.110	75.750
Adults and Communities	110.176	114.844
Regeneration and Environment	58.325	59.244
Customer & Shared Services & Office of the Chief Executive	20.147	21.142
Corporate Budgets	(17.032)	(14.350)
<b>Net Budget Requirement</b>	<b>245.726</b>	<b>256.630</b>
Formula Grant	144.093	145.534
Council Tax	95.414	97.799
Council Share of (Surplus)/Deficit on Collection Fund	-	-
Planned Use of General Fund Balance	-	-
Further Savings Requirement / Use of General Fund Reserves	6.219	13.297
<b>Total Resources</b>	<b>245.726</b>	<b>256.630</b>
<b>Balance</b>	-	-

- 4.3 Appendix A sets out the key assumptions used in preparing the forecasts.

## 5. GENERAL FUND RESERVES

- 5.1 The table below details the projected position against General Fund Reserves over the next three years.

**Table 11 – General Fund Reserves**

	2010/2011 £M	2011/2012 £M	2012/2013 £000
<b>Estimated Balances at 1 April:</b>	23.324	23.324	23.324
Planned Use of General Fund Balances During the Year	-	-	-
<b>Total Balance Carried Forward at 31 March</b>	<b>23.324</b>	<b>23.324</b>	<b>23.324</b>

NOTE: Latest indications are that other than the forecast use of General Fund Balances of £5.988M in 2009/2010 no further call on these balances will be necessary.

- 5.2 The above analysis does not reflect any call on general fund balances that may be required due to the decision of the Cabinet to recommend ceasing the Partnership with Axon Solution Ltd. This is detailed as a risk in section 6, and will be taken into account when a formal decision has been made by Council and any settlement sum is agreed with Axon.

## 6. KEY BUDGET RISKS

### Budget Risk Assessment

- 6.1 Appendix G provides an updated, detailed analysis of the financial risks associated with the 2009/2010 General Fund Budget. Information is provided which describes and, where possible, quantifies the risk, the action that will be taken to mitigate its effect and the residual exposure.
- 6.2 A similar analysis will be developed alongside the 2010/2011 budget over the next few months, with the final version being presented in the final budget report to Cabinet in February 2010. In particular, this is likely to take account of areas of greater risk around:
- the corporate savings programme (due to increased savings targets);
  - government grant income in the medium term;
  - the impacts of the economic recession.
- 6.3 The risks are grouped into six main areas:
- Financial and Budget Management focussing on effective budget monitoring, efficiency improvement built into the 2009/2010 base budget, the impact of non-pay inflation and pay awards, a staff vacancy factor, VAT matters, changes in accounting practice, council tax capping, the level of the general fund reserves and equal pay/single status.

- Savings and Transformation Programme focussing on the Savings Programme and its implementation, any Axon settlement and the development of a new Transformation Programme.
- Income levels addressing risks associated with grants and contributions, planning and building regulation fees, land charges, car parking and other income, treasury management (interest rates) and bad debts.
- Service demands highlighting the risks associated with demand led services such as looked after children and vulnerable adults and the general impact of changing social, demographic and economic circumstances.
- The Capital Programme focussing on interest rates and the level of capital receipts.
- Service suppliers: dealing with the risks to commercial suppliers and the voluntary sector.

6.4 The scale of the risks confronting the Council is significant not only in terms of their number but also their potential financial impact should they arise. The most significant and material risks relate to achieving the Savings Programme target and the outstanding settlement with Axon Solutions Ltd.

6.5 Appendix G details where possible the Chief Financial Officer's estimates of the potential value of the risk expose in order to inform the level of general fund reserves which need to be retained. This confirms the materiality of the risks that are faced in the context of the resources available to manage them.

## **7. BUDGET CONSULTATION**

7.1 The approach to consultation on the draft 2010/2011 budget and council tax proposals will be as follows:

- a. To commence consultation during early autumn 2009 – so that views can be sought in sufficient time for them to be taken into account by the Cabinet when formulating the 2010/11 budget and council tax;
- b. To seek feedback from the voluntary sector and from the Local Strategic Partnership;
- c. To carry out budget consultation with the general public via the Council website and the Citizen's Panel;
- d. To carry out trade union consultation through the Joint Consultative Panel;
- e. To hold a consultation meeting with the business sector (in line with statutory consultation requirements);
- f. To hold a consultation meeting on schools budgets with schools representatives (in line with statutory consultation requirements);

7.2 The outcome of this consultation will be taken into account in the Cabinet's budget recommendations to Council in March 2010.

## 8. SCHOOLS' BUDGET

- 8.1 For schools, the 2009/2010 financial year is the second year of a three year "guarantee period" for the schools funding arrangements. The purpose of the guarantee period is to maximise funding stability and certainty for schools over an extended period, thereby facilitating their long term planning. This objective applies to all delegated and devolved funding which schools receive.
- 8.2 The Schools' Budget is funded by the DCSF via the Dedicated Schools Grant (DSG), which is calculated using a guaranteed unit of funding multiplied by pupil numbers from the January Census. The guaranteed unit of funding for 2009/2010 is £4,309. Pupil numbers within the City have continued to fall for a number of years. This is having a detrimental effect on the year on year DSG uplift and a consequent effect on schools' delegated budgets. In order to provide support to authorities with falling rolls, the DCSF guarantees minimum cash increase of 2% each year. When compared to 2008/2009, the overall uplift for Wolverhampton in 2009/2010 is 2.06%. It is proposed to spend the whole of the Dedicated Schools Budgets on schools but without further direct discretionary support from council tax payers. The Dedicated Schools Grant for 2009/2010 is £149.595 million. This is net of a top slice of £2.203 million for the South Wolverhampton and Bilston Academy which will open in September.
- 8.3 It is important to note that, as any variances against schools' delegated budgets are transferred either to or from their own accumulated reserves, their outturn position is financially neutral to the council's general fund, when compared with the Base Budget 2009/2010 presented in this report. However, the table below clearly shows that, based on the original budget plans prepared by schools in April this year, a significant reduction in balances held by schools is projected of £6.6M during the current financial year and £4.7M for the year ending March 2011. Significantly, a number of schools are currently forecasting that they will be in a deficit position by March 2010, and initial budget plans have demonstrated significant financial concerns for others for 2010/2011. To mitigate the position, officers are working closely with schools to re-visit, review and refine budget assumptions in order to engender, where able, balanced budget plans going forward. Further budget plans will be prepared during the autumn term, when significant emphasis will be placed on schools' achievement of a balanced budget.

**Table 12 – Analysis of Schools Balances 2009/2010 and 2010/2011**

	<b>Actual Balances at 1 April 2009 Surplus/ (Deficit)</b>	<b>Planned Use of Balances In 2009/2010</b>	<b>Forecast Balances at 31 March 2010 Surplus/ (Deficit)</b>	<b>Planned Use of Balances In 2010/2011</b>	<b>Forecast Balances at 31 March 2011 Surplus/ (Deficit)</b>
	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>
Infant	0.8	(0.2)	0.6	(0.1)	0.5
Junior	0.7	(0.3)	0.4	(0.4)	0
Primary	4.4	(2.0)	2.4	(1.1)	1.3
Secondary	3.2	(3.4)	(0.2)	(2.2)	(2.4)
Special	1.1	(0.5)	0.6	(0.7)	(0.1)
Nursery	0.5	(0.2)	0.3	(0.2)	0.1
<b>Totals</b>	<b>10.7</b>	<b>(6.6)</b>	<b>4.1</b>	<b>(4.7)</b>	<b>(0.6)</b>

## **9. FINANCIAL IMPLICATIONS**

9.1 These are set out in the body of the report.

## **10. LEGAL IMPLICATIONS**

10.1 The Authority'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.

10.2 Section 25 of the Local Government Act 2003 requires the Chief Financial Officer to report to an authority when it is making the statutory calculations required to determine its council tax. The authority 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 authority.

10.3 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 Authority's medium term financial strategy, and have regard to the level of risk in budget plans, and the authority's financial management arrangements (including strategies to address risk).

10.4 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.

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'

10.5 These statutory requirements will have to be taken into account when making final recommendations on the budget and council tax requirement for 2010/2011.

## **11. EQUAL OPPORTUNITIES AND ENVIRONMENTAL IMPLICATIONS**

- 11.1 The preparation of the budget involves the allocation of resources for the provision of the Council's services and therefore has potential implications for the achievement of equal opportunities and environmental policies.
- 11.2 During 2010/2011 job reductions will result from a number of the savings proposals.

## **12. EQUALITY IMPACT ASSESSMENT**

- 12.1 The Council has a statutory duty to consult upon the impact of the way it carries out its business on different groups of people. This is designed to help the Council identify the particular needs of different groups and reduce the likelihood of discrimination. Impact Assessment cover:
- Race
  - Gender
  - Disability
  - Sexual Orientation
  - Religious Belief
- 12.2 In relation to determining the overall revenue budget for the council there is always a difficult balance to be struck in deciding the levels at which to invest, reduce expenditure and raise income set against the often competing needs of different groups with the Wolverhampton community.
- 12.3 In order to address these complex issues the council operates an open and consultative approach to budget and council tax determination. Year-on-year and medium term spending forecasts are provided to every household and business ratepayer within the borough as part of the documentation which accompanies the council tax demand.
- 12.4 Budget consultation meetings are held with the education community, the business community, the voluntary sector and trade unions. The council also runs a Citizens' Panel programme through which detailed information is given and detailed feedback received on budget and service priorities.
- 12.5 In determining the budget for 2010/2011 considerable focus has been placed on the development of a Savings Programme. Key elements of this programme will be the subject of individual equality impact assessments and/or forms of statutory consultation with service users.
- 12.6 The Council is facing a particularly challenging short and medium term financial environment in which savings must be generated and a tight control on spending maintained. This requires that a greater focus than ever is maintained to ensure that core equality commitments are met. In determining the 2010/2011 budget particular attention will be given to attempts to ameliorate the impact of proposals on individuals and communities in most need.

## **SUMMARY OF APPENDICES**

**A Budget Policies** (page 19)

**B Budget Growth – Pressures** (page 21)

**C Budget Growth – Developments** (page 23)

**D Budget Savings Proposals – List One** (page 24)

**List One Savings Additional Information**

D1 Register Office – Nationality Checking (A&C1) (page 27)

**E Budget Savings Proposals – List Two** (page 29)

**List Two Savings Additional Information**

E1 Older People's Day Care Services (A&C1) (page 42)

E2 Blakenhall Resource Centre (A&C2) (page 49)

E3 Re-enablement/Adult Social Care (A&C6) (page 56)

E4 Reviewing the Council's Contribution to the Cost of Adult Social Care Services (A&C7) (page 60)

E5 Warden Amalgamation (A&C8) (page 71)

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E7 Entertainments Trust (A&C10) (page 77)

E8 Review of Visitor Information Centre (A&C12) (page 80)

E9 Increasing Bereavement Fees and Charges (A&C13) (page 83)

E10 Amalgamation of Parks and Bereavement Patrol Staff (A&C14) (page 90)

**F Draft 2010/2011 Net Budget Requirement – Analysis of Changes from 2009/2010 Original Budget by Directorate** (page 92)

**G 2009/2010 General Fund Budget Risk Management** (page 93)

**H Area Based Grant** (page 117)

## Budget Policies

The following policies relating to the council's budget and budget process are proposed:

1. **No Revised Estimates** will be produced for 2009/2010. Instead, net expenditure and projected net expenditure will be monitored against the original budget approved by Council, adjusted for any in year virements approved in accordance with the Financial Procedure Rules.
2. **No budget virements** should be actioned from any gas or electricity budgets, these are to stay at 2009/2010 original budget levels throughout the year.
3. No assumptions should be made about the use of any **LAA reward grant** that might be received or that is expected to be received. This will be the subject of a dedicated report once there is some certainty around the sum that might be received.
4. **Area Based Grant** (ABG) funding will continue to be allocated based on the Government's breakdown/analysis of ABG, whilst more detailed work is undertaken to establish how the current allocations are contributing to targets and priorities.

Therefore until this detailed work is complete part of the grant will continue to be allocated to the Wolverhampton Partnership to spend as they determine appropriate to meet local needs and targets. With the remainder of the grant being allocated across the council based the Government's breakdown/analysis.

5. **Budget Pressures** (Demographic and Demand) are defined as increases in budgets that are required to continue to provide either the same level of service or to expand service to meet statutory requirements. These additional items of expenditure are therefore considered to be unavoidable. They should however be matched with equal and opposite savings proposals.
6. **Budget Developments** represent an expansion or enhancement of services currently provided by the authority or new services altogether. Due to the projected financial position of the authority, proposals should only be put forward where they can be funded from equal and opposite savings.
7. **Savings Proposals** should be reviewed and allocated to one of the following categories to help to target the decision making processes at the most important of the savings proposals:
  - a. **List One (Budget Reduction Opportunities and Efficiency Measures)** – savings with no service delivery or redundancy implications.
  - b. **List Two (Budget Savings Initiatives)** – savings which are achievable but which have significant service delivery implications, redundancy implications, implications for partner organisations or other matters of concern.
8. The existing approach to **unbudgeted general income**, agreed as part of the 2009/2010 budget process, should continue, i.e. any previously unbudgeted general income that is received, in excess of £25,000, must be reported to Corporate Management Team and unless otherwise agreed it will be treated as corporate income that will be used to contribute towards the delivery of savings.

9. **Write Offs** – In the future bad debts will be written off against the income budget that was originally credited.

10. **Flexible Retirements**

***The current policy reads:***

The policy is structured that except in exceptional circumstances applications will only be granted where the cost to the council can be recovered in not more than two years. Cabinet, at its meeting held on 28 February 2007, agreed that with effect from 1 April 2008 no central provision will be made for the cost of early retirements/severances. These costs will be met by service groups.

***In light of the need to generate savings this policy will be interpreted to confirm that the following options are available to services:***

- a. The one-off costs of flexible retirements can be funded centrally if **all** of the saving is used to count towards the council's total savings target. As with the current policy in general the time limit on the recovery of costs will be set at two years.
- b. Where only part of any saving associated with a flexible retirement counts against the council's total savings target, corporate support can be provided on a pro-rata basis, with the balance being funded by the service. As with the current policy in general the time limit on the recovery of costs will be set at two years.
- c. Where savings associated with a flexible retirement are all being reinvested in the service a "corporate loan" facility, to be repaid over a maximum of two years, will be considered on a case by case basis to enable services to fund the one-off costs of flexible retirements where the service is not able to fund the associated upfront costs.

11. **Budget Preparation Parameters** – The following key parameters are proposed.

	<b>2010/2011 Draft Budget</b>	<b>2011/2012 Forecast Budget</b>	<b>2012/2013 Forecast Budget</b>
Council Tax Increase (WCC element)	0.0%	2.5%	2.5%
Pay Awards	1.5%	1.5%	2.0%
Price Inflation (excl. Gas and electricity)	1.5%	1.5%	2.0%
Price Inflation (Gas and electricity)	0.0%	1.5%	2.0%
Employers' Pension Contributions	17.7%	18.4%	19.1%
Debt Interest Rate	4.30%	4.25%	4.26%
Return on Investments	1.73%	1.73%	1.73%
Increase in Formula Grant	1.88%	0.0%	1.0%

**BUDGET GROWTH – PRESSURES**

Reference	Budget Pressure	Estimated Net Cost		
		2010/11 £000	2011/12 £000	2012/13 £000
<b>Children and Young People</b>				
CYP 001	Children In Need and Child Protection Service	325	9	16
CYP 002	Special Education Needs and Disability Service - Out of City Education Placements	300		
<b>Total Children and Young People</b>		<b>625</b>	<b>9</b>	<b>16</b>
<b>Adults &amp; Community</b>				
A&C 1	Adult Social Services Demography / Demand	2,000	2,000	2,000
A&C 2	Adult Social Services Independent Providers Annual Increase above 1% Inflation	200		
A&C 3	St Georges Day	5		
A&C 4	Parks – Maintenance of fountains, lighting, multi ball courts, bridges etc.	91		
A&C 5	Outdoor Events - shortfall against existing budget due to Wolvestock being free	26		
A&C 6	Grounds Maintenance – planned works as part of the contact exceeds available budgets	150		
<b>Total Adults &amp; Community</b>		<b>2,472</b>	<b>2,000</b>	<b>2,000</b>
<b>Regeneration and Community</b>				
R&E1	Supplementary increase in Landfill Tax announced by the Government.	144		
R&E2	Progression of Local Housing Co from strategic business case to operational stage	100	250	(350)
R&E3	Increase in electricity costs above the budgetary estimates for Street Lighting	220		
R&E4	Under achievement of planning fee income	240	(240)	
<b>Total Regeneration and Environment</b>		<b>704</b>	<b>10</b>	<b>(350)</b>
<b>Customer &amp; Shared Services</b>				
CSS1	Restructure	170		
CSS2	Information Governance	45		
<b>Total Customer &amp; Shared Services</b>		<b>215</b>	<b>-</b>	<b>-</b>

Reference	Budget Pressure	Estimated Net Cost		
		2010/11 £000	2011/12 £000	2012/13 £000
<b>Corporate</b>				
Corp1	One-Off Corporate Savings in 2009/10	1,000	-	-
Corp2	Local Authority Business Growth Incentive Grant (LABGI) - One-Off in 2009/10	515	-	-
Corp3	LABGI Grant - One-Off in 2010/11	(162)	162	-
Corp4	Recovery of overpaid VAT - One-Off in 2009/10	250	-	-
Corp5	Release of Earmarked Reserve - One-Off in 2009/10	250	-	-
Corp6	Carbon Reduction Commitment	-	50	100
Corp7	Increase in National Insurance Contribution Rates from 1 April 2011	-	760	-
<b>Total Corporate</b>		<b>1,853</b>	<b>972</b>	<b>100</b>
<b>Total</b>		<b>5,869</b>	<b>2,991</b>	<b>1,766</b>

**BUDGET GROWTH - DEVELOPMENTS**

Reference	Budget Development	Estimated Net Cost		
		2010/11 £000	2011/12 £000	2012/13 £000
<b>Adults &amp; Community</b>				
A&C 1	LIFT - Additional premises running costs			100
A&C 2	New Very Sheltered Housing Schemes	200	400	
<b>Total Adults &amp; Community</b>		<b>200</b>	<b>400</b>	<b>100</b>
<b>Total Council</b>		<b>200</b>	<b>400</b>	<b>100</b>

**BUDGET SAVINGS PROPOSALS – LIST ONE**

Reference	Savings Proposal	Estimated Saving (Net*)		Implementation Costs £000	Service specific	Impact on		
		2010/11 £000	2011/12 £000			Cross Cutting	DeMa	Other Council Services

**Children and Young People**

CYP 1	Deletion of vacant marketing post	42	42		.	✓	.	.
CYP 2	Removal of Inflation Provision for Supplies and Services Cross Directorate	460	460		.	✓	.	.

**Total Children and Young People**

<b>502</b>	<b>502</b>	<b>-</b>
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**Adults and Community**

A&C1	Check applications for British Citizenship - income based on 70% take up at current levels (see also Appendix D1)	8	8		.	✓	.	.
A&C2	Income from Little Civic reopening in C4	20	20		.	✓	.	.
A&C3	Additional income from Arts and Heritage (weddings and catering)	20	20		.	✓	.	.

**Total Adults and Community**

<b>48</b>	<b>48</b>	<b>-</b>
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**Customer and Shared Services**

CSS1	Corporate Procurement - Reduction in Supplies & Services Budgets based on 08/09 underspends	25	25		✓	.	.	.
CSS2	HR Shared Service - Further savings from creating HR Shared Services.	13	13		.	.	✓	.
CSS3	HR Shared Services - Savings from deleting 2 x H&S Officer posts (vacant)	76	76		.	✓	.	✓
CSS4	HR Shared Services - Reduction in Supplies & Services Budgets based on 08/09 underspends	50	50		✓	.	.	.
CSS5	HR Shared Services - Member development budget 50% cut	22	22		.	.	.	✓

Reference	Savings Proposal	Estimated Saving (Net*)		Implementation Costs £000	Service specific	Impact on		
		2010/11 £000	2011/12 £000			Cross Cutting	DeMa	Other Council Services
CSS6	HR Shared Services - Saving from moving L&D staff from Bond House to Civic Centre	11	11		.	✓	.	.
CSS7	Property Services - Deletion of posts to reflect adjustment to capital and revenue construction programmes.	175	175		.	.	✓	.
CSS8	Property Services - Reduction in Supplies & Services Budgets based on 08/09 underspends	50	50		✓	.	.	.
CSS9	Property services - Charging for enquiries to map limestone workings	5	5		✓	.	.	.
CSS10	Property Services - Reduction in rates and outgoings, Clarence Street due to voids.	10	10		✓	.	.	.
CSS11	Property Services - Closure of premises at Clarence Road.	25	35		✓	.	.	.
CSS12	Legal Services - Reduction in Supplies & Services Budgets based on 08/09 underspends	40	40		✓	.	.	.
CSS13	Housing & Council Tax Benefits - Reduction in Supplies & Services Budgets based on 08/09 underspends	90	90		✓	.	.	.
CSS14	Local Taxes - Postages-bulk mailing-long term savings re envelope size and mailing discounts	90	90		✓	.	.	.
CSS15	Local Taxes - Reduction in Supplies & Services Budgets based on 08/09 underspends	25	25		✓	.	.	.
CSS16	Financial Services - Local Taxes Reduction of 3 posts – Voluntary Redundancy	65	65		.	.	.	✓
CSS17	Document Centre - Reduction in Supplies & Services Budgets based on 08/09 underspends	60	60		✓	.	.	.
CSS18	Financial Service - Deletion of Post – Voluntary Redundancy	62	64		✓	.	.	.
CSS19	Document Centre - Deletion of vacant post	16	16		✓	.	.	✓
CSS20	ITCS - Savings achieved offered through committee report 08/09	130	130		✓	.	.	.
CSS21	ITCS - Post to be Deleted (redundancy)	36	36		✓	.	.	.

