

Children, Young People and Families Scrutiny Panel

07 December 2016

Report title	Draft Budget and Medium Term Financial Strategy 2017/18 - 2019/20	
Cabinet member with lead responsibility	Councillor Val Gibson Children and Young People	
Wards affected	All	
Accountable director	Keith Ireland, Managing Director	
Originating service	Strategic Finance	
Accountable employee(s)	Mark Taylor	Director of Finance
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Report to be/has been considered by		

Recommendation(s) for action or decision:

The Panel is recommended to:

1. Provide feedback to Scrutiny Board for consolidation and onward response to Cabinet on the Draft Budget 2017/18, in particular those elements that are relevant to this Scrutiny Panel, including specifically:
 - a. the Budget Reduction and Income Generation Proposals summarised at Appendix A.
 - b. the Financial Transactions and Base Budget Revisions summarised at Appendix B.
 - c. the other underlying assumptions to the 2017/18 Draft Budget as detailed at Appendix C.
2. Approve that the Scrutiny Panel response be finalised by the Chair and Vice-Chair of the Scrutiny Panel and forwarded to Scrutiny Board for consideration.

1.0 Purpose

- 1.1 The purpose of this report is to seek the Panel's feedback on the Draft Budget 2017/18 including the related Budget Reduction and Income Generation Proposals, Financial Transactions and Base Budget Revisions and underlying Medium Term Financial Strategy (MTFS) assumptions that was approved by Cabinet to proceed for formal consultation and scrutiny stages of the budget process, as appropriate, on 19 October 2016.

2.0 Background

- 2.1 At its meeting on 19 October 2016, the Cabinet considered the Draft Budget for 2017/18. Cabinet approved this as the basis for budget consultation and scrutiny over the forthcoming months.
- 2.2 The Cabinet report recommended that Budget Reduction and Income Generation Proposals amounting to £13.5 million in 2017/18 proceed to the formal consultation and scrutiny stages of the budget process. The Proposals that fall within the scrutiny remit of this Panel are shown at Appendix A.
- 2.3 The Cabinet report further identified that £10.0 million of Financial Transaction and Base Budget Revisions be incorporated into the 2017/18 Draft Budget. The Revisions that fall within the scrutiny remit of this Panel are shown at Appendix B.
- 2.4 Included at Appendix C is the other underlying assumption that impacts on the 2017/18 Draft Budget, that falls within the remit of this Panel, for example inflationary, demographic and pay related pressures.
- 2.5 It is important to note that any budget reduction and income generation proposals approved as part of prior year budget setting processes have already been scrutinised and approved by Cabinet and are therefore, already included in the MTFS.
- 2.6 As detailed in the Cabinet report, the 2017/18 Draft Budget will be considered by Scrutiny Panels during the November/December round of meetings and the feedback from those meetings will be reported to Scrutiny Board on 13 December 2016, which will consolidate that feedback in a formal response to Cabinet on 18 January 2017. The feedback provided to Scrutiny Board will include questions asked by Panel members, alongside the responses received. Cabinet will take into account the feedback from Scrutiny Board when considering the final budget setting report