Reference	Savings Proposal	Estimated Saving (Net*)		Implementation Costs £000	Service specific	Impact on		
		2010/11 £000	2011/12 £000			Cross Cutting	DelMa	Other Council Services
CSS22	ITCS - Reduction in Supplies & Services Budgets based on 08/09 underspends	35	35		.	.	.	✓
CSS23	ITCS - Reduction in Training budget	20	20	.	✓	.	.	
CSS24	City direct - Staff re-organisation	45	45		✓	.	.	.
CSS25	City direct - Channel Switch - more use of on line services	30	30		.	.	.	✓
CSS26	Financial Services Risk Management - Triggering of Long Term Agreement option under the main Property/Liability/Motor insurance programme	49	49			✓		

**Total Customer and Shared Services**

**1,255      1,267      -**

**Office of the Chief Executive**

OCE1	Reductions of budget across Office of the Chief Executive directorate in the light of previous year's under spend	224	224		✓	.	.	.
OCE2	Deletion of budget on a cost centre that is time expired	59	59		✓	.	.	.
OCE3	Saving on 'One City News'	30	30		✓	.	.	.
OCE4	Deletion of vacant post within OCE	20	20		✓	.	.	.

**Total Office of the Chief Executive**

**333      333      -**

**Total Council**

**2,138      2,150      0**

**2010/11 BUDGET PROCESS - SAVINGS PROPOSALS ADDITIONAL INFORMATION**

**REGISTER OFFICE – NATIONALITY CHECKING (A&C1)**

**1. DESCRIPTION OF THE SAVINGS PROPOSAL**

- 1.1 To present proposals to introduce a nationality checking service at the Register Office (part of Adults & Community). Subject to approval, the necessary recruitment, training and promotion required to deliver this service could be in place for the commencement of the new financial year in 2010.

Estimated Saving (Net*)		Implementation Costs** £000
2010/11 £000	2011/12 £000	
8	8	nil

\* Estimated savings are net of all associated costs (\*\*), both one-off and ongoing, with the exception of redundancy/early retirement costs, which will be funded corporately.  
 \*\* Reflects the cost of implementing savings (excluding the cost of redundancy) where this is significant and exceeds the total value of the estimated gross savings in year 1 of the savings proposal.

**2. IMPLICATIONS ASSOCIATED WITH SAVINGS PROPOSAL**

- 2.1 The Register Office currently conducts Citizenship ceremonies for in excess of 600 new British citizens (excluding children) annually, raising income of £55,000. Currently, people wishing to apply for British Citizenship have three ways in which to apply:
- Via Nationality Checking Service
  - Through Agents or Representatives
  - Individual applications (often delayed through incorrect completion of paperwork)
- 2.2 The closest Nationality Checking Service for Wolverhampton citizens is currently Dudley Register Office.
- 2.3 For a fee, trained Register Office staff would be able to check applications and documents before sending them to the Home Office. This would save local citizens the inconvenience of travelling to Dudley, as well as significantly speeding up the process and enabling applicants to retain important documents. The service could also be offered to prospective new citizens from surrounding districts who do not offer such a facility.
- 2.4 The proposal will also provide a more comprehensive service for users and unify the certification process with the citizenship ceremony.
- 2.5 This proposal fits with the Making Communities Safer and Stronger priority, through the celebration of diversity with good community relations and where local people feel a sense of belonging.

- 2.6 It is proposed to offer 45 minute appointments with the following charges:
- Single application = £42.00
  - Couple application = £73.00
  - Husband, wife and up to 2 children = £93.00
  - Subsequent child = £26.00

The proposed fees are comparable to other local authorities that offer this service.

2.7 Based on historical demand for Citizenship Ceremonies and an estimated 30% customer take-up of the proposed nationality checking service, it is estimated that an income in the region of £25,000 will be generated.

2.8 It has been recognised by the General Register Office during a recent service inspection that no spare capacity currently exists amongst staff to undertake additional duties beyond their statutory responsibilities. Consequently, it is proposed that a full-time Register Officer post (Scale 1) is created to ensure capacity exists to deliver the proposed nationality checking service. The cost for the additional post is £17,000, resulting in a net gain of £8,000 in introducing this new service.

### 3. **ASSOCIATED RISKS**

3.1 Citizenship Ceremonies were introduced at the Register Office in 2004 and have increased in popularity progressively since. A downturn in requests for such a service is not envisaged for the foreseeable future.

### 4. **CONSULTATION**

4.1 The General Register Office and Home Office will require to be informed about a decision to implement this proposal.

### 5. **LEGAL IMPLICATIONS**

5.1 There are no legal implications associated with this proposal.

### 6. **EQUAL OPPORTUNITIES AND ENVIRONMENTAL IMPLICATIONS**

6.1 Citizenship ceremonies are available to all non-British Wolverhampton citizens – nationality checking will also be provided as an option to these people as part of this process.

### 7. **EQUALITY IMPACT ASSESSMENT**

7.1 No Equality Impact Assessment is required before any implementation of this proposal.

**BUDGET SAVINGS PROPOSALS – LIST TWO**

Reference	Savings Proposal	Estimated Saving (Net*)		Implementation Costs £000	Detailed Implications and Impacts	Summary of Implications					Impact on		
		2010/11 £000	2011/12 £000			Customers	Employees	Partners	Corporate Plan/Priorities	Other	Cross Cutting	DeIMa	Other Council Services
<b>Adults and Community</b>													
A&C 1	Review of older people's day services - including Ekta Day Centre (OP Day Care for Asian Elders) (see also Appendix E1)	450	450		A review of the current capacity and attendance at older people's day centres has revealed significant under utilisation of existing services. Services therefore need to be rationalised to avoid over provision and ensure cost effectiveness. The proposal is to relocate Ekta Day Centre, Merry Hill Day Centre and Langley Court Day Centre and to down size some day centres where there is under utilisation. Where services are relocated due consideration will be given to keeping together established client groups and recognising the cultural needs of ethnic groups.	✓	✓	✓	✓	.	✓	.	✓

Reference	Savings Proposal	Estimated Saving (Net*)		Implementation Costs £000	Detailed Implications and Impacts	Summary of Implications					Impact on		
		2010/11 £000	2011/12 £000			Customers	Employees	Partners	Corporate Plan/Priorities	Other	Cross Cutting	DelMa	Other Council Services
A&C 2	Externalisation of in-house services including: Blakenhall Resource Centre (OMI Resource Centre) (see also Appendix E2)	-	200		Further implementation of the value for money principal that in house services should be externalised where savings can be achieved. This proposal is for the externalisation of Blakenhall Resource Centre. The service would be externalised through procuring external provider to run the service at Blakenhall ( TUPE arrangements would apply). It has therefore been assumed that no savings could be achieved until 2011/12.	✓	✓	✓	✓	.	✓	.	✓
A&C 3	Procurement: Impact of using cost tool for high cost packages	100	100		Deployment of an assessment/cost tool developed by the Regional Efficiency Improvement Partnership which has proven successful in the South East in analysing cost components against assessments to establish fee levels. The tool will be first targeted on the range of perceived 'high cost' placements in specialist service areas.	✓	✓	✓	✓	.	.	.	.

Reference	Savings Proposal	Estimated Saving (Net*)		Implementation Costs £000	Detailed Implications and Impacts	Summary of Implications					Impact on		
		2010/11 £000	2011/12 £000			Customers	Employees	Partners	Corporate Plan/Priorities	Other	Cross Cutting	DelMa	Other Council Services
A&C 4	Procurement: Bring back into city high cost out of city placements	50	50		Aim to provide or commissioning services within the city for specialist placements with increased value for money	✓	.	✓	✓	.	.	.	.
A&C 5	Invest to save: Earlier and more intensive involvement in transition planning with Children and Young People	100	100		Earlier involvement of the younger adults team in the transition arrangements for children who will require long term packages of care	✓	✓	✓	✓	.	.	.	.
A&C 6	Development of re-enablement services to support clients to greater independence and improved quality of life. In achieving this, there will be less requiring adult social care (see also Appendix E3)	200	500		<ul style="list-style-type: none"> <li>• Development of a screening tool for Adult Social Care referrals.</li> <li>• Less service users needing Adult Social Care.</li> <li>• Smaller long term service packages.</li> <li>• Development of re-enablement services.</li> <li>• Improved quality of life by promoting independence through re-enablement.</li> </ul>	✓	.	.	✓	.	.	.	.

Reference	Savings Proposal	Estimated Saving (Net*)		Implementation Costs £000	Detailed Implications and Impacts	Summary of Implications					Impact on		
		2010/11 £000	2011/12 £000			Customers	Employees	Partners	Corporate Plan/Priorities	Other	Cross Cutting	DelMa	Other Council Services
A&C 7	Reviewing the Council's contribution to the cost of Adult Social Care services. This will reduce dependency and demand on council-commissioned services, and increase revenue from charges and contributions (see also Appendix E4)	650	650	50	The aim is to reduce demand on and increase the revenue from charges and contributions for services, by aligning local policies more in keeping with those of other councils, and ensuring compliance with the new statutory policy guidance on "Fairer Contributions". The services affected will be home care, day care (including those currently paid allowances for attending day care), transport, meals and the Carelink community alarm scheme. Implementation costs of £50k relate to 2009/10.	✓	✓	.	.	.	✓	.	.
A&C 8	Review of the Adult Social Care Patch Wardens (see also Appendix E5)	100	100		Savings to be achieved through combining community development workers roles across Adults and Community and Regeneration and Environment and through revised proposed structures for management of the scheme.	✓	✓	.	✓	.	.	.	.

Reference	Savings Proposal	Estimated Saving (Net*)		Implementation Costs £000	Detailed Implications and Impacts	Summary of Implications					Impact on		
		2010/11 £000	2011/12 £000			Customers	Employees	Partners	Corporate Plan/Priorities	Other	Cross Cutting	DelMa	Other Council Services
A&C 9	Reduce maintenance contract for Parks by 5% (see also Appendix E6)	115	115	-	To be achieved through efficiency savings in the retendering of the north east and south east contracts, including some revision in service standards where these can be implemented sensitively	✓	✓	✓	✓	✓	.	.	✓
A&C 10	Establishment of an Entertainments Trust (see also Appendix E7)	-	250	50	A phased approach to the establishment of a Trust incorporating all venues in the city with a reduction in the direct grant awards to venues. The net saving for 2010/11 is zero as a result of the implementation costs (e.g. specialist legal advice etc) required to establish the Trust.	✓	✓	✓	✓	.	.	.	✓
A&C 11	Museums and Archives - Additional income and efficiencies	50	50	8	The savings comprise some increases in income targets from proposed new services and some service efficiencies. The implementation costs of £8K relates to 2009/10	✓	✓	✓	✓	.	.	.	.

Reference	Savings Proposal	Estimated Saving (Net*)		Implementation Costs £000	Detailed Implications and Impacts	Summary of Implications					Impact on		
		2010/11 £000	2011/12 £000			Customers	Employees	Partners	Corporate Plan/Priorities	Other	Cross Cutting	DelMa	Other Council Services
A&C 12	Relocation of Visitor Information Centre functions (see also Appendix E8)	87	87	30	Relocation of some essential visitor information functions to existing staff either at the Art Gallery or WCity One. Other functions would cease	✓	✓	✓	✓	✓	.	.	✓
A&C 13	Bereavement Fees and Charges (see also Appendix E9)	200	200		Increase in charges to the level charged by other West Midlands Authorities	✓	.	.	.	.	.	.	.
A&C 14	Amalgamation of Parks and Bereavement Patrol Staff (see also Appendix E10)	60	60		Rationalisation of Park Wardens and incorporation of out of hours cemetery locking / unlocking into Park Warden duties	✓	✓	.	✓	✓	.	.	.
A&C 15	Additional compensatory savings identified from the Community Recreation Service	52	52	-	The savings relate to residual budgets in the services group and closure and relocation of office based staff at the Lea Road Office	.	.	.	.	.	.	.	.
<b>Total Adults &amp; Community</b>		<b>2,214</b>	<b>2,964</b>	<b>138</b>									

Reference	Savings Proposal	Estimated Saving (Net*)		Implementation Costs £000	Detailed Implications and Impacts	Summary of Implications					Impact on		
		2010/11 £000	2011/12 £000			Customers	Employees	Partners	Corporate Plan/Priorities	Other	Cross Cutting	DelMa	Other Council Services
<b>Regeneration and Environment</b>													
R&E1	Anchor Lane & Shaw Road Civic Amenity Sites	50	50		Review the opening hours for the sites as part of the reconfiguration of the Waste and Recycling Service planned for fully implementation in March 2011 - Implementation of revised opening hours by 1/4/2010	✓	✓	✓	.	.	.	.	.
R&E2	Reduction in grant to Wolverhampton Development Company	150	150		Strategic impact rather than front line service. Similar reduction anticipated from AWM. Implementation 1/4/2010	✓	.	✓	✓	.	.	.	.
R&E3	Reduction in grants to the Voluntary Sector Neighbourhood & Community Safety - Subject of a separate report to the Cabinet	200	200	100	Cessation/reduction in services delivered in communities, potential vol & WCC/org redundancies, impact on services delivered by vol orgs, subject to a separate report to Cabinet	✓	.	✓	✓	.	.	.	.
R&E4	Reduction in Community Service Workers in LANAs	180	180	130	May lead to reduction in staff in LANA areas	✓	✓	✓	✓	.	.	.	✓

Reference	Savings Proposal	Estimated Saving (Net*)		Implementation Costs £000	Detailed Implications and Impacts	Summary of Implications					Impact on		
		2010/11 £000	2011/12 £000			Customers	Employees	Partners	Corporate Plan/Priorities	Other	Cross Cutting	DelMa	Other Council Services
R&E5	Phase 2 of the Review of the Markets Service	300	300		Subject of a report to the Cabinet setting out the next phase for the reconfiguration of markets provision in the City with implementation from April/May 2010	✓	✓	.	.	.	.	.	.
R&E6	Reconfiguration of the Landscaping Design Service	190	190	175	Subject of a separate Cabinet report setting out proposals for future of the service. Potentially 7 posts at risk.	.	✓	.	.	.	.	.	.
R&E7	Establishment of Commercial Services Company	100	100		Subject of a separate Cabinet report. To be in place during 2010/11 with an immediate focus on reviewing SLA's for support services and generating other trading efficiencies.	✓	✓	✓	.	.	.	.	✓
R&E8	Transportation	100	100		Repackaging and retendering of all existing design and maintenance contracts during 2010/11	.	✓	✓	.	.	.	.	.
R&E9	Cessation of Environmental Information Service	60	60	20	Withdrawal of non-statutory service, with three posts potentially at risk	✓	✓	✓	✓	.	.	.	✓

Reference	Savings Proposal	Estimated Saving (Net*)		Implementation Costs £000	Detailed Implications and Impacts	Summary of Implications					Impact on		
		2010/11 £000	2011/12 £000			Customers	Employees	Partners	Corporate Plan/Priorities	Other	Cross Cutting	DelMa	Other Council Services
R&E10	On-going service reconfigurations following on from the previous restructure of Chief Officer responsibilities	180	180	60	The previous cabinet report (Jan2009) on the restructure of Chief Officer responsibilities set out a programme of on-going service reconfigurations during 2009/10, with associated posts at risk	✓	✓	✓	✓	.	.	✓	✓

**Total Regeneration and Environment**

<b>1,510</b>	<b>1,510</b>	<b>485</b>
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**Children and Young People**

CYP 1	Reconfiguration of Finance SLA delivery to schools, including restructure and additional generation opportunities from the expansion of the bursary service	75	75		Impact on capacity to deliver service in accordance with SLA	✓	✓	.	.	.	✓	.	.
CYP 2	Reconfiguration of Schools HR	50	50		Impact on capacity to deliver service in accordance with SLA	✓	✓	.	.	.	✓	✓	.

Reference	Savings Proposal	Estimated Saving (Net*)		Implementation Costs £000	Detailed Implications and Impacts	Summary of Implications					Impact on		
		2010/11 £000	2011/12 £000			Customers	Employees	Partners	Corporate Plan/Priorities	Other	Cross Cutting	DelMa	Other Council Services
CYP 3	Reduction of Home to School Transport; Following the review of transport policy	200	200		Full year impact of the review of transport provision	✓	.	.	.	.	✓	.	.
CYP 4	Restructure of Site Development and Support	54	54		Impact on capacity to deliver service in accordance with SLA	.	✓	.	.	.	.	✓	.
CYP 5	Reconfiguration of Pupil and Student Support	40	40		Capacity issues at peak times, linked to admin review to assist with support arrangements	✓	✓	.	.	.	.	✓	.
CYP 6	Statutory change in the Delivery of Student Finance support	70	70		Impact on transitional arrangements	.	✓	.	.	.	.	.	.
CYP 7	Administration Restructure - Central Delivery	50	50		Continuing to provide support function, without improved system interaction and development	✓	✓	✓	.	.	.	✓	.
CYP 8	Reconfiguration of Youth Service	301	301		Management review of youth service following planned proactive approach to VR.	.	✓	.	.	.	.	✓	.
CYP 9	Restructure of Pupil Referral Unit	80	80		Removal of one H/T post in Pupil Referral Unit reorganisation.	.	✓	.	.	.	.	✓	.

Reference	Savings Proposal	Estimated Saving (Net*)		Implementation Costs £000	Detailed Implications and Impacts	Summary of Implications					Impact on		
		2010/11 £000	2011/12 £000			Customers	Employees	Partners	Corporate Plan/Priorities	Other	Cross Cutting	DelMa	Other Council Services
CYP 10	Fully Commissioned Alternative Education reduced Schools Improvement Partnership support	100	100		Managed plan subject to commissioning being able to achieve this for 10/11.	.	.	.	.	✓	.	.	.
CYP 11	Commissioning of fostering assessment service	100	100		Managed plan subject to commissioning being able to achieve this for 10/11.	.	.	.	.	✓	.	.	.
CYP 12	Reconfiguration of Home Tuition	90	90		Reduce Home Tuition service at Orchard centre	.	✓	.	.	.	.	✓	.
CYP 13	Reduction in Out of City Placement in accordance with the Integrated Placement Strategy	80	80		Subject to opening final new unit under Integrated Placement Strategy, further reduction in Out of City expenditure.	.	.	.	✓	.	.	.	.
CYP 14	Reconfiguration of Social Inclusion service	90	90		Restructure of Schools Improvement Partnership delivery. Deletion of two posts savings already in place through voluntary redundancy	.	✓	.	.	.	.	✓	.
CYP 15	Reduction of Equalities and Diversity supply staff budget	7	7		Reduce supply budget. The service has made significant savings in 2009/10 and additional reductions will impact on service delivery.	✓	✓	.	✓	.	.	.	.

Reference	Savings Proposal	Estimated Saving (Net*)		Implementation Costs £000	Detailed Implications and Impacts	Summary of Implications					Impact on		
		2010/11 £000	2011/12 £000			Customers	Employees	Partners	Corporate Plan/Priorities	Other	Cross Cutting	DelMa	Other Council Services
CYP 16	Income Generation maximising the use of Community Learning Centres and deletion of post supporting school improvement	60	60		The Directorate has in the past three years reduced its capacity to support school improvement substantially by not replacing a Senior Early Years Inspector, a Mathematics Inspector, a Science Inspector, Special Education Needs Inspector and an English Consultant. Capacity has been further stretched by the Directorate's contribution to BSF, Black Country Consortium	✓	.	.	✓	.	✓	.	.
CYP 17	Early Years and Play - Transfer Post to Grant funding, non filling of vacancy for assistant play worker and disposal of mini bus	46	46		Transfer salary costs of Scale 2 clerical post to Sure Start Early Years Childcare Grant. Dispose of Play Service Minibus and associated maintenance and delete assistant play worker post	✓	.	.	.	.	.	✓	.
CYP 18	Reduce subsidy for Governor Support	21	21		Increase income generation from Governor Support Service through SLA to offset Council subsidy	✓	.	.	.	.	✓	.	.

Reference	Savings Proposal	Estimated Saving (Net*)		Implementation Costs £000	Detailed Implications and Impacts	Summary of Implications					Impact on		
		2010/11 £000	2011/12 £000			Customers	Employees	Partners	Corporate Plan/Priorities	Other	Cross Cutting	DelMa	Other Council Services
CYP 19	Centralise Admin functions across the Directorate	220	220		Continuing to provide support function, without improved system interaction	✓	✓	.	.	.	.	✓	.

**Total Children and Young People**      1,734      1,734      -

**Total Council**      5,458      6,208      623

**2010/11 BUDGET PROCESS - SAVINGS PROPOSALS ADDITIONAL INFORMATION**

**OLDER PEOPLE'S DAY CARE SERVICES (A&C1)**

**7.1 DESCRIPTION OF THE SAVINGS PROPOSAL**

**1.1 Title:**

Directorate: Adults and Community  
Department: Adult Social Care  
Title of Proposal: Review of Older People Day Care Services (Including review of Ekta Day Care Services)

**1.2 Description of the Proposal:**

**1.3 Summary:**

1.4 Following a review of day service provision for older people a significant over capacity of provision has been identified. It is therefore proposed to either relocate a number of day centres into spare capacity elsewhere or reduce the commissioned number of day care spaces in a given centre.

**1.5 Detailed actions:**

**1.6 Relocate Merry Hill House Day Care (Council Owned) South West Wolverhampton**

- Relocate service users to Warstones Resource Centre which is another in-house provision in the same locality. Ensure that the staffing levels are in place to meet the high dependency needs of these service users.
- The closure of Merry Hill Day Care will achieve £60,000 savings.

**1.7 Relocate Ekta Day Centre (Council Owned) a citywide facility for Asian Elders**

- Relocate all service users to the 3 in-house Resource Centres ensuring that the Resource Centres has the appropriate skill mix of staff to reflect cultural, religion, language and dietary needs etc.
- The closure of the EKTA Day Centre will achieve £230,000 savings.

**1.8 Cease the Contract for Day Care at Langley Court (based within Very Sheltered Scheme – South West)**

- Service users will be re-located to Warstones Resource Centre as both establishments are situated very close to each other.
- This will release £35,000 savings.

**1.9 Cease the Contract for Day Care at Verona Court (based within Very Sheltered Scheme) North East**

- Relocate to Pine Court and/or St Mathews Place. Pine Court is based in the North East and St Mathews Place in the South East. Both of these schemes are geographically close to Verona Court.

- Savings from this will be £55,000.

#### 1.10 **Reduce the Day Care at Bushfield Court ( based within Very Sheltered Scheme) South East**

- Down size the number of day care places to 100 per week.
- This will achieve the savings of £20,000.

#### 1.11 **Cease contract for weekend day care at Moira Low Day Resource (Joint with PCT and Methodist Homes) North**

- Service users to be relocated to Blakenhall Resource Centre which is situated in the South East.
- This will achieve of £50,000 saving.

#### 1.13 **Timescales: External Providers**

- Issue notice to external providers in line with contractual requirements: October 2009.
- Carry out reviews on service users and identify alternative placements: November 2009 – February 2010.
- Decommission and amend service contracts: March 2010.

#### **In-House services**

- Consultation and briefing with all staff groups: October – December 2009.
- Redeployment: January - February 2010.

#### 1.4 **Savings Estimates:**

<b>Estimated Saving (Net*)</b>		<b>Implementation Costs**</b>
<b>2010/11 £000</b>	<b>2011/12 £000</b>	
220 Day Care	220	-
230 (Ekta)	230	-

- Estimated savings are net of all associated costs (\*\*), both one-off and ongoing, with the exception of redundancy/early retirement costs, which will be funded Corporately.
- Reflects the cost of implementing savings (excluding the cost of redundancy) where this is significant and exceeds the total value of the estimated gross savings in year 1 of the savings proposal.

## **2.0 IMPLICATIONS ASSOCIATED WITH SAVINGS PROPOSAL**

### **2.1 Customers**

- Service users will be referred to an appropriate resource
- Existing social networks may be compromised: for example, friendship groups, faith groups.

### **2.2 Employees**

- A remodelling of in-house day services will necessitate the completion of a skill mix analysis.
- This analysis will identify the required skills and staff ratio needed in each type of service.
- The implications of this action may mean a ring fenced re-appointment process.
- This may result in some employees continued employment being placed at risk.

### **2.3 Partners**

- There will be a relocation of some day service schemes in the independent/private sector.
- Services will be used more efficiently.
- Services will need to offer a more integrated provision and extend the range of needs that can be accommodated – this will need to be specified in service specifications.

### **2.4 Corporate Plan/Priorities**

- Increased number of service users will attend and receive services that better enable their independence and well being.
- Provision of day services will be made through a 'Best Value' approach.

### **2.5 Other Council Services**

- Transport provision may need readjusting.
- Meal provision may need readjusting.

## **3.0 ASSOCIATED RISKS**

- Need to ensure that all staff members have the right knowledge and skills to meet the needs of service users.
- Need to ensure that there is the right balance of services across the city.

## **4.0 CONSULTATION**

- Closure of services will require a wide ranging consultation exercise with all stakeholders.

## **5.0 LEGAL IMPLICATIONS**

- Relocation or down sizing of services in the independent/private sector will require notice according to the provisions made in the service contract.
- Reduction of services in the independent/private sector will require notice according to the provisions made in the service contract.

## **6.0 EQUAL OPPORTUNITIES AND ENVIRONMENTAL IMPLICATIONS**

- Equal opportunity issues will be considered at each stage in this proposal.
- There are no apparent environmental implications on this proposal.

## **7.0 EQUALITY IMPACT ASSESSMENT**

- See overleaf.

**Recording Equality Impact Assessments  
of Current Services and Functions**

1. Service Group Adult & Social Care Commissioning for Older People

2. Service/function being Impact Assessed

Equality Impact Assessment on all day care provision for older people

3. Manager (Name + extension)

Santosh Kumari – Commissioning Officer

4. People involved in the Impact Assessment

- Chief Officer – Commissioning, Performance and Quality
- Head of Commissioning Older People
- Commissioning Officer Older People
- Service Manager – Provision and Transformation

5. Brief Description of Service

There are 19 day centres for older people in the city:

- 6 are provided directly by the Council
- 9 are provided in very sheltered schemes
- 4 are provided by voluntary sector centre

2 are designated to OMI/Dementia

2 are designated for older people from the BME communities i.e Asian & African Caribbean

**In total there are 2161 day care places available in a week**

6. Data & Consultation – what information did you gather and use?

- Current data and analysis available from the Information System/Care First
- Current schedules for each day centre which shows places ordered & actual number of people who attended
- Occupancy levels and under used places during 2006/7

The information showed that there continued to be an under usage of day care places available in the city . Current figure also shows that from the 2161 places available in a week, only 67% are being occupied.

Due to the unused places the unit cost for each place is high.

True cost of in-house day care place is difficult to establish as the general running costs are embedded in the overall costs.

There is also a substantial contribution from the Council's Community Initiative budget for some of the voluntary and very sheltered schemes. Due to the savings programme these contributions are also at risk.

7. Findings - What adverse or positive impact did you discover?

A review of existing services and current usage may mean a closure of some day service schemes in the independent/private sector and in the Council run day centres

Existing social networks may be compromised: for example, friendship groups and faith groups

services will need to offer a more integrated service and extend the range of needs that can be accommodated

service users with high dependency needs would require additional resources

service users may be referred to a more appropriate resource

8. If you have discovered some inequalities/adverse impact. What policies, procedures or practices may have caused this?

Closure of day centres would result in some employees continued employment being placed at risk

If the decision is made to close the two BME day centres with a view to move the service users within our existing in-house provisions, there may be a shortage of skill mix of staff to provide care and support to Older People with specific needs on culture religion, languages, diet etc.

9. What are you going to do to reduce or eliminate the inequality/adverse impact?

A remodelling of in-house day services will necessitate the completion of a skill mix analysis

This analysis will identify the required skills and staff ratio needed in each type of service

The implications of this action may mean a ring fenced re-appointment process

10. How and when will you check whether the adverse impact has been eliminated or reduced?

Skill mix of staff and the integrated service model will be specified in the service level agreements and/or in the service specifications

**2010/11 BUDGET PROCESS - SAVINGS PROPOSALS ADDITIONAL INFORMATION**

**BLAKENHALL RESOURCE CENTRE (A&C2)**

**1.1 DESCRIPTION OF THE SAVINGS PROPOSAL**

**1.1 Title:**

Directorate: Adults and Community  
Department: Adult Social Care  
Title of Proposal: Externalisation of Blakenhall Resource Centre

**1.2 Description of the Proposal:**

**1.3 Summary:**

To review the current value for money of Blakenhall Resource Centre and evaluate all options for future service delivery, including the possibility of externalising this provision.

**1.4 Detailed actions:**

- Complete an analysis of the current costs of Blakenhall Resource Centre
- Complete a comparison of costs against alternative external providers
- Plan a future service model for Blakenhall Resource Centre
- Identify the TUPE implications of externalising Blakenhall Resource Centre
- Identify the consultation and negotiation requirements of externalising the service, including current employees, service users and families
- Identify the tendering process necessary to externalise the service
- Design the tender and service specifications with clear outcomes identified
- Discuss and reach agreement with the Primary Care Trust in relation to joint service provision
- Seek Cabinet approval to implement any changes
- Subject to the outcome of the evaluation, consultation process and Cabinet agreement

**1.5 Timescales:**

- Guidance will be sought from Legal Services, Human Resources and Corporate Procurement in relation to timescales
- The aim would be to externalise Blakenhall Resource Centre by September 2010

## 1.6 Savings Estimates:

Estimated Saving (Net*)		Implementation Costs** £000
2010/11 £000	2011/12 £000	
0-	200	0

- Estimated savings are net of all associated costs (\*\*), both one-off and ongoing, with the exception of redundancy/early retirement costs, which will be funded Corporately.
- Reflects the cost of implementing savings (excluding the cost of redundancy) where this is significant and exceeds the total value of the estimated gross savings in year 1 of the savings proposal.

## 2.0 IMPLICATIONS ASSOCIATED WITH SAVINGS PROPOSAL

### 2.1 Customers

- There will be a continuation of service provision with existing staff teams
- A full consultation exercise will be carried out with service users and families

### 2.2 Employees

- A full consultation exercise will be led by Human Resources and include Trade Unions
- Any transfers to a new provider will be made under TUPE Regulations

### 2.3 Partners

- A full consultation exercise will be carried out with the Primary Care Trust

### 2.4 Corporate Plan/Priorities

- The future provision of services will be made through a 'Best Value' approach

### 2.5 Other Council Services

- Human Resources, Legal Services and Corporate Procurement will be involved throughout this proposal

### 2.6 Other

- The involvement of Advocacy Services will need to be considered as part of the consultation exercise

## 3.0 ASSOCIATED RISKS

- A specialist provider is needed in order to deliver a high quality dementia care service at the right price.

#### **4.0 CONSULTATION**

- A wide ranging consultation and briefing exercise is required with all stakeholders, including service users, families and the Primary Care Trust
- Existing employees will need consultation and ongoing briefing in relation to TUPE negotiations.

#### **5.0 LEGAL IMPLICATIONS**

- TUPE Regulations will need to be fully regarded.
- Corporate Procurement will need to advise on the tendering process.

#### **6.0 EQUAL OPPORTUNITIES AND ENVIRONMENTAL IMPLICATIONS**

- Equal Opportunities implications will be given full consideration at every stage of the proposal.
- There are no apparent environmental implications.

#### **7.0 EQUALITY IMPACT ASSESSMENT**

- An Equality Impact Assessment has been carried out as part of this proposal (see attached)

**Recording Equality Impact Assessments  
of Current Services and Functions**

1. Service Group

Commissioning Older People

2. Service/function being Impact Assessed

Proposal to externalise Blakenhall Resource Centre - for older people with mental health needs

3. Manager (Name + extension)

Santosh Kumari – Commissioning Officer Ext 5369

4. People involved in the Impact Assessment

Chief Officer – Commissioning, Performance and Quality  
Head of Older People Commissioning  
Service Manager – Transformation and Provision  
Commissioning Officer – Older People

5. Brief Description of Service

Blakenhall Resource Centre provides residential care and respite care for 29 adults over the age of 50 with mental health needs. The majority of people admitted to the home have a diagnosis of dementia but the home is also able to provide care to people with other mental health needs.

The Centre provides:

22 long stay beds  
7 respite beds  
180 day care places over 7 days a week

The day Resource is managed as a joint project between Wolverhampton City Council and the PCT which includes social care staff, mental health nurses, occupation and physio therapists with an input from old age psychiatrist consultant. Blakenhall is also a venue as a base for the Community Mental Health Team.

6. Data & Consultation – what information did you gather and use?

- Review of recent day care activity
- Current and previous occupancy levels
- Inspection Report
- Demographic changes

**Breakdown of Service Users**

**Gender**

Female 20  
Male 58

**Age**

65 – 74 12  
75 – 84 49  
85+ 17

**Ethnicity**

White British 63  
Asian/British 4  
Black/Caribbean 11

**Breakdown of Staff**

**Gender**

Female 48  
Male 6

**Age**

20 – 30 5  
31 – 40 13  
41 – 51 17  
51+ 19

**Ethnicity**

White British 30  
Asian 12  
African Caribbean 9  
Dual Heritage 2  
Other 1

There has been a steady turnover of staff since it opened some 9 years ago. There has been the delayering of management structure in the previous savings programme. This has resulted in compromising the care and support given to the service users. Blakenhall provides care and support to older people with profound mental illness and dementia who exhibit challenging behaviours which require the appropriate levels of staffing ratios. Blakenhall was temporarily suspended due vulnerable adult investigation but since has resolved the issues and have now been awarded an excellent CQC rating.

Blakenhall is also a costly resource due to the nature of the service.

7. Findings - What adverse or positive impact did you discover?

Due to the nature of the service Blakenhall Resource Centre needs to be fully resourced with the appropriate staffing levels in order to maintain the quality. Blakenhall currently is working with the minimum staff required by CQC.

Due to the current financial constraints and the savings programme, it's unlikely that Blakenhall is provided with extra resources.

There is a risk of losing partnership arrangements with PCT.

On average there is only 46% day care occupancy level

Should the decision is made to externalise Blakenhall this can be a positive approach as it will secure its future in the long term in Wolverhampton.

Externalisation of Blakenhall would continue to deliver the same kind of service but with a different provider to the existing service user.

Mixed economy of care with a reputable provider for this group would strengthen the required level of resources & staffing level.

8. If you have discovered some inequalities/adverse impact. What policies, procedures or practices may have caused this?

Previous savings programme and the delayering of management has weakened the staffing structure.

Due to the current limited resources, there is a potential risk that the person centred and individual care approach and the quality of care is compromised as this vulnerable group would require high level of staffing input.

9. What are you going to do to reduce or eliminate the inequality/adverse impact?

**If the decision is made to externalise Blakenhall Resource Centre, the following actions needs to be adopted:**

- Service users feelings and wishes needs to be taken into account – this process would require consultation with carers and where necessary the use of advocacy service and the use of IMCA (Independent Mental Capacity Advisors) as stated in the Mental Capacity Act. This should include Interpreters where English is not the first language
- Carers/Families and service users needs to be involved throughout the process
- A detailed specification which ensures high quality of care provision and value for money
- A tendering process which attracts reputable organisation who specialises in mental health and dementia needs of older people
- A robust consultation process which explains the terms and conditions under TUPE arrangements
- TUPE arrangements will secure employment of existing staff
- Retains the partnership arrangement with PCT and other stakeholders
- Ensures that the Tender Process and the Service Specification addresses the specific need of this vulnerable group and ensuring that diverse make-up of the community is reflected in staffing and service provision.

10. How and when will you check whether the adverse impact has been eliminated or reduced?

- Ensure that the process of tendering takes account of the above
- Regular monitoring of outcomes as stated in the specification

**2010/11 BUDGET PROCESS - SAVINGS PROPOSALS ADDITIONAL INFORMATION**

**RE-ENABLEMENT / ADULT SOCIAL CARE (A&C6)**

**1. DESCRIPTION OF THE SAVINGS PROPOSAL**

**1.1 Re-enablement**

1.2 This savings proposal is based on the development of a more robust re-enablement service for Adult Social Care. The largest area of impact will be for Older Peoples' services.

The essential elements of the proposal are:

- The development of a screening tool to identify people who would benefit from a re-enablement service.
  - The enhancement of current home based re-enablement service designed to reduce dependency by offering a menu of re-enablement services.
  - A targeted reduction in the number of people who will require a care package post re-enablement and consequent expenditure reduction for the Adult Social Care Purchasing Budget.
  - A targeted reduction in the size of care packages post re-enablement and a consequent expenditure reduction for the Adult Social Care Purchasing budget.
  - Improved quality of life for service users by promoting their independence.
- 1.3 The development of a robust re-enablement service will require significant service improvements for the current Home Support arrangements. This will be enabled by piloting the revised service arrangements during 2010/11.
- 1.4 The pilot will commence in January 2010 and run until June 2010. There will need to be additional investment to deliver the pilot made up of Occupational Therapy, Social Work and Brokerage time.
- 1.5 The pilot will access a range of re-enablement services to maximise independence leading to a reduction in service users and care package costs.
- 1.6 Once the pilot is completed the service will consolidate the lessons learned to inform the improved re-enablement service. The resources currently invested in the Home Support will need to be initially increased on an invest to save basis to allow the current Home Support activity to be moved to the external sector thus creating the capacity for the improved service to operate.

- 1.7 The revised service will commence in October 2010 providing a past year saving of £200k with a full year effect of £500k.
- 1.8 Estimated savings: dependent upon current service data – to be calculated.

Sub-Project	Estimated Saving (Net*)		Implementation Costs** £000
	2010/11 £000	2011/12 £000	
Reablement	£200k	£500k	

\* Estimated savings are net of all associated costs (\*\*), both one-off and ongoing, with the exception of redundancy/early retirement costs, which will be funded corporately.

\*\* Reflects the cost of implementing savings (excluding the cost of redundancy) *where this is significant and exceeds the total value of the estimated gross savings in year 1 of the savings proposal.*

- 1.9 Implementation timescale: dependent upon new operating model - to be assessed.

## 2. **IMPLICATIONS ASSOCIATED WITH SAVINGS PROPOSAL**

### 2.1 **Customers**

- 2.1.1 Customers will be screened to determine whether they can benefit from having a package of re-enablement services. Once in the service, it will work with their skills and abilities to sustain independent living. Following completion of the re-enablement process customers will have an individual support plan which will focus on maintaining on re-enablement driven improvements. Evidence to date suggests that this approach will significantly reduce traditional packages of care.

### 2.2 **Employees**

- 2.2.1 All staff will be given re-enablement awareness training. Reablement staff will be given more targeted re-enablement training and access to more timely support functions. It is envisaged that this model of care will lead to greater job satisfaction. To enable the improved service to be effective the pilot will require additional, Occupational Therapy, Social Work and Brokerage time

### 2.3 **Partners**

- 2.3.1 Through the Putting People First Programme, a significant amount of partnership development work will be required to develop the Voluntary Sector, User Led organisations and the private provider market. This will be essential to a leveraging of the anticipated but incremental benefits. Moving forward, full service integration with the Community Intermediate Care Team is envisaged, but this will

be more complex to accomplish than the initial internal service development phase.

## 2.4 **Corporate Plan / Priorities**

2.4.1 The proposed reshaping of re-enablement services is fully compliant with the Council's objective of promoting health, independence, wellbeing and sustainable communities.

## 2.5 **Other Council Services**

2.5.1 Access to universal services, coupled with earlier, more focussed re-enablement interventions should, over time, delay entry into and thus the need for traditional services at current levels of provision.

## 3. **ASSOCIATED RISKS**

3.1 The key risks associated with this approach are that:

- a. The screening tool may fail to identify the appropriate people
- b. Needs based demand may exceed available resources
- c. Reablement may not be extended to those with moderate needs
- d. Benefits realisation may be lower than statistical estimates suggest
- e. Implementation may not be achieved in the immediate savings timescale
- f. The market may lack capacity to respond to traditional domiciliary care needs
- g. Those without re-enablement potential will consume available in-house resources

## 4. **CONSULTATION**

4.1 This project proposal is wholly in keeping with extant corporate strategies, policies and plans, which have been subject to internal scrutiny and external public consultation.

## 5. **LEGAL IMPLICATIONS**

5.1 As this proposal is wholly in keeping with the Council's statutory obligations, there are no unidentified legal implications

## 6. **EQUAL OPPORTUNITIES AND ENVIRONMENTAL IMPLICATIONS**

6.1 The re-enablement approach described herein, delivered as part of the Putting people First programme, seeks to extend access and deliver a range of equitable, transparent services to all sections of the community.

7. **EQUALITY IMPACT ASSESSMENT**

- 7.1 An assessment will be undertaken prior to implementation and upon evaluation of the pilot.

**2010/11 BUDGET PROCESS - SAVINGS PROPOSALS ADDITIONAL INFORMATION**

**REVIEWING THE COUNCIL'S CONTRIBUTION TO THE  
COST OF ADULT SOCIAL CARE SERVICES (A&C7)**

**1. DESCRIPTION OF THE SAVINGS PROPOSAL**

Estimated Saving (Net*)		Implementation Costs** £000
2010/11 £000	2011/12 £000	
£650k	£650k	n/a

\* Estimated savings are net of all associated costs (\*\*), both one-off and ongoing, with the exception of redundancy/early retirement costs, which will be funded Corporately.

\*\* Reflects the cost of implementing savings (excluding the cost of redundancy) where this is significant and exceeds the total value of the estimated gross savings in year 1 of the savings proposal.

- 1.1 These proposals set out the Council's response to the new requirements emerging from central government policy guidance on "Putting People First", "Personal Budgets" and "Fairer Contributions", as well as recent national consultation papers on "Fair Access to Care Services" and "Shaping the Future of Care Together".
- 1.2 The proposals anticipate the savings that may reasonably be expected to be made from a review of the extent of the contribution the Council is currently making towards the cost of a range of Adult Social Care services. The proposed review will build on plans already in place to make savings both from reducing the costs of providing services and from raising revenue by seeking contributions from individuals towards the cost of services. The proposals will bring the Council's policies on contributions and charges more in line with those applied by other Councils with Social Services Responsibilities and more in keeping with central government policy direction on Personal Budgets.
- 1.3 The government has now (on 14<sup>th</sup> July 2009) issued new "Fairer Contributions Guidance" on "calculating an individual's contribution to their Personal Budget". This builds on the existing statutory policy guidance (first issued in 2003) on "Fairer Charging Policies for Home Care and other non-residential Social Services (Guidance for Councils with Social Services Responsibilities)". The new guidance has been necessitated because the "Fairer Charging" guidance was designed for an era of traditional council social care provision where individuals in need received services arranged for them. However, with increasing numbers of individuals now relying instead on direct payments to purchase their own care services, and the introduction of Personal Budgets to support greater choice and control (under the "Putting People First" agenda), it has become necessary to review how individuals in need and councils should share their respective contributions towards the costs of care needs, and how these should be calculated.

- 1.4 Whilst maintaining the underlying principles of the “Fairer Charging” guidance, the “Fairer Contributions” guidance aims to ensure that it is fit-for-purpose for the wider roll-out of Personal Budgets by ensuring that there is proper correlation between council-commissioned services and innovative services purchased with a Personal Budget. The guidance will, however, continue to ensure that no individuals will be expected to contribute more towards the cost of the services they receive than they can reasonably be expected to, no matter how many needs they may have or how many different services they may depend on. Moreover, the amount of the contribution expected from service users towards the cost of their care is largely based on the amount of disability benefits paid by the Department for Work and Pensions to claimants with personal care needs; it is therefore not unreasonable to expect that a share of those social security benefits should be used to contribute towards the costs of care provided to meet those personal care needs.
- 1.5 The new guidance anticipates the need for councils to review their arrangements for assessing the contributions to be expected from individuals in need for the costs of the following services:-
- (a) home care;
  - (b) day care;
  - (c) meals (both hot delivered meals and meals provided to those who attend day care);
  - (d) transport;
  - (e) other services (in particular, for the purposes of this report, the Carelink service).
- 1.6 The proposals in this report predict the savings to be expected from revising the current arrangements for assessing the charges individuals may be expected to pay for these services and the contributions they may expect to make towards the services they may wish to buy from their Personal Budgets. In particular, they propose to introduce contributions/charges for council-provided services hitherto exempt; to increase contributions/charges more in line with those applied by other councils; and to cease the payment of allowances hitherto given to certain individuals for attending day care. In so doing, the proposals aim to ensure that there is no undue perverse incentive for using traditional council services, and no undue disincentive for making more appropriate and innovative use of Personal Budgets. The proposals will also be fully consistent with government guidance on “Fairer Contributions” and will be accompanied by measures to assist affected customers in claiming all the social security disability benefits they are entitled to, from which they will be better able to contribute towards the costs of their care.
- 1.7 This review also anticipates the future directions for Adult Social Care indicated by the recent consultation on a review of the “Fair Access to Care Services” eligibility criteria (“Prioritising need in the context of “Putting People First”: A whole system approach to eligibility for social care (consultation on the revision of the Fair Access to Care Services guidance to support councils to determine eligibility for social care services)”), and the government’s Green Paper on “Shaping the Future of Care Together” (particularly on how “fair funding” may be achieved by a sharing of the responsibility of costs of care between individuals/families and the new National Care Service), both of which were also issued at the same time as the “Fairer Contributions Guidance” on 14<sup>th</sup> July 2009.

- 1.8 The full value of the projected savings set out in the table above are based on the presumptions explained further below, and anticipate both additional revenue from individual contributions towards the cost of services, and reduced expenditure from usage of council-run and council-commissioned services. However, they are of course dependent on Cabinet decisions that will need to be made following the outcome of the consultation exercise that will be necessary in order to progress the proposals. In view of the scale of the consultation exercise that will need to be undertaken within the current financial year, a separate pump-priming bid has been made to secure the necessary funding from Efficiency Reserves. The savings projected by these proposals are dependent on the approval of that bid.
- 1.9 It is envisaged that revised arrangements could largely be ready for implementation from April 2010 (although implementation of some of the proposals may take until July 2010) if a period of consultation, to help inform the final outcomes from the proposals, can be launched in the autumn of 2009.

## 2. **IMPLICATIONS ASSOCIATED WITH SAVINGS PROPOSAL**

### 2.1 **Customers**

- 2.1.1 These proposals will directly impact on all those who currently depend on home care, day care, transport, meals and Carelink services (or Direct Payments in respect of them) and those who may in the future depend on these and/or Personal Budgets. They will also indirectly impact on all residents and council taxpayers in Wolverhampton who expect value for money in council service delivery and an appropriate sharing of the responsibility of the costs of Adult Care Services.
- 2.1.2 These proposals are all subject to and dependent upon final evaluation pending the outcome of consultation, legal advice and an equality impact assessment (see parts 4 – 7 below), and are based on presumptions and estimated projections as described below. Any variations in these presumptions (e.g. because of decisions that may be made on the outcome of the consultation exercise) will of course have a corresponding impact on the projected savings that may be made.
- 2.1.3 Home Care
- 2.1.4 The rates of charges applied to home support services have already been the subject of a major review and consultation exercise early in 2009. The new rates were decided by Cabinet on 22<sup>nd</sup> April 2009 and will have begun to be implemented from 7<sup>th</sup> September 2009 (although some service users will see their increased charges introduced on a phased basis, with final implementation not due until April 2010). The revised rates will bring the Council's scheme of charges more closely into line with charges applied by other councils, although for the majority of service users the charges will still be among the lowest of all our local comparators. The revised charges are expected to achieve savings in the region of £900k for a full year's effect from 1542 home care service users and 345 direct payment beneficiaries (counting both increased revenue from and reduced demand for services).

- 2.1.5 Because of the extent of the savings already anticipated by this recent and thorough review, it is not considered that there is any merit in any further major review of the rates of charges for home care services. However, in agreeing to the current scheme of charges, Cabinet will have noted that one of the recommendations of the report to Cabinet on 22<sup>nd</sup> April was that “the Council reserves the right to apply further increases if appropriate, although any such increases would not be expected to be by more than approximates of inflationary amounts without further consultation”.
- 2.1.6 As the rates of charges were largely based on the rates of social security benefits payable to the majority of service users, and as those benefits have since increased in April 2009 and are due to be increased again in April 2010 as a result of the annual uprating of benefits, a further small notional increase approximating to inflationary rates would be considered reasonable and is therefore recommended. Whilst a final evaluation of the most appropriate percentage increase can be deferred until after the Department for Work and Pensions annual upratings statement in November 2009, an increase of 2% may be projected, which would generate additional annual savings to the Council of around £40,000. These savings will derive from additional contributions or reduced service usage from the 1887 home care service users and direct payment beneficiaries. “Fairer Contributions” rules will continue to apply to all such contributions and charges and will ensure that no individual will be expected to contribute any more than they could reasonably be expected to.
- 2.1.7 Day Care
- 2.1.8 Wolverhampton City Council, unlike many other councils, has traditionally not charged for day care. Furthermore, this Council, in addition to paying “therapeutic earnings” to some of the service users with learning disabilities engaged in work whilst attending day care, also uniquely pays certain service users with learning disabilities an “attendance allowance” just for attending day care even if they are not engaged in work. (Transport to day care, and meals provided to those in day care, are also heavily subsidised and are considered further below).
- 2.1.9 The current exemption on charges for day care services is appearing increasingly anomalous. The “Fairer Charging” guidance itself has, ever since it was first issued in 2003, stipulated that “charging policies are demonstrably fair as between different service users”. A total of 1631 individuals have current care plans incorporating day care usage. 503 of these also receive home care services for which they are liable for charges, but the remaining 1128 do not pay any charges at all for the day care services they are receiving. To continue with the current exemption would present a challenge to the Council’s policy directions, because it would provide a perverse incentive for individuals to remain in traditional day care and would disadvantage those who wished to use their Personal Budgets to meet their needs by more appropriate alternative or innovative means. Moreover, a disproportionate council subsidy for traditional day care would inhibit the development of the market for alternative forms of care. By contrast, however, if no subsidy were to be provided to day care services at all, then the costs would be unduly prohibitive to many service users which would undermine the valuable preventative role of day care.

2.1.10 In view of the difficulties in justifying the continuing anomaly of exempting day care from charges, particularly in the light of the Council's current financial position and the recognition by other councils of the need to apply charges, it is therefore proposed to introduce charges for day care services. The appropriate charge to be applied will be explored further in the course of the necessary consultation exercise. However, even if a maximum indicative charge of just £13.48 per day were set for day care (equating to the maximum charge for one hour of home care), because of the requirements of the "Fairer Charging" and "Fairer Contributions" policy guidance, and because the majority of day care service users will, like home care service users, have relatively low incomes, the average contribution (taking into account those who will be exempt altogether, and those who are already contributing the maximum that could be expected of them because of the contribution they may already be making towards the cost of their home care services) would be expected to amount to only around £6 per week (although the precise impact on different individuals will vary according to frequency of usage and the financial means available to them). However, because of the high volume of day care service users currently exempt from charges, even this relatively low amount may expect to generate savings of around £270,000 in 2010/11 allowing for an initial lead-in period at the start of the year because it will be necessary to undertake new financial assessments of a large volume of service users. The projected savings, subject to the outcome of consultation, will derive from a combination of additional revenue from charges/contributions and reduced costs from reduced service usage.

#### 2.1.11 Attendance and other allowances to Day Care service users

2.1.12 The current discretionary scheme of "attendance allowances" paid to 254 service users with learning disabilities (@£0.80 per day) is not only even more anomalous (for similar reasons), but would also appear to present challenges to the Council's legal authority to pay the allowances (which do not appear to be clearly legitimised in either the National Assistance Act or any other legislation). In spite of the controversy that has repeatedly arisen whenever consideration has been given to cease these allowances, it is appearing increasingly difficult to justify them on either policy or legal grounds, and even more difficult to justify them in view of the Council's current financial position. It is therefore proposed that they should be ceased with effect from 1<sup>st</sup> April 2010. Subject to the outcome of consultation, this will achieve savings of around £60,000.

2.1.13 In view of their close connection with "attendance allowances", it is also proposed to review the current arrangements to pay "therapeutic earnings" allowances to the 42 service users in day care who do undertake some form of work. Around £22,000 is currently spent on such allowances. Unlike "attendance allowances", the arrangements for "therapeutic earnings" are clearly permissible in law, and are not necessarily contrary to emerging policy on Personal Budgets. No view has been taken as yet as to whether such allowances should or should not be retained, so no savings are therefore predicted at this point. The forthcoming consultation exercise will help inform decisions that will need to be made on the future of these particular allowances.

#### 2.1.14 Transport

2.1.15 As for day care, this Council, unlike an increasing number of other councils, has traditionally not charged for the use of transport services offered to those for whom day care has been arranged. Furthermore, transport services have been offered free of charge regardless of an individual's ability to meet that need themselves (e.g. because of entitlements under the Motability scheme or receipt of the mobility component of Disability Living Allowance).

2.1.16 As for day care, the current arrangements for free transport services are appearing increasingly anomalous and difficult to justify in view of emerging policy on Personal Budgets and the Council's own difficult financial position. Furthermore, the current free service is considered to be a deterrent to the use of mainstream public transport which may in any case be more appropriate for some service users (and still free of charge to pensioners). It is therefore proposed to introduce a charge for transport services.

2.1.17 An indicative charge of just £1.50 per return journey, coupled with a review of eligibility criteria, would expect, subject to the outcome of consultation, to generate savings of around £80,000 in 2010/11 (allowing for an initial lead-in period for new financial assessments, as for day care above) from the combined impact of reduced savings and additional revenue. The charges would affect around 350 individuals who currently use the Council's transport services. Any such contribution would be covered by the terms of the "Fairer Contributions" guidance to ensure that no-one was required to pay more than could reasonably be expected from the means available to them. This guidance would also ensure that one single means test would cover contributions to services for home care, day care and transport, so as to protect individuals from having to contribute more than necessary just because they were dependent on extra services.

#### 2.1.18 Meals

2.1.19 In Wolverhampton, the hot meals delivered to the homes of service users, and hot meals provided to service users attending day centres, are believed to be among the cheapest most heavily subsidised meals provided by councils across the country. The current charge for a hot delivered meal in Wolverhampton is £2.40. By contrast, in Birmingham it costs £3.50, in Coventry £4.10, and in Dudley £4.50. Some councils, like Dudley, are now deciding that they will no longer deliver hot meals because suitable alternative arrangements are nowadays available to meet the real needs of those who have traditionally been supplied with meals.

2.1.20 An unduly heavy subsidy for hot meals has the combined undesirable effects of inflating demand for the service, inhibiting the development of alternatives, and promoting unnecessary dependency. In Wolverhampton, for example, the demand for frozen meals (which can be provided at no cost to the Council for the same price to individuals, and are considered to be a perfectly suitable alternative for the majority of service users), is believed to have been artificially understated because of the ready supply of cheap subsidised hot meals. Currently, around 450 individuals receive hot delivered meals at home, whereas only 370 receive frozen meals.

2.1.21 Unlike home care, day care and transport services, the contribution that an individual may be expected to make to the cost of a hot meal is not governed by the “Fairer Charging” means test. This is because meals are considered to be “ordinary living costs” that an individual can be expected to pay in full from their own income (whether that is made of state benefits or not). There is no legal reason why a Council may not expect the full costs to be reimbursed, and no strict legal obligation to subsidise or provide the service at all.

2.1.22 For similar reasons of policy as above (for day care and transport), and in order to bring the Council’s charges more in line with charges being applied elsewhere, and in view of the Council’s financial position, it is therefore proposed to increase the charge for hot delivered meals and meals provided at day centres (to around 375 individuals) by an indicative rate of £2 per meal (to £4.40 per hot delivered meal) with effect from 1<sup>st</sup> April 2010. Subject to the outcome of consultation, this would be expected to generate savings amounting to around £350,000 per year. This would derive from a combination of additional revenue and a reduction in demand for hot delivered meals as it is anticipated that many service users will take up the available option of delivered frozen meals rather than paying the increased charge for hot delivered meals.

#### 2.1.23 Carelink

2.1.24 “Proposed savings for the delivery of the Care Link Community Alarm Service” has already been the subject of a report to Cabinet (at Appendix 8 to the report on the “Savings Programme” on 3<sup>rd</sup> December 2008). The proposals envisaged introducing a charge of £14 per month (£3.53 per week) to those service users currently receiving a free service who were in receipt of disability benefits that could reasonably be expected to be drawn on to assist with the costs of the service. It is estimated that such a charge might apply to around 25% of the 4,000 individuals currently receiving a free service.

2.1.25 Cabinet agreed to submit the proposals to consultation. Prior to submission to consultation, it was, however, necessary to undertake further analysis of the proposals, not least because of risks that a significant proportion of the revenue raised in charges would be clawed back by the Housing Revenue Account and the Supporting People Grant funding arrangements for the service; because there was insufficient information available on the income profiles of Carelink users to enable any reliable prediction of the revenue that might be expected from charging; because there were concerns that the administrative cost of raising charges might prove prohibitive; and because of the risk that service users may decline a service that is seen as providing a valuable preventative service in the community, and the consequent reduction in usage may increase the unit costs of supplying the service.

2.1.26 Now that further analysis has clarified some of the risks and concerns about the proposals for this service, it is recommended that these proposals are now ready for wider consultation alongside the other proposals in this report. Such consultation will seek to invite comment not only on the impact of charges, but also on externalisation as an alternative model for delivering this type of preventative service.

2.1.27 No additional savings (over and above those already committed to) are predicted from this service. But it is considered that the possible options for the future of the service would best fit within the consultation to be required in respect of all the other proposals set out in this report.

## 2.2 Employees

2.2.1 The Department of Health, in its "Impact Assessment of Review of Fairer Charging in relation to Personal Budgets" (25<sup>th</sup> June 2009), has predicted "the initial one-off costs of implementation might be £150,000 per council, including any changes to computer systems, consultations, temporary staffing costs, training costs and reassessment costs". Not only, though, is Wolverhampton rather larger than the average council, but the DoH estimates were based on a "cost-neutral" review of charges whereas the proposals in this report envisage new or increased charges to a large number of customers. Furthermore, experience in Wolverhampton would support a business case for additional investment in Welfare Rights advice services to support any enhancements to charging policies. Not only is the Council obliged under "Fairer Charging" policy to "ensure that appropriate benefits advice is provided to all users of non-residential social services and carers services", but such an investment would also support the Council's preventative strategy. Furthermore, the promotion of the take-up of disability and other social security benefits among service users would have the combined effect that the additional benefits payable would assist service users in paying their charges (and give them extra income to meet other needs), whilst also increasing the chargeable revenue that would thereby become available to the Council. Together with the additional beneficial impact on the Formula Grant allocation to the Council (because the numbers of residents in receipt of disability benefits is a significant indicator in the Formula), such an investment would be expected to be more than cost effective.

2.2.2 In order to achieve the projected savings from the proposals in this report from the high volume of service users who will be affected, it is considered that it will be necessary to employ four additional permanent full-time equivalent members of staff (one financial assessment officer, one debt recovery officer and two Welfare Rights Officers), plus two temporary financial assessment officers for 6 months, at a total estimated cost of £150k in the first year (reducing to £125k thereafter). This assumes that the additional estimated of costs of consultation in the 2009-10 period will already have been met from Efficiency Reserves Funding

### 2.2.3 Summary

2.2.4 A summary of the presumptions behind these proposals is as set out below:-

<u>Service</u>	<u>Proposal</u>	<u>Proposed Implementation date</u>	<u>Predicted savings 2010/11</u>
<b>Home Care</b>	2% inflationary increase	1 <sup>st</sup> April 2010	<b>£40,000</b>
<b>Day Care</b>	Indicative charge @ £13.48 per day subject to "Fairer Charging" assessment – predicted average charge £6 per person per week	1 <sup>st</sup> July 2010	<b>£270,000</b>
<b>Attendance Allowances</b>	Cessation of £0.80 per day allowances	1 <sup>st</sup> April 2010	<b>£60,000</b>
<b>Transport</b>	Indicative charge @ £1.50 per return journey subject to "Fairer Charging" assessment	1 <sup>st</sup> July 2010	<b>£80,000</b>
<b>Meals</b>	Increased charge from £2.40 to £4.40 per meal	1 <sup>st</sup> April 2010	<b>£350,000</b>
<b>Carelink</b>	£3.53 per week charge to service users currently exempt but in receipt of disability benefits	1 <sup>st</sup> April 2010	n/a (already subject to savings target)
<b>Gross savings</b>			<b>£800,000</b>
<b>Less staffing costs</b>			<b>£150,000</b>
<b>Net savings</b>			<b>£650,000</b>

2.2.5 These predicted savings will be in addition to the £900,000 savings from the review of the current scheme of charges that was approved by Cabinet on 22<sup>nd</sup> April 2009 and which will have been under implementation with effect from 7<sup>th</sup> September 2009.

2.2.6 Projections for 2011-12 will need to be reviewed once the impact of these proposals on service usage and charging revenue can be more fully assessed during 2010-11. For the time being, however, it is reasonable to assume that they will be at least the same amount as for 2010-11.

## 2.3 Partners

2.3.1 The proposals in this report would be consistent with the Council's strategic policy direction on "Putting People First". The Putting People First Programme will ensure that all relevant partners will be engaged in future developments in service delivery.

## 2.4 Corporate Plan/Priorities

2.4.1 The proposals in this report would be consistent with the Council's strategic policy direction on "Putting People First", and therefore also fully consistent with the

objective of promoting health, independence, wellbeing and sustainable communities. The proposals will support the Council in ensuring that it is able to afford the services that residents of Wolverhampton need, whilst also supporting the Savings Programme objectives.

## 2.5 **Other Council Services**

2.5.1 These proposals are largely governed by government guidance on “Fairer Charging” which will ensure that appropriate provision is made for taking into account other chargeable services provided by the Council outside of Adult Social Care. The proposals anticipate a reduced demand for transport and meals services, and an increased need for debt recovery services, which are now the responsibility of Shared Services.

## 3 **ASSOCIATED RISKS**

3.1 The key risks associated with these projections derive from the need to make predictions from data that has not been designed to be collated for charging purposes, and from the impact of a range of new charges on vulnerable adults. In particular, these are:

- The reliability the data on which the projections have been based (i.e. numbers of service users and frequency of usage)
- The presumptions that have had to be made about the predicted income profiles of service users (as “Fairer Charging” contributions are means-tested and no means-tested data is available on service users not currently liable for charges )
- The presumptions that have had to be made about the predicted reduction in service usage once charges are applied or increased (and the consequential impact on the unit costs of the remaining service)
- That the predicted additional administrative costs may be understated
- That the projected savings may therefore prove to be lower than predicted
- That service users may decline a service (such as Carelink) that serves a valuable preventative role (with a possible adverse long term impact customers themselves, as well as on other health and social care services)
- That any speculative legal challenge to the proposals which could delay their implementation and their benefits
- That complaints about the charges, or a refusal to pay the charges, may impose additional burdens on the capacity of the Council’s financial assessments and debt collection teams.

3.2 Nevertheless, given that the proposals are all considered to be consistent with national policy and law, although the impact of the risks could be high, they are considered to be either low or medium, and provision has been made for managing the risks as well as might reasonably be expected.

## **4 CONSULTATION**

- 4.1 The Council will wish to (and will in any case be required to) consult with all affected Adult Social Care service users (including both individuals in need of community care services and their carers) and all relevant stakeholders before finally determining whether or to what extent it should progress these proposals. It is envisaged that consultation could be undertaken before the end of 2009 with a view to final determination in February 2010 and implementation by 1<sup>st</sup> April 2010 (although the need to undertake a large volume of new financial assessments for day care and transport service users will mean that the new proposed charges for those services, if these proposals are approved following the consultation exercise, will mean that implementation of those charges will have to be deferred to 1<sup>st</sup> July 2010).

## **5 LEGAL IMPLICATIONS**

- 5.1 All of the proposals set out in this report will comply with the Council's legal duties to ensure that, where relevant, its charges are fair and reasonable as required by s17 of the Health and Social Services and Social Security Adjudications Act 1983 and relevant statutory policy guidance (notably the "Fairer Charging" and "Fairer Contributions" guidance).

## **6 EQUAL OPPORTUNITIES AND ENVIRONMENTAL IMPLICATIONS**

- 6.1 There are no direct environmental implications arising from this report.
- 6.2 Each of these proposals will directly impact upon individuals dependent on Adult Social Care Services. The proposals will, however, be fully compliant with statutory policy guidance on "Fairer Charging" that seeks to ensure that charging/contribution policies are "demonstrably fair as between different service users and that the overall objectives of social care, to promote the independence and social inclusion of service users, are not undermined by poorly designed charging policies". Moreover, the proposals will align Wolverhampton City Council's policies more closely with those of other councils which will assist in ensuring consistency of treatment for those moving out of or into the City. They will also be the subject of an Equality Impact Assessment (see below).

## **7 EQUALITY IMPACT ASSESSMENT**

- 7.1 All of the proposals set out in this report will be subject to an Equality Impact Assessment prior to implementation. The proposals will seek to ensure that government policy on "Fairer Contributions" is implemented. That policy has itself been the subject of a government-led Equality Impact Assessment. The proposals will also build on revisions to the Council's home care charging policy under implementation from 7<sup>th</sup> September 2009 following a previous consultation exercise, and which have also already been subject to an Equality Impact Assessment.

**2010/11 BUDGET PROCESS - SAVINGS PROPOSALS ADDITIONAL INFORMATION**

**WARDEN AMALGAMATION (A&C8)**

**1.0 DESCRIPTION OF THE SAVINGS PROPOSAL**

**1.1 Title:**

Directorate: Adults and Community

Department: Adult Social Care

Title of Proposal: Explore the feasibility of re-configuring existing accommodation based support services for older people.

**1.2 Description of the Proposal:**

**1.3 Summary**

1.4 Work has been carried out to identify the benefits or otherwise of amalgamating the role of Neighbourhood Wardens managed by Regeneration and Environment and the Neighbourhood Support Service currently being piloted by Adults and Community.

1.5 Officers have concluded that these two services have very distinct roles and will not lend themselves to amalgamation. However, certain savings can be achieved by eliminating duplication of community development work that exists within both services.

1.6 Work will be undertaken to evaluate the existing Neighbourhood Support Service pilot with a view to developing a new citywide service that maximises the use of assistive technologies and targets support towards the most vulnerable older people living in the community.

**1.7 Detailed actions:**

- Carry out a full evaluation of the Neighbourhood Support Service.
- Plan future service delivery model including the use of assistive technologies to support independent living.
- Evaluate the merits, or otherwise, of externalising the service
- Consult with service users on any changes to existing service provision
- Seek Cabinet approval to implement any changes

**1.8 Timescales:**

- Evaluate current Neighbourhood Support pilot: September - October 2009
- Plan future service delivery model: November
- Consult with service users affected by any changes; December – February 2010
- Report to Cabinet: March 2010

## 1.9 Savings Estimates:

Estimated Saving (Net*)		Implementation Costs** £000
2010/11 £000	2011/12 £000	
100	100	

1.10 Estimated savings are net of all associated costs (\*\*), both one-off and ongoing, with the exception of redundancy/early retirement costs, which will be funded Corporately.

1.11 Reflects the cost of implementing savings (excluding the cost of redundancy) where this is significant and exceeds the total value of the estimated gross savings in year 1 of the savings proposal.

## 2.0 IMPLICATIONS ASSOCIATED WITH SAVINGS PROPOSAL

### 2.1 Customers

- Services will be targeted at those at greatest risk of losing their independence.

### 2.2 Employees

- Any change in service model may necessitate a ring fenced re-appointment process.
- Any re-configuration of service may result in some employees continued employment being placed at risk.

### 2.3 Partners

- There is no direct impact on external partners associated with this proposal.

### 2.4 Corporate Plan/Priorities

- The proposal creates the opportunity for older people at the greatest risk of losing their independence to retain their independence in their own home.

### 2.5 Other Council Services

- Closer working relationships will be forged between Adult and Community and Regeneration and Environment.

## 3.0 ASSOCIATED RISKS

3.1 This proposal does carry certain risks as the evaluation of the existing Neighbourhood Support Service pilot is incomplete.

3.2 Once the evaluation is completed any changes to existing service provision will need to be consulted on and the views of service users taken in to account.

#### **4.0 CONSULTATION**

4.1 Full consultation with service users will be undertaken as part of this proposal.

4.2 Employees will be kept fully briefed about any proposed changes to current services.

#### **5.0 LEGAL IMPLICATIONS**

5.1 There are no legal implications associated with this proposal. . However, should any be identified as part of any future proposal to change existing service provision these will be identified to Cabinet in due course.

#### **6.0 EQUAL OPPORTUNITIES AND ENVIRONMENTAL IMPLICATIONS**

6.1 There are no equal opportunities or environmental implications associated with this proposal. However, should any be identified as part of any future proposal to change existing service provision these will be identified to cabinet in due course.

#### **7.0 EQUALITY IMPACT ASSESSMENT**

7.1 An Equality Impact Assessment will be carried out as part of any future service planning process.

**2010/11 BUDGET PROCESS - SAVINGS PROPOSALS ADDITIONAL INFORMATION****REDUCE GROUNDS MAINTENANCE CONTRACT BY 5% (A&C9)****1. DESCRIPTION OF THE SAVINGS PROPOSAL**

- 1.1 The Streetscene service provides a number of frontline environmental activities, including grounds maintenance. The service client for this specific element of the contract is Adults & Community, through the Parks & Contracts Section. The contractual arrangements for the Streetscene service are the north-east area contract, south-east area contract and west area contract. These contracts include services with major delivery requirements such as parks, open spaces and cemeteries and have their own ring fenced resources within the contracts used to deliver an annual programme of works (including an annually agreed programme of enhancement works).
- 1.2 Summarised in the table below is a breakdown of budget allocation by contract area for grounds maintenance.

<b>Service Area</b>	<b>North-east £000s</b>	<b>South-east £000s</b>	<b>South- west £000s</b>	<b>Total £000s</b>
Parks	553	545	1,155	2,253
Cemeteries	243	235	216	694
Other Service Groups	497	434	378	1,309
<b>TOTAL</b>	<b>1,293</b>	<b>1,214</b>	<b>1,749</b>	<b>4,256</b>

Note: The budget detailed above excludes the allocation for Wolverhampton Homes and arboricultural services.

- 1.3 The proposed reduction of 5% of the contract sum for grounds maintenance is likely to generate a saving in the region of £115,000. For this target to be achieved, it will be necessary to review the current standards of service for grass cutting, shrub and rose bed maintenance, weed control, hedge maintenance, floral displays and sports pitch maintenance.
- 1.4 The north-east and south-east area contracts are overdue for re-letting and will provide the Council with the flexibility to seek efficiency savings and revise the service standards before they are retendered. However, the contract agreement for the south-west contract stipulates that the contract value can only be reduced by 7% in one financial year up to a maximum of 20% for the full term of the contract. As a consequence of budget reductions during 2009/2010 and Wolverhampton Homes withdrawing grounds maintenance from the contract, there has been an overall reduction in contract value of 17%. In addition, there is

a contractual dispute being investigated over compensation payments that will need to be resolved. This potentially could lead to the overall reduction of the contract value reaching the 20% limit, leaving little or no scope to make further savings from the south-west contract.

Estimated Saving (Net*)		Implementation Costs** £000
2010/11 £000	2011/12 £000	
115,000	115,000	

\* Estimated savings are net of all associated costs (\*\*), both one-off and ongoing, with the exception of redundancy/early retirement costs, which will be funded Corporately.

\*\* Reflects the cost of implementing savings (excluding the cost of redundancy) where this is significant and exceeds the total value of the estimated gross savings in year 1 of the savings proposal.

## 2. **IMPLICATIONS ASSOCIATED WITH SAVINGS PROPOSAL**

- 2.1 The Streetscene service (including grounds maintenance) constitutes the Environmental Services block under the Comprehensive Performance Assessment and together, the services have achieved a four star rating. It is recognised that the service has a high profile with residents and the review of service standards will need to be undertaken sensitively to minimise the impact of people's perception on the image of the city and in particular, those visitors to cemeteries and parks.
- 2.2 Staffing costs represent approximately 50% of the overall contract costs. Any reduction in the service standards is likely to impact on the number of employees retained by the contractor. It is important to note that of any reduction achieved for the south-west contract, the Council would be responsible for any associated costs (e.g. redundancy) because the REM model has been applied to this contract.

## 3. **ASSOCIATED RISKS**

- 3.1 If not appropriately managed a review of service standards could impact on the Council's ability to secure awards such as Heart of England in Bloom and Green Flag awards. Reduced maintenance of playing pitches could lead to a deterioration of the playing surface that ultimately would reduce the number of matches that can be accommodated during a playing season. This could result in reduced levels of earned income.

## 4. **CONSULTATION**

- 4.1 It is not a statutory requirement to consult on service standards. However, the Parks & Contracts Section, as part of the revision process, will ensure that consultation takes place with all relevant service areas to ensure their needs are met.

## **5. LEGAL IMPLICATIONS**

- 5.1 Procurement of the north-east and south-east service delivery areas (contracts) will be in accordance with Council procedures. The Parks & Contracts Section will need to provide revised service standards to include in the contract documentation. However, if savings are also required from the west area contract, this will have to be negotiated with Enterprise Managed Services Ltd within the terms and conditions of the existing contract arrangements to ensure that any agreement does not result in penalty payments to the contractor.

## **6. EQUAL OPPORTUNITIES AND ENVIRONMENTAL IMPLICATIONS**

- 6.1 There are currently no equal opportunities implications associated with this proposal.
- 6.2 Environmental considerations will need to be considered as part of the review of service standards

## **7. EQUALITY IMPACT ASSESSMENT**

- 7.1 An equality impact assessment may be required for this proposal. In reviewing the service standards for grounds maintenance, consideration will be given to addressing the particular needs of different groups, ensuring that any potential negative impacts are mitigated as far as practical.

**2010/11 BUDGET PROCESS - SAVINGS PROPOSALS ADDITIONAL INFORMATION**

**'ENTERTAINMENTS TRUST' (A&C10)**

**1. DESCRIPTION OF THE SAVINGS PROPOSAL**

- 1.1. A reduction in Council subsidy to the Grand Theatre, Light House Media Centre, Newhampton Arts Centre and the Civic halls, achieved through the efficiency savings generated by bringing these organisations together as one Entertainment Trust.
- 1.2. The outline feasibility of this proposal was reported to Cabinet in July 2009. Considerable additional work will be required to bring it to a stage where the three independent boards and the Cabinet can be assured of the savings which were identified in that report and which are proposed below. They rely on savings being found from reduction in business rates payable and efficiencies in working practices such as joint procurement, streamlined management costs and shared marketing. £150,000 of the £250,000 proposed is thought to be achievable largely through the reduction in business rates payable if a trust can be set up for the Civic Halls and Light House Media Centre. A full business plan, detailing the financial implications of the establishment of the new company, however, will not be feasible until the summer of 2010. Implementation costs of delivering this proposal are at least £50,000 in addition to the £25,000 already incurred.

Estimated Saving (Net*)		Implementation Costs** £000
2010/11 £000	2011/12 £000	
0	250	50 + possible redundancy costs

\* Estimated savings are net of all associated costs (\*\*), both one-off and ongoing, with the exception of redundancy/early retirement costs, which will be funded Corporately.

\*\* Reflects the cost of implementing savings (excluding the cost of redundancy) where this is significant and exceeds the total value of the estimated gross savings in year 1 of the savings proposal.

**2. IMPLICATIONS ASSOCIATED WITH SAVINGS PROPOSAL**

- 2.1. **Customers** – So long as each of the venues is able to concentrate on its existing programming and marketing there should be very little effect upon their customers. The additional input required to work towards this merger, particularly from the Chief Executives and senior managers, is, however, considerable.
- 2.2. **Employees** – There are implications for the Council's employees (working for the Civic Halls) if this merger takes place and if the Civic Hall is made independent of the Council. The main implications should be covered by TUPE. There may be redundancies at the Civic Halls and/or the three grant aided organisations, but this will not be known until the business plan has been agreed and the staff structure drawn up and agreed.

- 2.3. Partners** – Each of the independent venues can be seen as a partner of the Council and both they and the Civic Halls have a number of partners who could be affected, or who would have a substantial interest in this proposal. Stakeholder mapping is an early part of the development of the proposal as care will need to be taken to keep partners engaged in the process.
- 2.4. Corporate Plan/Priorities** - The proposal has implications for the Council's plans for the city centre economy and for the cultural life of the city. Maintaining and strengthening these four venues and the service they provide in the context of declining subsidy and a challenging economy is one of the main objectives of the merger.
- 2.5. Other Council Services** – Council services across all departments are affected by this proposal. Customer and Support Services supply most of the input for the Civic Halls on finance, human resources, legal and other support. Considerable support and advice will be required from Finance, Procurement, Asset Management, Human Resources and Legal Services to ensure the delivery of the proposal
- 2.6. Other** – There are complex issues involved in the delivery of this proposal and strong project management will need to be dedicated to the project if the challenging timescales are to be met. This would be enhanced by clear political leadership.

### **3. ASSOCIATED RISKS**

- 3.1. A Risk Register has been compiled and will be updated regularly. The main risks identified are:
- ◆ Conflict between the needs of the Council's Savings Programme and the individual venues who see little or no benefit in forming the Trust
  - ◆ Individual Board resistance to the potential formation of an additional layer of management and loss of their autonomy
  - ◆ Loss of individual brand identity
  - ◆ Risk of loss or clawback of grant
  - ◆ Possibility of the Light House and Civic Halls not being eligible for charitable status
  - ◆ Issues regarding true costs for repairs and maintenance and council assurance that these will be met
  - ◆ Legal issues, particularly with licenses and leases

### **4. CONSULTATION**

- 4.1. Consultation with the boards, with staff of each organisation and with stakeholders will be required and will be drawn up into a Communications Plan. It is neither necessary nor beneficial to consult with local people as the aim of the proposal is not to change the service which they receive.

### **5. LEGAL IMPLICATIONS**

- 5.1. There are considerable legal implications associated with this proposal. For a merger to take place a new company will need to be created with charitable status

and a trading arm. Each organisation will need to agree to become part of the new company which will involve legal advice concerning due diligence, their responsibilities to their staff, for their assets and for their liabilities including where appropriate, their charitable status.

## **6. EQUAL OPPORTUNITIES AND ENVIRONMENTAL IMPLICATIONS**

- 6.1. There are implications relating to Equal Opportunities concerning both the programming and the staffing of the organisations.

## **7. EQUALITY IMPACT ASSESSMENT**

- 7.1. An Equality Impact Assessment may be required, although it will not be feasible to carry one until after the business plan has been formulated.

**2010/11 BUDGET PROCESS - SAVINGS PROPOSALS ADDITIONAL INFORMATION**

**REVIEW OF VISITOR INFORMATION CENTRE (A&C12)**

**1. DESCRIPTION OF THE SAVINGS PROPOSAL**

- 1.1. Close the current Visitor Information Centre and combine it with an existing outlet, thus reducing front line staff costs. Two possible options are to combine the provision of visitor information with the reception at the Art Gallery or to combine it with the operation of WCity Stop, both of which have staff.
- 1.2. The amount saved from this proposal would be £87,000 excluding redundancy costs.

Estimated Saving (Net*)		Implementation Costs** £000
2010/11 £000	2011/12 £000	
87	87	

\* Estimated savings are net of all associated costs (\*\*), both one-off and ongoing, with the exception of redundancy/early retirement costs, which will be funded corporately.

\*\* Reflects the cost of implementing savings (excluding the cost of redundancy) where this is significant and exceeds the total value of the estimated gross savings in year 1 of the savings proposal.

**2. IMPLICATIONS ASSOCIATED WITH SAVINGS PROPOSAL**

- 2.1 **Customers** Some of the enquiries dealt with by the Visitor information Centre could be dealt with by transferring the service either to Wolverhampton Art Gallery or WCity One. However, it is recognised that some functions would cease, namely booking services for local accommodation and attractions outside Wolverhampton. However, it is recognised that booking for these types of services can now generally be undertaken on line. In addition, the distribution of tourist information relating to attractions locally and beyond the sub-region can be made more widely available through other public outlets operated by the service group, in particular libraries and main stream leisure centres. Management are also mindful that arrangements will need to be put in place, to ensure that there is no delay the updating of the Events and Where to Eat Guides on the [wolverhamptoncity.co.uk](http://wolverhamptoncity.co.uk) via Destination Management System.

If the remaining aspects of the service are to be continued from another venue, it needs to be as accessible as possible. Both the Art Gallery and WCity One are suitable, with the former having a track record in excellent customer service, being on the direct route from the rail and bus stations and occupying a landmark building in the city centre. Front of House staff at the Gallery, since the merger with Tourism and Development have been assisting in the VIC and have also participated in a region wide mystery shopping exercise which has given them a good sense of the visitor attractions on offer.

- 2.1. **Employees** There are 6 front line staff working part time in the Visitor Information Centre who would be directly affected by these proposals
- 2.2. **Partners** The main partners are Advantage West Midlands who now fund tourism initiatives and the other three Black Country authorities. Wolverhampton has the only Visitor Information Centre in the Black Country and acts as the lead authority in terms of visitor information and the Destination Management System which directs visitors to hotels, restaurants and attractions in the sub region. However we are not funded by the other authorities to undertake this work.
- 2.3. **Corporate Plan/Priorities** The Last Tourism Impact Study for Wolverhampton in 2002 indicated that 4.6 million visitors came to Wolverhampton – 4 million as day trippers, and 0.6 million overnight visitors and spent £215 million; 4,670 direct tourism jobs and 1,586 indirect (non-tourism) jobs were supported inside the area. With the current preference for *stacations* and the increase in visitors during the football season visitor numbers may increase in 2009-2010.
- 2.4. **Other Council Services** The building from which the Visitor Information Centre is run is in a prime location and is also used for the City Centre Company, Midland Box Office and as offices for staff from the Civic Hall who were displaced when the Little Civic closed.
- 2.5. **Other** The building was refurbished using funding from ERDF. Another similar use would need to be found for the ground floor to ensure that the terms and conditions of funding are adhered to so that claw back of the £200,000 grant is avoided.

### 3. **ASSOCIATED RISKS**

3.1. The main risks associated with this proposal are:

- ◆ Empty shop front if an alternative use is not found
- ◆ Potential impact on local hotels, restaurants and attractions leading to impact on the local economy
- ◆ Risk of clawback of grant from ERDF (£200,000) – see above

### 4. **CONSULTATION**

- 4.1. No specific public consultation is required on this proposal other than any required through the 'duty to involve'.

### 5. **LEGAL IMPLICATIONS**

- 5.1 There are no legal implications attached to this proposal.

### 6. **EQUAL OPPORTUNITIES AND ENVIRONMENTAL IMPLICATIONS**

- 6.1. The service is used by a wide variety of the local and visitor population. The main environmental implication would be the vacant shop front if the premises were not reused, on Queen Square which would undermine the investment that has recently taken place to make the Square more attractive. The empty building and may have to be boarded up

**7. EQUALITY IMPACT ASSESSMENT**

7.1. The proposal would be subject to an Equalities Impact Assessment.

**2010/11 BUDGET PROCESS - SAVINGS PROPOSALS ADDITIONAL INFORMATION**

**INCREASING BEREAVEMENT FEES AND CHARGES (A&C13)**

**1. DESCRIPTION OF THE SAVINGS PROPOSAL**

- 1.1 To review the level of charges within Bereavement Services (part of Adults & Community) that will result in fees being comparable with other West Midlands local authorities. Subject to approval, the proposed new charges will be promoted one month prior to implementation on 01.04.2010.

Estimated Saving (Net*)		Implementation Costs** £000
2010/11 £000	2011/12 £000	
200	200	nil

\* Estimated savings are net of all associated costs (\*\*), both one-off and ongoing, with the exception of redundancy/early retirement costs, which will be funded corporately.

\*\* Reflects the cost of implementing savings (excluding the cost of redundancy) where this is significant and exceeds the total value of the estimated gross savings in year 1 of the savings proposal.

**2. IMPLICATIONS ASSOCIATED WITH SAVINGS PROPOSAL**

- 2.1 Bereavement Services fees and charges have traditionally remained lower than West Midlands neighbouring authorities, although the differential has reduced significantly in recent years.
- 2.2 The schedule of proposed prices for 2010/11 is attached as Schedule A with the majority of charges set to increase by 3%. More targeted increases are proposed to high income earning services and to some memorial fees which have become subject to supplier changes over the past twelve months. These fee proposals will bring the main burial and cremation fees to a similar level as that of the highest West Midlands charges, with neighbouring authorities still to determine their proposals for 2010/11.
- 2.3 The main changes proposed include:
- 6% increase in cremation fee (from £492 to £522)
  - 50% increase in grave lease fee (from £962 to £1443)
  - 20% increase in cremated remains lease fee (from £683 to £820)
  - 5% increase in interment fees (from £762 to £800)
- 2.4 Families who prefer burial to cremation sometimes choose to reserve a grave long before it is actually required. No charge is currently made for this privilege apart from the prevailing lease fee at the time of the purchase. Future increases to lease fees can thus be avoided. In order to recover a percentage of the income that could be expected were the grave to be purchased at the time of bereavement, a fee of £100 is proposed to families who wish to reserve either a cremated remains or a full grave.

2.5 Based upon historical trends, the projected additional income that will be generated is in the region of £200,000. Fees are traditionally collected by Funeral Directors from families on behalf of the Council.

2.6 The proposals to increase charges to a similar level to other West Midlands local authorities accords with a recent value for money study on the Bereavement Service (undertaken by Grant Thornton) and enables the continuation of high quality service provision that makes a significant difference to bereaved residents of Wolverhampton and to other visitors to our crematorium and cemeteries.

### 3. **ASSOCIATED RISKS**

3.1 It is recognised that there does exist an element of competition with neighbouring cemeteries and crematoria, with quality being an important consideration as well as cost. The proposed fee increases will still compare favourably with neighbouring West Midlands Authorities, as shown in Schedule B, although it should be recognised that overall income targets ultimately depend upon the local death rate in Wolverhampton and surrounding areas.

### 4. **CONSULTATION**

4.1 Funeral Directors will be consulted with as part of this proposal.

### 5. **LEGAL IMPLICATIONS**

5.1 There are no legal implications associated with this proposal.

### 6. **EQUAL OPPORTUNITIES AND ENVIRONMENTAL IMPLICATIONS**

6.1 There are no currently identified equal opportunities or environmental implications associated with this proposal.

### 7. **EQUALITY IMPACT ASSESSMENT**

7.1 An Equality Impact Assessment may be required for this proposal.

## SCHEDULE A

	<b>Current Charges (rounded) £</b>	<b>Proposed Charges (rounded) £</b>	
<b><u>Cremation Charges</u></b>			
1a	Child 16 years and under	nil	Nil
1b	A person 17 years and over	492.00	522.00
1c	A person 17 years and over with extended chapel service	554.00	587.00
1d	NVF, organs and other body parts removed during post mortem	50.00	50.00
1e	Cremation Disposal Certificate	20.00	20.00
<b><u>Burial charges</u></b>			
2a	Exclusive right of burial for 75 yrs (persons 17yrs and over)	962.00	1443.00
2b	Interment fee for 1st and subsequent burials		
	1 coffin depth	762.00	800.00
	2 coffin depth	762.00	800.00
	3 coffin depth	762.00	800.00
	4 coffin depth	762.00	800.00
3a	Exclusive right of burial for 75 yrs (persons 16yrs and under)	No charge	No charge
3b	Interment fee (persons 16 yrs and under)	134.00	140.00
3c	Interment fee (NVF)	62.00	65.00
4	Renewal of exclusive right for burial for further 25 yrs		
4a	if burial space remains	320.00	480.00
4b	If no burial space remains	65.00	98.00
<b><u>Public Graves</u></b>			
5	Burial of persons who have died after reaching 17 yrs	762.00	800.00
<b><u>Burial of cremated remains</u></b>			
6a	Exclusive right of burial for cremated remains for 75 yrs (persons 17 yrs and over)	683.00	820.00
6b	Exclusive right of burial for cremated remains for 75 yrs (persons 16 years and under)	No charge	No charge
6c	Interment fee for 1st and subsequent burials (not witnessed)	237.00	249.00
6d	Witness fee (cremated remains also woodland garden only)	26.00	26.00
6e	Interment fee for burial of 2 sets of cremated remains at the same time in one container	237.00	249.00
	As above in two containers	283.00	297.00
6f	Interment fee for cremated remains when burial takes place at		
	i) 5' depth	762.00	800.00
	ii) 6'6" depth	762.00	800.00
6g	Strewing of cremated remains when cremation took place other than at Bushbury Crematorium (charge for GOR and WG only)	50.00	50.00
6h	Interment fee for burial of cremated remains of child 17yrs and under.	134.00	140.00
7	Renewal of exclusive right of burial for further 25 years		
7a	If burial space remains	228.00	342.00
7b	If no burial space remains	65.00	98.00
<b><u>Vaults</u></b>			
8a	Interment fee for any burial in vault	762.00	800.00
8b	Exclusive right of burial for beacon hill chambers	1300.00	1950.00
8c	Interment fee for beacon hill chambers	494.00	519.00

	<b>Current Charges (rounded) £</b>	<b>Proposed Charges (rounded) £</b>	
<b><u>Brick Graves (single &amp; double walled chamber)</u></b>			
9a	Exclusive right of burial	962.00	1443.00 )
10	Interment fees(brick graves)		
10a	1 coffin depth 1 <sup>st</sup> interment fee	762.00	800.00 ) Construction service not available
10b	2 coffin depth interment fee	762.00	800.00 )
10c	Subsequent interments	762.00	800.00 )
<b><u>Memorial Charges</u></b>			
11	Permission to erect the following memorials		
11a	Headstone kerbing or horizontal tablets	155.00	160.00
11b	Vase or scroll	72.00	74.00
11c	Additional inscriptions	72.00	74.00
11d	Ceramic photographs	20.00	20.00
11e	Protective frames	72.00	74.00
11f	Babies	72.00	74.00
<b><u>Memorials</u></b>			
12a	Memorial benches (including scroll)	695.00	695.00
	Additional scroll	120.00	124.00
12b	Granite cross – new (with choice of coloured lettering)	275.00	283.00
12	Granite cross – replacement (with choice of coloured	200.00	206.00
	Granite cross – 2 lines additional inscription	55.00	70.00
	Granite cross – 3 lines additional inscription	65.00	80.00
12c	Bronze plaque - 9" x 12" (with one inscribed scroll)	412.00	424.00
	Bronze plaque – 9" x 12" (with two inscribed scrolls)	440.00	453.00
	Bronze plaque – 9" x 12" or 18" x 24" refurbishment	145.00	180.00
12d	Plastic posy vase	1.00	1.00
12e	Scrolls - inscribed.	124.00	128.00
12f	Scrolls – blank	72.00	74.00
12g	Arboria indoor plaques Bushbury (10 year lease)		
	Text only	140.00	150.00
	Text with engraved motif	150.00	160.00
	Text with engraved /hand painted motif	170.00	180.00
	Text with ceramic portrait	190.00	200.00
	Replacement plaque with text	110.00	120.00
	Replacement plaque with text and photo	140.00	150.00
	Extended lease 10 years	75.00	80.00
12h	Kerbstones - with 1 line of inscription.	134.00	138.00
	Kerbstones - with 2 lines of inscription.	180.00	185.00
	Kerbstones - additional 1 line of inscription.	68.00	70.00
	Kerbstones - additional 2 lines of inscription.	98.00	100.00
12j	<b>External Wall Plaques (200 x 80) small Bushbury</b>		
	New Memorial (10 year lease)	155.00	160.00
	Replacement	72.00	74.00
	Motif	26.00	30.00
	Photo	80.00	82.00
	Extended lease 10 years	65.00	70.00
12k	<b>External Wall Plaques (200 x 160) large Bushbury &amp;</b>		
	New Memorial (10 year lease)	235.00	242.00
	Replacement	98.00	100.00
	Motif	26.00	30.00
	Photo	80.00	82.00
	Extended Lease 10 years	65.00	70.00
12l	<b>Vaults (Bushbury &amp; Bilston)</b>		
	New (10 year lease)	695.00	700.00
	New (20 year lease)	799.00	800.00
	Replacement Plaque	125.00	128.00
	Extended lease 10 years	80.00	85.00

	<b>Current Charges (rounded) £</b>	<b>Proposed Charges (rounded) £</b>
<b>12m Memorial Vase Blocks (Sandstone) Bushbury</b>		
New (10 year lease)	210.00	216.00
Replacement	95.00	98.00
Motif	26.00	30.00
Photo	85.00	88.00
Extended lease 10 years	80.00	85.00
<b>12n Memorial Vase Blocks (Marble) Bushbury &amp; (Granite)</b>		
New (10 year lease)	240.00	247.00
Replacement	125.00	128.00
Extended lease 10 years	80.00	85.00
 <b><u>Memorials (Continued)</u></b>		
<b>12o Memorial Planter (Bilston)</b>		
New	125.00	125.00
Replacement	110.00	110.00
<b>12p Urns.</b>		
Bronze	40.00	42.00
Double Urns.	50.00	52.00
Red Urn.	60.00	62.00
Green Urn.	60.00	62.00
Black Urn Praying Hands.	75.00	78.00
Marble Green Urn.	100.00	140.00
Copper Urn.	85.00	88.00
Blue Urn.	75.00	78.00
Biodegradable Urn	35.00	36.00
Pyramid Urn	175.00	180.00
Pottery Urn	100.00	110.00
Pottery Football Urn	150.00	190.00
<b>12q Caskets</b>		
Wooden caskets – standard oak	40.00	42.00
Wooden caskets – classic oak	60.00	62.00
Green marble	150.00	155.00
 <b><u>Book of Remembrance</u></b>		
13a - 2 line entry.	65.00	68.00
13b - 5 line entry.	99.00	102.00
13c - 8 line entry.	115.00	120.00
13d - Badge, Crest etc. - standard	45.00	50.00
13e - Badge, Crest etc. - special order	quotation	Quotation
 <b><u>Memorial Cards</u></b>		
14a - 2 line entry.	20.00	25.00
14b - each additional line.	5.00	6.00
14c - Badge, Crest etc. - standard	40.00	50.00
14d - Badge, Crest etc. - special order	quotation	Quotation
 <b><u>Miscellaneous Charges</u></b>		
15 Exhumations of coffin from grave - adult.	1200.00	1200.00
15a Child 5 - 16 yrs	490.00	490.00
15b Child under 5 yrs of age	150.00	150.00
15c Exhumations of cremated remains.	250.00	250.00
Exhumation of cremated remains from full grave	540.00	540.00
15d Exhumation of NVF	60.00	60.00
15e Use of Chapel for burial service.	100.00	100.00

		<b>Current Charges (rounded) £</b>	<b>Proposed Charges (rounded) £</b>	
15f	*Excess charge for late arrival at crematorium or cemetery	100.00	100.00	
	Excess charge for late notice re coffin size (burial)	100.00	100.00	
	Additional charge for incorrect information supplied by funeral directors eg, coffin sizes	100.00	100.00	
	Additional charge for services over-running allotted time at crematorium	100.00	100.00	
	<b>*(Waiving of any of above charges is at the discretion of the Bereavement Services Manager)</b>			
15g	Transfer grave ownership	15.00	15.00	No charge for transfer to spouse or if no burial space remains
16h	Fee for search of registers.	20.00	20.00	Per hour per successful search

## SCHEDULE B

### COMPARISON OF CEMETERY AND CREMATORIUM CHARGES FOR WEST MIDLANDS AUTHORITIES

<b>Authority</b>	<b>Cremation</b>	<b>Grave Lease Fee (including interment fee)</b>	<b>Cremated Remains Lease Fee (including interment fee)</b>
Wolverhampton			
• Current	492	1724	920
• Proposed	522	2243	1069
Dudley	475	1435	690
Sandwell	504	2153	1154
Walsall	519	2241	1106
Birmingham	458	2138	853

#### Notes

- Charges for Dudley, Sandwell and Birmingham are subject to review and any proposed increases will take effect from 01.04.2010
- Charges for Walsall are subject to review and any proposed increases will take effect from 01.01.2010.
- Premium burial fees are chargeable by Wolverhampton, Dudley, Walsall, Birmingham and Sandwell for non-residents.

**2010/11 BUDGET PROCESS - SAVINGS PROPOSALS ADDITIONAL INFORMATION**

**AMALGAMATION OF PARKS & BEREAVEMENTS PATROL STAFF (A&C14)**

**1. DESCRIPTION OF THE SAVINGS PROPOSAL**

- 1.1. Staff currently exist within Parks and Bereavement Services to lock and unlock parks and cemeteries for the general public. Bereavement Services manages seven cemetery sites (and ancillary buildings) that are open to the public 365 days a year. The grounds maintenance staff open entrance gates and toilet facilities all year round (except weekends and Bank Holidays) but only lock them during the autumn and winter months. The remaining hours for unlocking/locking are covered by five part-time Bereavement Services staff at a cost of £22,000. It is proposed to cease these additional payments to staff and incorporate their duties within the remit of the Park Rangers.
- 1.2 In addition it is proposed that a review and rationalisation of other Park Warden functions and activities takes place to save a further £38,000.

Estimated Saving (Net*)		Implementation Costs** £000
2010/11 £000	2011/12 £000	
60	60	Nil

\* Estimated savings are net of all associated costs (\*\*), both one-off and ongoing, with the exception of redundancy/early retirement costs, which will be funded Corporately.

\*\* Reflects the cost of implementing savings (excluding the cost of redundancy) where this is significant and exceeds the total value of the estimated gross savings in year 1 of the savings proposal.

**2. IMPLICATIONS ASSOCIATED WITH SAVINGS PROPOSAL**

- 2.1 In order to incorporate the additional duties within the Park Ranger rotas, it will be necessary to extend the opening hours of cemeteries during the summer months so that they coincide with the closing times for parks. This potentially could result in a degree of anti-social behaviour occurring but it is likely to be a relatively low risk.
- 2.2 The implementation of the proposal will have little or no impact on the public's perception of the accessibility of cemetery sites during the summer months. However, in order to incorporate the additional hours to secure the cemetery sites, Park Rangers will need to reduce the frequency of patrols in parks across the city. The frequency of these patrols in future will be dependent upon the need of individual sites.
- 2.3 The members of staff currently undertaking these duties are employed on a casual basis. However, they have been working regular hours and consequently, they will be entitled to a redundancy payment.

**3. ASSOCIATED RISKS**

- 3.1 It is important that parks and cemeteries are secured at the end of the evening to ensure that they do not attract any sort of anti-social behaviour or even acts of vandalism. Failure to secure the premises could potentially lead to adverse media coverage or additional repair costs for the Council.

#### **4. CONSULTATION**

4.1 It is not a statutory requirement to undertake consultation on this proposal.

#### **5. LEGAL IMPLICATIONS**

5.1 There are no legal implications attached to this proposal.

#### **6. EQUAL OPPORTUNITIES AND ENVIRONMENTAL IMPLICATIONS**

6.1 There are no equal opportunities or environmental implications attached to this proposal.

#### **7. EQUALITY IMPACT ASSESSMENT**

7.1 No Equality Impact Assessment is required before the implementation of this proposal.

**DRAFT 2010/2011 NET BUDGET REQUIREMENT**  
**ANALYSIS OF CHANGES FROM 2009/2010 ORIGINAL BUDGET BY DIRECTORATE**

	Children & Young People	Adults & Communities	Regeneration & Environment	Customer & Shared Services & Office of the Chief Executive	Corporate Budgets	Total
	£M	£M	£M	£M	£M	£M
<b>Original Budget 2009/2010 before the Use of Reserves as Approved March 2009</b>	<b>74.002</b>	<b>106.408</b>	<b>58.245</b>	<b>19.899</b>	<b>(20.316)</b>	<b>238.238</b>
Net Virements 2009/2010	0.062	0.024	(0.288)	0.202	-	0.000
<b>Approved Budget 2009/2010</b>	<b>74.064</b>	<b>106.432</b>	<b>57.957</b>	<b>20.101</b>	<b>(20.316)</b>	<b>238.238</b>
<u>Changes from 2009/2010 Approved Budget:</u>						
Pay Award	0.450	0.286	0.122	0.197	-	1.055
Net Inflation	0.020	0.651	0.375	(0.195)	-	0.851
Employer's Pension Contributions	0.262	0.326	0.141	0.229	-	0.958
Staff Increments	0.305	0.302	0.130	0.211	-	0.948
Budget Pressures	0.625	2.472	0.704	0.215	1.853	5.869
Budget Developments	-	0.200	-	-	-	0.200
Savings 09/10 - Full Year Effect	(0.720)	(1.956)	(0.596)	(1.325)	-	(4.597)
Savings - List One	(0.502)	(0.048)	-	(1.588)	-	(2.138)
Savings - List Two	(1.734)	(2.214)	(1.510)	-	-	(5.458)
Technical Financing Items	-	-	-	-	2.726	2.726
	<b>(1.294)</b>	<b>0.019</b>	<b>(0.634)</b>	<b>(2.256)</b>	<b>4.579</b>	<b>0.414</b>
<b>Draft Net Budget Requirement and MTF5 Forecasts before the Use of Reserves</b>	<b>72.770</b>	<b>106.451</b>	<b>57.323</b>	<b>17.845</b>	<b>(15.737)</b>	<b>238.652</b>

**2009/2010 GENERAL FUND BUDGET RISK MANAGEMENT**

RISK EXPOSURE	MITIGATING ACTIONS	RESIDUAL EXPOSURE	MONITORING OF RISK
<p><b>A. <u>Financial and Budget Management</u></b></p> <p>1. <u>Budget Management</u> – Failure to realise efficiency improvements built into the service directorates' 2009/2010 base budgets and/or monitor effectively the General Fund Revenue Budget leading to an overspending situation.</p>	<p>Monthly monitoring of the revenue budget looking at expenditure to date, commitments and forecasting the year end. At quarterly intervals a comprehensive budget management report linking progress relative to the budget and to changes in service demand along with the degree to which savings built into the Savings and Transformation Programme are arising and impacting upon the then current spend.</p> <p>Should evidence begin to emerge of a potential budget overspend consideration will be given to the introduction of short-term cost containment measures. Cost containment measures could include the freezing of discretionary non recurring budgets and recruitment freezes.</p>	<p>The residual exposure (R.E.) is the risk may arise (M).</p> <p>Notwithstanding robust budget management there are elements of expenditure which are difficult to control e.g. demand led budgets and for which it may prove difficult to identify a compensating saving. A 0.5% adverse variance upon gross expenditure amounts to approximately £3.5M and a similar variance upon income (excluding interest earned) amounts to £0.5M.</p>	<p>No changes the residual exposure is still considered to be Medium.</p> <p>As at the end of July 2009 £8.0M of savings have already been banked and there is already a high degree of confidence in achieving £12.0M despite only being 4 months through 2009/2010.</p> <p>In addition the firm budgetary control demonstrated by the 2008/2009 underspend provides additional assurance that the £14.3M savings target for 2009/2010 can be achieved.</p> <p>Also the 2009/2010 Quarter One Revenue Budget Monitoring Information only highlights one area of risk within the Savings and Transformation Programme (Adults £0.624M) and corrective action is being undertaken with the aim of delivering the savings in a different way. Work is also continuing to ensure that the balance of £1.694M is delivered during the year, the majority of this sum has been allocated to the Delaying of Management and Admin workstream.</p>

RISK EXPOSURE	MITIGATING ACTIONS	RESIDUAL EXPOSURE	MONITORING OF RISK
<p>2. <u>Non Pay Inflation</u> – The following inflationary increases have been included.</p> <ul style="list-style-type: none"> <li>• Utilities 0%</li> <li>• Grants to voluntary bodies, office expenses, travel and subsistence, VAT provisions, Out of City Care – 3% - 6%</li> <li>• Other 1 %</li> </ul> <p>The risk is that services are not able to absorb inflationary impacts over and above these allowances. Projections concerning inflation over the coming months vary: the recently published CPI for January was 3.0%.</p>	<p>Tracking of inflationary pressures with a view to anticipating where overspending pressures may arise in time for any corrective action to be put in place.</p> <p>Monthly monitoring of the revenue budget looking at expenditure to date, commitments and forecasting the year end. At quarterly intervals a comprehensive budget management report linking progress relative to the budget and to changes in service demand along with the degree to which savings built into the Savings and Transformation Programme are arising and impacting upon the then current spend.</p> <p>The introduction of short-term cost containment measures should evidence begin to emerge of a potential budget overspend. Cost containment measures could include the freezing of discretionary non recurring budgets and recruitment freezes.</p>	<p>RE = M</p> <p>The impact of this risk is captured within the residual exposure for budget management as part of the overall risk.</p> <p>The utilities provision of 0% is considered robust as the Authority has recently locked into an annual contract reflecting that provision.</p> <p>Inflationary pressures for the other budgets at 1% point above the allowances built into the budget would generate an overspending pressure of £1M.</p>	<p>Residual exposure reduced to Low.</p> <p>The level of underspend during 2008/2009 indicates that any impact that might materialise from the reduced inflation allowances, should be containable within directorate budgets during the year.</p> <p>Also the 2009/2010 Quarter One Revenue Budget Monitoring Information does not identify any particular or significant pressure on directorate budgets as a result of these reduced inflation allowances.</p>

RISK EXPOSURE	MITIGATING ACTIONS	RESIDUAL EXPOSURE	MONITORING OF RISK
<p>3. <u>Pay Awards</u>            Pay Awards at 2.25 % in 2009/2010 have been built into the budget. A 0.5% variation around this figure gives rise to a budget variation in 2009/2010 of £0.580M.</p>	<p>Pay awards are set nationally and so there is no direct action the authority can take to determine the actual awards, although as with any local authority it can seek to influence the negotiating body. Should the pay award exceed budget provisions the mitigating actions applicable to budget management generally would come in to play and there specific actions would be considered including managing vacancies, recruitment and treating the pay budget as a cash limited sum.</p>	<p>RE- the downside risk is considered to be unlikely to arise (L) as the current climate will serve to dampen down pay award pressures.</p>	<p>No changes the residual exposure is still considered to be Low.             Based on the latest offer that has been made by the Local Government Employers (1.0% to 1.25%) the pay award for 2009/2010 will almost certainly be below the 2.25% included in the budget. This will therefore help the authority to ensure that expenditure does not exceed budget for 2009/2010.</p>
<p>4. <u>Vacancy Factor</u>            Staffing budgets take into account a significant saving flowing from staff turnover and vacancies. The risk exposure is that the level of staff turnover may be below this provision bearing in mind the impact of the voluntary redundancy programme and the general economic climate.</p>	<p>Should the vacancy factor not be realised the mitigating actions applicable to budget management generally would come in to play and there specific actions would be considered including managing vacancies, recruitment and treating the pay budget as a cash limited sum.</p>	<p>RE = M            The vacancy factor reflects previous experience within the authority but in the current situation there is some risk that history may not be repeated.</p>	<p>Residual exposure reduced to Low.             No significant issues associated with vacancy factors identified as part of the 2008/2009 outturn.             Also the 2009/2010 Quarter One Revenue Budget Monitoring Information does not identify any particular or significant pressure on directorate budgets as a result of vacancy factors.</p>

RISK EXPOSURE	MITIGATING ACTIONS	RESIDUAL EXPOSURE	MONITORING OF RISK
<p>5. <u>VAT</u> The authority is pursuing a VAT reclaim in respect of charges for leisure and cultural services and £0.250M has been built into the budget on the assumption that that claim is successful. The risk is that the claim may not be successful in whole or in part.</p>	<p>The claim submitted by the authority is considered to be robust and has been independently assured by VAT specialist advisors from PWC. Other local authorities have been successful with such claims but it may be contested by Customs and Excise in whole and part.</p>	<p>RE = L</p> <p>A settlement at 80% of the claim, results in a shortfall of £0.050M. Latest indications are that the claim will exceed the £0.250M assumed in the budget.</p>	<p>No change the residual exposure is still considered to be low.</p> <p>The final claim submitted was for over £0.7M, the level of certainty associated with this claim is such that the sum has been included in the 2008/2009 outturn figures.</p>
<p>6. <u>VAT</u> The VAT regulations as applied to local authorities allow them to re-claim VAT upon partially exempt supplies providing such supplies are kept below a prescribed level (less than 5% of total in-put tax). Latest calculations generate a figure of 2.64%. Given the changes in the structure of the authority's service delivery/budget e.g. the creation of Trusts it is possible that there will be a variance to this percentage. Breach of the 5% threshold could generate a potential liability of £1M.</p>	<p>The level of exempt input tax is regularly monitored and the impact upon the share of total input tax consequent upon a change in service delivery arrangements is considered as part of the appraisal of proceeding with an alternative service delivery arrangement.</p>	<p>RE=L</p> <p>The mitigating actions and the relatively current low level of input tax relating to exempt supplies combine to create a situation where breach of the threshold is unlikely in 2009/2010.</p>	<p>No change the residual exposure is still considered to be low.</p>

RISK EXPOSURE	MITIGATING ACTIONS	RESIDUAL EXPOSURE	MONITORING OF RISK
<p>7. <u>Changes in Accounting Practice</u>  The 2009/2010 General Fund budget reflects a change in accounting practice in respect of some areas of expenditure now being capitalised which previously had been charged to revenue budget. The change relates to £0.5M of expenditure in respect of work to enhance the asset life of buildings and the risk is that the external auditor may not agree with the change in practice. In addition, £1.3 million of advance design costs to Outline Business Case associated with the BSF programme have been capitalised and if this is not acceptable to the external auditor the whole sum would have to be charged to the revenue budget.</p>	<p>The changes have only been effected after an in depth review of standard accounting practice. The external auditor has been consulted on the proposals and, whilst they have reserved their position until the relevant final accounts are submitted for audit, they have not given any indication that they would object to the proposals.</p>	<p>RE = L  The mitigating actions have created a situation where it is highly unlikely that there will be any objections to the changes.</p>	<p>No change the residual exposure is still considered to be low.</p>
<p>8. <u>Council Tax Capping</u>  The Secretary of State has indicated that Council Tax increases substantially below 5% are expected.</p>	<p>At the level of increase for 2009/2010, as proposed in this report, this risk is considered to be minimal.</p>	<p>RE = L  The Government have announced the authorities that are to be capped, Wolverhampton is not one of those Councils.</p>	<p>No longer a risk as Wolverhampton was not one of the authorities that the Government decided would be capped.</p>

RISK EXPOSURE	MITIGATING ACTIONS	RESIDUAL EXPOSURE	MONITORING OF RISK
<p>9. <u>General Fund Reserves</u>  There is a requirement for a local authority to operate with a level of reserves which is deemed to be adequate relative to the financial risks to which it is exposed and it requires for working capital purposes. The budget assumes an opening reserve of £21M in 2009/2010 reducing to £16M by 31<sup>st</sup> March 2010. Any in-year forecasts of an upward variation to the draw upon reserves arising from reasons other than those identified in this risk analysis would give rise to a need to find compensating savings. There is a high probability that the Council will need to make plans to replenish the reserves in 2010/11.</p>	<p>The estimated closing balance upon the reserve should be sufficient to accommodate the risks covered in this budget risk management appendix. Strong budget management should serve to mitigate the risk of any budget overruns and senior management attention will have to be directed to the Savings and Transformation Programme to ensure its delivery. Governance arrangements have been put in place in that regard, complemented by programme management and monitoring and personal accountabilities at director level.</p>	<p>RE = H</p> <p>While the mitigating actions as detailed in this report should be sufficient, there is a residual risk that, if all 'worst case' outcomes prevail, the majority of available reserves may have to be called upon.</p>	<p>Residual exposure reduced to Medium due to an extra £7.682M now being held in the General Fund Balance, which now stands at £29.312M.</p> <p>Despite this being a significant sum, the Council is still faced with significant financial risks and a challenging financial outlook. It is therefore important to note that this level of General Fund Balances is not an indication that these risks and the challenge is in anyway reduced. This level of balances will however place the Council in a stronger position to be able to react to ongoing risks and the financial challenges.</p> <p>It is also worth noting that despite the 2009/2010 Quarter One Revenue Budget Monitoring Information projecting a small overspend corrective action is being undertaken with the aim of ensuring that expenditure does not exceed budget by the end of the year. In fact options to deliver one-off savings during 2009/2010 are also being considered with the aim of not only to ensuring that that expenditure does not exceed budget but to actually reduce the planned use of £5.311M of the General Fund Balance agreed as part of the 2009/2010 Budget Strategy.</p>

RISK EXPOSURE	MITIGATING ACTIONS	RESIDUAL EXPOSURE	MONITORING OF RISK
<p>10. <u>Equal Pay/Single Status</u>  The budget provides £6.3M for the ongoing impact of single status job evaluation in 2009/2010. Negotiations are on-going regarding a revised pay scheme and only when that is finalised will the adequacy of this budget become clear. In addition it may be necessary to seek a capitalisation direction for equal pay back pay that may become due in 2009/2010.</p>	<p>Negotiations regarding the single status settlement are taking place within the context of a known budget (financial cap). The budget estimate is in excess of forecasts associated with schemes currently being discussed.</p> <p>Capital directions were granted in 2007/2008 and 2008/2009 so a precedent has been set in terms of the eligibility of these costs for capitalisation which mitigates the risk of a refusal of such a direction.</p>	<p>RE = L</p> <p>The situation is substantially under the control of the City Council and a prudent approach has been taken to budget provision.</p>	<p>No change the residual exposure is still considered to be low.</p>

RISK EXPOSURE	MITIGATING ACTIONS	RESIDUAL EXPOSURE	MONITORING OF RISK
<p><b>B. <u>Savings and Transformation Programme</u></b></p> <p>1. <u>Savings Programme</u>  Built into the budget is £14.3M in respect of the gross savings estimated to materialise in 2009/2010, consequent upon the Savings Programme. The programme is very ambitious and there are material risks associated with the development, implementation and ultimate delivery of the various proposals. Of the £14.3M, approximately £9M relates to proposals which are particularly complex to evaluate, implement and deliver.</p>	<p>Delivery of the Savings Programme is seen as a critical priority within the authority and Directors have been given direct personal accountability for delivery of savings within various work streams. Project management techniques are being brought to bear and dedicated resource deployed upon programme implementation and delivery. Specialist support will also be brought in and experience of other local authorities and guidance of the Regional Improvement &amp; Efficiency Partnership accessed. There are some easy wins within the programme whilst those savings initiatives which are judged to be particularly complex to achieve are being given special attention.</p> <p>If it emerges that savings initiatives may not be realised as initially planned, replacement projects will be introduced into the programme.</p>	<p>RE = H</p> <p>The programme is ambitious especially when viewed relative to the City Council's programme management capacity. There is a risk of overload and the complex initiatives are highly vulnerable to delay. Experience would suggest that delivery of a programme of this magnitude, to this timescale will be challenging.</p> <p>A shortfall of 30% upon delivery of the programme generates a budget gap of £4.3M.</p>	<p>Residual exposure reduced to Medium.</p> <p>As at end the end of July 2009 £8.0M of savings have already been banked and there is already a high degree of confidence in achieving £12.0M despite only being 4 months through 2009/2010.</p> <p>In addition the firm budgetary control demonstrated by the 2008/2009 underspend provides additional assurance that the £14.3M savings target for 2009/2010 can be achieved.</p> <p>Also the 2009/2010 Quarter One Revenue Budget Monitoring Information only highlights one area of risk within the Savings and Transformation Programme (Adults £0.624M) and corrective action is being undertaken with the aim of delivering the savings in a different way. Also Work is continuing to ensure that the balance of £1.694M is delivered during the year, the majority of this sum has been allocated to the Delaying of Management and Admin workstream.</p> <p>The following point of clarification is provided in response to matters that were raised during debate on the Budget Report '...of the £14.3M, approximately £9M relates to proposals which are particularly complex to evaluate, implement and deliver...'. This is not intended to cast doubt on the viability of the proposed savings initiatives; it simply highlights the fact that they will have to be subject to careful project management and monitoring in order to ensure that the savings associated with them are achieved.</p>

RISK EXPOSURE	MITIGATING ACTIONS	RESIDUAL EXPOSURE	MONITORING OF RISK
<p>2. <u>Savings Programme – Implementation costs</u>            To implement the Savings Programme requires considerable work in evaluating the proposals, disengaging from the existing position and putting in place, as appropriate, any new position. The budget provides £0.5M, for implementation costs to which can be added any monies forthcoming from the Regional Improvement and Efficiency Partnership (RIEP) (possibly £0.175M).</p> <p>Also there is £3M for redundancy payments plus any unutilised balance of the £4M 2008/2009 budget provision. The risk is that there may be insufficient funds available to set in train the implementation of proposals and that the disengagement costs exceed budget provision. Both of these risks, if they were to arise, would frustrate the delivery of the Savings Programme and are over and above the preceding risk of delayed delivery of the programme.</p>	<p>Positive governance and management arrangements have been put in place designed to ensure the efficient and effective progressing of the Savings Programme. In addition there will be ongoing liaison with RIEP and as appropriate short term staffing arrangements to introduce specialist skills and/or handle peaks in workload.</p> <p>The implementation cost budget will be viewed as a cash limit and, as it provides for a high measure of discretionary spend, it will be relatively easy to operate within that limit. No outlays will be incurred without the express approval of Members. Additional funds will be sought from external sources (such as RIEP) and expenditure above the budgeted cash limit will only be incurred if additional funding is secured.</p>	<p>RE = H</p> <p>The financial exposure i.e. risk of budget overruns is highly unlikely but it has to be recognised that the real constraint for effecting the Savings Programme may be the availability and volume of the staff resource whether that be drawn from City Council staff or external sources. This exposure serves to reinforce the high residual exposure risk in respect of the preceding item.</p> <p>At £0.5M plus RIEP monies the budget is considered to be at a minimum level. A further 7% slippage in the programme generates a further budget gap of £1M.</p>	<p>Residual exposure reduced to Medium.</p> <p>As a result of the 2008/2009 outturn the Council now has more one-off resources available than was anticipated, these could be utilised (where there is a robust business case) to provide funding for any necessary upfront costs.</p> <p>This includes an additional £7.682M of General Fund Balances and £2.4M in a newly established Efficiency Reserve as a result of the underspend against the Corporate Redundancy budget.</p> <p>It is also worth noting that the 2009/2010 Quarter One Revenue Budget Monitoring Information does not identify any particular or significant pressure on directorate budgets as a result of implementation costs associated with the Savings and Transformation Programme.</p>

RISK EXPOSURE	MITIGATING ACTIONS	RESIDUAL EXPOSURE	MONITORING OF RISK
<p>3. <u>Transformation</u>  The position with regard to the Axon Partnership remains unresolved. All work upon that programme has ceased and negotiations are in progress with Axon to agree a settlement figure reflective of the value to the Council of the work undertaken.</p> <p>At this stage there is no specific budget provision for the settlement which will have to be funded from general fund reserves. To date a £1.5M payment has been made to Axon for services provided to the Council plus an £0.080M payment for IT servers which were required for the project and which now are in the ownership of, and being used by, the City Council.</p>	<p>The Chief Executive has brought together a team of senior officers to agree, drawing upon commercial legal advice, a strategy and tactics associated with agreeing a settlement with Axon. The Monitoring Officer is keeping a full record of all negotiations and advice which will provide a robust audit trail. Financial parameters for a settlement have been considered by the officer grouping and the authority's independent commercial legal advisors will be asked to advise upon the reasonableness of any finalised settlement</p>	<p>RE = H</p> <p>There is a significant gap between the payment made to date and Axon's potential claim and it is highly unlikely that Axon will close the negotiations unless they receive an offer/award of a sum substantially in excess of the payment.</p>	<p>No change the residual exposure is still considered to be High.</p> <p>The following point of clarification is provided in response to matters that were raised during debate on the Budget Report. The formal decision whether to go ahead or not with the proposed Partnership with Axon Solutions Limited has not yet been made. This risk assessment sets out scenarios based on the financial implications of not going ahead with the proposed partnership. This is not however intended to prejudice the outcome of the formal decision-making process</p>

RISK EXPOSURE	MITIGATING ACTIONS	RESIDUAL EXPOSURE	MONITORING OF RISK
<p>4. <u>Transformation Programme</u>            With Cabinet's conclusion that the Axon Partnership programme should cease it is likely that there will be a requirement to put in place a new work programme which will transform the Council into a more efficient and effective operation, capitalising upon modern technology. There is no budget provision for work associated with effecting this transformation. The risk is that it may prove difficult to adequately resource the delivery of the programme from existing resources but, on the other hand, over and above the Savings Programme no specific transformation/savings benefits have been built into the 2009/2010 budget</p>	<p>The transformation programme has now been integrated with the Savings Programme, so the mitigating actions associated with the latter apply also to this area.</p>	<p>RE = H</p> <p>The comments applicable to the Savings Programme apply but in addition it must be borne in mind that a major emphasis of the Savings Programme is cash saving, whereas transformation is also concerned with service improvement.</p>	<p>No change the residual exposure is still considered to be High.</p>

RISK EXPOSURE	MITIGATING ACTIONS	RESIDUAL EXPOSURE	MONITORING OF RISK
<p><b>C. <u>Income Levels</u></b></p> <p>1. <u>Grant and Contribution Income</u> Over and above Formula Grant the Council is dependent upon a significant sum from targeted/ring fenced grants and contributions from other public bodies. These grants and contributions combine firm commitments of grant offers and estimates of potential grants/contributions. The risk is, that in the current economic climate and the specific financial pressures upon those bodies making the grant and/or contributions, that funds will be limited resulting in a short-fall of such income to the Council.</p>	<p>Because of ongoing working relationships and the funding arrangements under which organisations making grants/contributions to the authority operate a significant element of these grants and contributions are judged to be secure. The at risk element relates to funding streams that emerge during the year and which themselves are dependent upon the City Council and the funder agreeing upon a work programme and statement of outputs/outcomes. It is the practice to work closely with such funders and to develop proposals jointly with them, such that there is an alignment of the funders and the City Council's objectives ,</p>	<p>RE = M</p> <p>Notwithstanding the mitigating actions the grant aiding bodies are themselves subject to financial pressures and forces beyond their control. To the extent that they constrain the organisations there is always a risk of a knock-on-effect to the City Council.</p>	<p>Residual exposure reduced to Low.</p> <p>The 2009/2010 Quarter One Revenue Budget Monitoring Information does not identify any particular or significant pressure on directorate budgets as a result of reductions in budgeted grant and contribution income.</p>

RISK EXPOSURE	MITIGATING ACTIONS	RESIDUAL EXPOSURE	MONITORING OF RISK
<p>2. <u>Planning and Building Regulation Fees</u>  The economic down-turn has had an impact upon the number of planning applications and the work of the building control division.</p> <p>The 2008/2009 budget provided £0.990M for planning fee income at charge rates which were applicable as at January 2008. Charges were increased by 30% with effect from 1 April 2008 and the revised estimate maintains the income at £0.990M effectively reflecting a 30% decline in demand. The 2009/2010 budget assumes the same level of demand and charges as applied in 2008/2009. The risk is that there will be a decline in this level of income.</p> <p>Building regulation fees were budgeted in 2008/2009 at £0.564M, but the revised estimate reduces this figure to £0.430M i.e. a 24% reduction. This level of reduction is assumed to continue in 2009/2010 although the risk is of an even greater fall income. There is a reserve which can be utilised should there be an overall deficit upon the service.</p>	<p>The City Council is impacted by the economic downturn generally and the particular market and development situation that prevails within Wolverhampton. Whilst it's economic regeneration and planning policies are designed to stimulate development/building activity it is difficult to make any material impact upon the over-arching economic situation.</p>	<p>RE = H</p> <p>The body of opinion amongst economic commentators is that it will be some time before a recovery commences and even longer before there is any material impact. It is by no means clear that the economic situation has reached its low point and it therefore has to be recognised that there may be even further contraction in these income streams. A further 10% reduction in planning fee income amounts to £0.099M.</p>	<p>Residual exposure reduced to Low.</p> <p>The 2008/2009 outturn was below budget. However, despite the 2009/2010 Quarter One Revenue Budget Monitoring Information projecting a shortfall of £0.240M against these income budgets, overall Regeneration and Environment are projected to be underspent against budget by year end.</p>

RISK EXPOSURE	MITIGATING ACTIONS	RESIDUAL EXPOSURE	MONITORING OF RISK
<p>3. <u>Land Charges</u>  Land charges income is forecast to reduce by £0.158M in 2009/2010 compared with the original 2008/2009 budget consequent upon the decline in the housing market. The risk is an even greater decline in the level of income. Also changes in legislation preclude an authority from making a surplus.</p>	<p>The Council's income is directly related to activity in the housing market over which it has little direct influence.</p> <p>Various costs associated with running the service are not currently charged to this budget heading but by so doing the risk of moving into surplus will be mitigated.</p>	<p>RE = H</p> <p>The budget assumes a similar level of activity to that which prevails in 2008/2009. This may prove to be optimistic.</p>	<p>Residual exposure reduced to Low.</p> <p>The 2008/2009 outturn was below budget. However, despite the 2009/2010 Quarter One Revenue Budget Monitoring Information projecting a shortfall of £0.092M against this income budget, overall Customer and Shared Services are projected to be underspent against budget by year end.</p>
<p>4. <u>Car Parking Income</u>  Car parking fees are a major source of income to the Council - £1.6M (excluding internal recharges) budget provision in 2008/2009.</p> <p>This level of income has been maintained in the 2008/2009 revised estimate and increased by 3% for 2009/2010 to £1.65M. This reflects a price increase and the assumption is that there will be no reduction in demand.</p> <p>The risk is that there may be resistance to the price increase compounded by a general decline in demand consequent upon the economic downturn.</p>	<p>Fundamentally the level of demand for car parking is a function of the economic and social activity in the City over which the authority has little direct influence.</p> <p>If price resistance arises there is the option to reduce prices in the hope that it will stimulate demand but that growth in demand would need to be greater than the price reduction to avoid a reduction in aggregate income.</p>	<p>RE = H</p> <p>Price resistance and the economic downturn could combine to put downward pressure on this income level. A 5% reduction is equivalent to approximately £0.080M</p>	<p>Residual exposure reduced to Low.</p> <p>The 2008/2009 outturn was above budget and the 2009/2010 Quarter One Revenue Budget Monitoring Information is also projecting income in excess of budget of £0.131M.</p>

RISK EXPOSURE	MITIGATING ACTIONS	RESIDUAL EXPOSURE	MONITORING OF RISK
<p>5. <u>Other Fees and charges</u>  Over and above the above fees and charges, the Council generates significant income through its leisure centres, community services, civic halls, libraries, archives etc. for which there is budget provision of £8.1M in 2009/2010: compared with 2008/2009 this represents an increase of £0.3M and the risk is, given the current economic climate, that this increase will not materialise.</p>	<p>The level of income is a function of social activity in the City, underpinned by the state of the economy. Whilst the authority can work to improve its service the over-arching economic situation is beyond its controls.</p>	<p>RE = H</p> <p>Changes in social activity consequent upon the economic downturn could put downward pressure upon this income level. A 5% reduction is equivalent to approximately £0.400M.</p>	<p>Residual exposure reduced to Low.</p> <p>Despite the 2009/2010 Quarter One Revenue Budget Monitoring Information projecting shortfalls against income across the board, the Council is only projecting a small overspend overall. It is also worth noting that corrective action is being undertaken with the aim of ensuring that expenditure does not exceed budget by the end of the year. In fact options to deliver one-off savings during 2009/2010 are also being considered with the aim of not only ensuring that expenditure does not exceed budget but to actually reduce the planned use of £5.311M of the General Fund Balance agreed as part of the 2009/2010 Budget Strategy.</p>

RISK EXPOSURE	MITIGATING ACTIONS	RESIDUAL EXPOSURE	MONITORING OF RISK
<p>6. <u>Treasury Management</u>  The level of interest earned is wholly dependent upon the level of surplus funds available for investment and interest rates current at the time of that investment.</p> <p>The budgeting assumptions in these regards are for an average cash balance invested of £123M, at an average interest rate of 1.73%. A 0.5% variation upon the interest rate gives rise to a budget variance of £0.6M.</p>	<p>There is an ongoing active approach to treasury management which draws upon independent professional advice. Expert opinion is continuously accessed but the overriding issue is the impact of the economic situation and market forces over which there is no direct control.</p> <p>The authority's budget and debt management practices aim to optimise the level of cash available for investment.</p>	<p>RE = H</p> <p>The over-arching impact of economic and market forces are creating a highly uncertain situation in which it is impossible to forecast with complete confidence interest rates throughout 2009/2010. The variance could be positive or negative.</p>	<p>Residual exposure reduced to Medium.</p> <p>The 2009/2010 Quarter One Revenue Budget Monitoring Information is projecting a shortfall of £0.662M against this income budget, however, this is offset by the projected saving against interest payable of £0.687M. This has been achieved by adopting a strategy of using the Council's own cash balances rather than borrowing to fund capital expenditure. This is a short term strategy adopted whilst returns on investments remain very low. However, the situation remains under constant review to ensure that the strategy remains fit for purpose, as and when indications are that returns on investments will start to increase it will be necessary to be ready to borrow to ensure the best rates on that borrowing are secured before they begin to rise, the increase in the cost of borrowing will be inevitable due to what will be an increase in demand in the market for borrowing.</p>

RISK EXPOSURE	MITIGATING ACTIONS	RESIDUAL EXPOSURE	MONITORING OF RISK
<p>7. <u>Bad Debts</u>  The risk is that the level of bad debts will rise in the current economic climate. £0.2M is included in the 2009/2010 budget as a contribution to the bad debts provision and the opening balance upon the General Fund provision is estimated to be £3.9M. Over recent years the level of bad debts actually written off averages £0.200M.</p> <p>The 2008/2009 revised estimates include £1.7M as a contribution to the bad debts provision using a formulaic approach. The external auditor is being consulted on the change in approach in 2009/2010.</p>	<p>The level of debt collection is closely monitored on a continuous basis and any material variance from historic patterns will be quickly identified and remedial action taken.</p>	<p>RE = L</p> <p>Even if there is an increase in the level of bad debts it would have to be a very material proportion to exceed the aggregate provisions for bad debts.</p> <p>Any external audit challenge can be rebutted by relating the level of actual bad debts experienced to the provision and by advising that the formulaic approach is being revised to bring its results more into line with reality.</p>	<p>No change the residual exposure is still considered to be Low.</p>

RISK EXPOSURE	MITIGATING ACTIONS	RESIDUAL EXPOSURE	MONITORING OF RISK
<p><b>D. Service Demands</b></p> <p>1. <u>Looked After Children (LAC)</u>  The budget assumes 370 LAC in 2009/2010 compared with a budget assumption of 355 in 2008/2009. As well as the change in the number of LAC there are assumptions regarding the delivery of their care programmes. This service area is highly complex and demand driven: variations in the number of LACs and their care programmes can have very material financial impacts. The current social and professional climate appertaining to vulnerable children is such that the demand for services could exceed that for which there is budget provision.</p>	<p>Over recent years very active policies and practices have been pursued with a view to reducing the number of LAC and ensuring those that do come within the care of the Council receive the most cost effective means of support. These practices will continue along with a heightened emphasis upon identifying children at risk and improved assessment processes when considering whether or not to bring a child into care.</p>	<p>RE = H</p> <p>Notwithstanding the positive mitigating actions the LAC budget area reflects the characteristics of a demand led service. Even a small variation in the numbers of LACs can have very material financial consequences particularly where a complex care/support programme is required that might require the use of services/facilities from outside of the city.</p>	<p>Residual exposure reduced to Low.</p> <p>The 2008/2009 outturn was below budget and the 2009/2010 Quarter One Revenue Budget Monitoring Information is projecting that expenditure will equal budget. Although the number of Looked After Children is increasing, there are currently 391, so this position remains under close scrutiny.</p>

RISK EXPOSURE	MITIGATING ACTIONS	RESIDUAL EXPOSURE	MONITORING OF RISK
<p>2. <u>Vulnerable Adults</u> Demographic and social change is dictating that the number of vulnerable adults who come to the Council's attention and who need support is on the increase. In addition, there will be young adults transitioning from children's service. £0.500M has been built into the Adult and Community Services budget to reflect that situation. As a demand led service it is subject to similar risks to Looked After Children and in a worst case scenario costs could increase by up to £3M.</p>	<p>Care programmes for vulnerable adults are designed within the context of the finances available to the service. There is active case management and the vigorous pursuit of cost effectiveness (evidence the measures being effected within the Savings and Transformation Programme). In addition to the extra sum built into the budget, there is a contingency reserve of approaching £0.600M upon which the service could draw and a possible contribution from the PCT.</p>	<p>RE = H</p> <p>It is considered that the mitigating actions should be particularly effective but there remains the risk that service demands will outstrip the aggregate available funds by up to £0.500M.</p>	<p>No change the residual exposure is still considered to be High.</p> <p>The 2008/2009 outturn was below budget, however, the 2009/2010 Quarter One Revenue Budget Monitoring Information is projecting a significant overspend and indications are that demand continues to increase. It is worth noting that despite this the Council is only projecting a small overspend overall for 2009/2010, however, as some of this is possible due to one-off opportunities, including utilising available specific reserves, the 2010/2011 budget is likely to come under severe pressure, this will be picked up as part of the forthcoming budget process.</p>

RISK EXPOSURE	MITIGATING ACTIONS	RESIDUAL EXPOSURE	MONITORING OF RISK
<p>3. <u>General</u>            Changing social and demographic pressures impact upon the demand for services and these pressures can be compounded in an economic downturn. This can find expression in increased need for services in respect of, for example, homelessness, drug abuse, increased mental health problems, increased crime and anti-social behaviour etc.</p> <p>Other than a specific budget increase in respect of services for vulnerable adults, no budget provision has been made to accommodate these pressures.</p>	<p>Monthly monitoring of the revenue budget looking at expenditure to date, commitments and forecasting the year end. At quarterly intervals a comprehensive budget management report linking progress relative to the budget and to changes in service demand along with the degree to which savings built into the Savings and Transformation Programme are arising and impacting upon the then current spend.</p> <p>Should evidence begin to emerge of a potential budget overspend the introduction of short-term cost containment measures. Cost containment measures could include the freezing of discretionary non recurring budgets and recruitment freezes.</p>	<p>R = M</p> <p>Notwithstanding robust budget management there are elements of expenditure which are difficult to control e.g. demand led budgets and for which it may prove difficult to identify a compensating saving. A 0.5% adverse variance upon gross expenditure upon the Children and Young People (net of Schools Budget), Adults and Communities and Sustainable Communities approximates to £2M.</p>	<p>No change the residual exposure is still considered to be Medium.</p> <p>Although the 2009/2010 Quarter One Revenue Budget Monitoring Information does not identify any particular or significant pressure on directorate budgets as a result of increased demand for services (outside of those already specifically covered), the increasing number of unemployed could still yet have an impact on budgets during the financial year. Demand for services and budgets will continue to be monitored closely in order to identify any potential issues at the earliest opportunity in order to give as much time as possible to deal with the associated budget pressures.</p>

RISK EXPOSURE	MITIGATING ACTIONS	RESIDUAL EXPOSURE	MONITORING OF RISK
<p><b>E. Capital Programme</b></p> <p>1. <u>Interest Rate Changes</u></p> <p>As indicated under the income levels section above the Council is vulnerable to changes in interest rates. Medium and longer term borrowing over recent years has tended to provide a relatively stable average interest rate for the Council's borrowings, but in 2009/2010 there is a re-financing and new borrowing requirement estimated at £76.6M for which an interest rate of 3.8% has been assumed. A 0.5% variance upon this interest rate amounts to £0.4M.</p>	<p>There is an ongoing active approach to treasury management which draws upon independent professional advice. Expert opinion is continuously accessed but the overriding issue is the impact of the economic situation and market forces over which there is no direct control.</p>	<p>RE = H</p> <p>This residual exposure is because of the over-arching impact of economic and market forces which are creating a highly uncertain situation in which it is impossible to forecast, with confidence, interest rates throughout 2009/2010.</p>	<p>No change the residual exposure is still considered to be High.</p> <p>As detailed under the Treasury Management Risk a strategy of using the Council's own cash balances rather than borrowing to fund capital expenditure has been adopted in order to secure savings against the revenue budget to offset the falling return on investments. This is however a short term strategy adopted whilst returns on investments remain very low and it will be necessary to borrow during the year as the Council's cash balances are depleted. However, the situation remains under constant review to ensure that the strategy remains fit for purpose, as and when indications are that returns on investments will start to increase it will be necessary to be ready to borrow to ensure the best rates on that borrowing are secured before they begin to rise, the increase in the cost of borrowing will be inevitable due to what will be an increase in demand in the market for borrowing.</p>

RISK EXPOSURE	MITIGATING ACTIONS	RESIDUAL EXPOSURE	MONITORING OF RISK
<p>2. <u>Capital Receipts</u>  The 2009/2010 capital programme assumes the application of capital receipts of £0.5M. To the extent that the capital programme proceeds as planned, but capital receipts are not generated, there will be a requirement to exercise prudential borrowing powers and in broad terms the exercise of such powers per million pound generates an impact upon the revenue budget of £0.100M.</p>	<p>The capital programme is actively managed and when so doing expenditure and income streams are continuously monitored. There is always the option to reprogramme outlays should there be slippage or a shortfall in income streams.</p>	<p>RE = L</p> <p>Given the high level of monitoring applicable to the programme and the 'discretionary' nature of the spend, the probability of a funding gap consequent upon a short fall in capital receipts is deemed unlikely. Also the capital receipts estimate is very prudent.</p>	<p>No change the residual exposure is still considered to be Low.</p> <p>Although the 2009/2010 Quarter One Capital Budget Monitoring Information indicates that there is likely to be a shortfall against the assumed levels of capital receipts the situation will be managed to minimise the impact on the revenue budget, e.g. reprogramming in order to delay expenditure until 2010/2011 and beyond.</p>

RISK EXPOSURE	MITIGATING ACTIONS	RESIDUAL EXPOSURE	MONITORING OF RISK
<p><b>F. <u>Service Suppliers</u></b>  <b>1. <u>Service Suppliers</u></b>  Generally the Council makes extensive use of third party service suppliers e.g. in adult caring services, information technology support, asset management and maintenance (vehicles, premises etc). In the current economic downturn, it is possible that some of these suppliers could be financially exposed consequent upon, for example, a downturn in their business and/or having difficulty in negotiating financing arrangements.</p> <p>The ultimate downside is that some suppliers may cease to trade with risks for the City Council associated with the continuity of service and possible higher level of costs as temporary emergency measures and new service suppliers are put in place.</p>	<p>Departments using external service suppliers work closely with them and are kept abreast of their service and business situation. At worst this gives the City Council notice of emerging problems.</p> <p>On the other hand the placement of business with service suppliers and the guarantee of cash flow payment and continuity of work serves to underpin the businesses. It also helps them manage any adverse impacts that they may be experiencing upon non City Council areas of their businesses.</p> <p>There remains however the overarching economic and financial situation over which the City Council has no direct influence.</p>	<p>RE = H</p> <p>Notwithstanding the mitigating actions, the economic downturn and difficulties in obtaining finance do create a situation where there is a high probability of service suppliers experiencing severe business difficulties.</p>	<p>Residual exposure reduced to Medium.</p> <p>The 2009/2010 Quarter One Revenue Budget Monitoring Information does not identify significant pressure on directorate budgets as a result of such risks. However, this risk has occurred when the Council's supplier of milk to schools recently went out of business.</p>

RISK EXPOSURE	MITIGATING ACTIONS	RESIDUAL EXPOSURE	MONITORING OF RISK
<p>2. <u>Voluntary Sector</u>  The voluntary sector provides services in conjunction with the Council and can in its own right provide support to individuals such that those individuals do not make a call upon Council services. The ability of the sector to discharge these roles is a function of the number of volunteers and the finances available. The risk is that there could be in 2009/2010 adverse variances in both areas but in practice it is impossible to estimate any impact.</p>	<p>Council officers working closely with the voluntary sector will be kept updated on developments alerting them to any early warnings of potential problems. Should the risk arise, the officers would have to look at means of alternative service provision within the context of the Council's budget.</p>	<p>RE = M</p> <p>Nationally evidence is beginning to emerge of a downturn in charitable giving and if that situation were to be reflected in Wolverhampton, it is probable that the voluntary sector may find itself constrained relative to the level of support it has/would wish to provide.</p>	<p>No change the residual exposure is still considered to be Medium.</p> <p>Although it is worth noting that the 2009/2010 Quarter One Revenue Budget Monitoring Information does not identify significant pressure on directorate budgets as a result of such risks.</p>

## **AREA BASED GRANT**

### **Background**

Area Based Grant (ABG) was introduced by the Government for the 2008/2009 financial year and the City Council has been notified of the total funding under ABG for both 2008/09 and also the 2009/10 and 2010/11 financial years. ABG is seen by the Government as a way of allocating additional resources to an area on the basis of need that is not captured by the Revenue Support Grant calculation. In this way, ABG must therefore be seen as mainstream funding. There are clear links with the Wolverhampton Local Area Agreement (LAA) and the targets that are contained within that LAA and hence there is a significant link with the work of the Wolverhampton Local Strategic Partnership (LSP). Nonetheless, the clear line of authority rests with the City Council.

At present ABG is analysed by the Government into individual funding streams but these are not ring-fenced. There is a clear need to link resources with LAA priorities and this process will be tested through the Comprehensive Area Agreement. This creates the opportunity to plan resources over a three year period, to link the use of ABG to other resources, to link resources identified in other key strategies and the LAA and to promote a cross agency and partnership approach.

A very significant element within ABG is the Working Neighbourhoods Fund (WNF). The City Council has agreed that the strategic management of the WNF should be co-ordinated through the LSP and its associated thematic sub-partnerships.

WNF has represented a similar initiative to the Neighbourhood Renewal Fund (NRF) that time expired at the end of the 2007/08 financial year. The essential difference from NRF is that WNF has a sharper focus upon worklessness, skills and child poverty. In order to respond to the new agenda for WNF, the LSP has developed, with a full range of partners, four thematic delivery plans that represent groups of key issues within the LAA. These delivery plans are for Worklessness and Skills, Building Young People's Resilience, Reducing Vulnerability and Neighbourhoods That Work.

A report was presented to Cabinet (25<sup>th</sup> February 2009) that represented the financial framework for the WNF for the medium term in the context of these delivery plans. The underlying principle is that the LSP uses commissioning arrangements with clear lines of accountability from those parts of the Partnership responsible for delivery through the LSP, to the City Council and to Government.

The analysis overleaf summarises the resources awarded by the Government for ABG for 2008/09, 2009/10 and 2010/11 and should be seen in the context of the high level approach to resource management that is set out in this note.

## Wolverhampton's Area Based Grant: Allocations Update Published November 2008

	2008/09	2009/10	2010/11
	£	£	£
<b><u>Department for Children, Schools &amp; Families</u></b>			
School Development Grant (LEA Retained Element)	1,517,671	1,517,671	1,517,671
Extended Schools - Start Up	485,741	899,459	369,896
Primary National Strategy - Central Co-ordination	177,585	177,764	177,778
Secondary National Strategy - Central Co-ordination	195,517	195,978	196,184
Secondary Behaviour and Attendance - Central Co-ordination	68,300	68,300	68,300
School Improvement Partners	126,690	126,690	126,690
Education Health Partnerships	106,468	81,017	81,017
School Travel Advisers	30,000	30,000	30,000
Choice Advisers	38,875	38,875	38,875
School Intervention	72,600	72,600	72,600
Flexible 14 to 19 Partnerships Funding	71,368	70,857	70,476
General Duty on Sustainable Travel to School	19,956	19,956	19,956
Extended Rights for Free Travel	8,309	16,140	23,971
Connexions	2,619,554	2,748,470	2,890,404
Teenage Pregnancy Grant	257,000	257,000	257,000
Children's Fund	872,053	872,053	872,053
Positive Activities for Young People Programmes	512,650	771,450	956,307
Children's Social Care Workforce	114,543	113,728	112,903
Youth Task Force	50,000	50,000	50,000
Care Matters	219,011	300,290	345,697
Child Death Review Process	45,349	46,280	47,811
Child Trust Fund	7,192	-	-
Young People's Substance Misuse	36,793	36,793	-
Preventing Violent Terrorism (DCLG)	12,000	-	-
	7,665,225	8,511,371	8,325,589

	2008/09	2009/10	2010/11
	£	£	£
<b><u>Department of Health</u></b>			
Adult Social Care Workforce	782,739	800,783	816,741
Carers	1,347,562	1,433,460	1,514,844
Child and Adolescent Mental Health Services	584,501	611,329	637,311
Learning Disability Development Fund	254,605	253,221	252,207
Local Involvement Networks	168,762	167,985	167,045
Mental Capacity Act and Independent Mental Capacity Advocate Service	140,744	176,564	168,346
Mental Health	812,052	849,938	888,764
Preserved Rights	917,033	858,646	810,781
	5,007,998	5,151,926	5,256,039
<b><u>Department for Communities &amp; Local Government</u></b>			
Working Neighbourhoods Fund	6,137,591	7,388,499	7,709,278
Supporting People - Administration	136,887	126,080	108,069
Supporting People	-	-	7,997,826
Safer Stronger Communities	413,000	258,000	-
Preventing Violent Terrorism	105,000	125,000	131,000
Climate Change	22,500	-	-
	6,814,978	7,897,579	15,946,173
<b><u>Home Office</u></b>			
Safer Stronger Communities	339,725	339,725	339,725
Substance Misuse	81,282	81,282	81,282
	421,007	421,007	421,007
	<b>19,909,208</b>	<b>21,981,883</b>	<b>29,948,808</b>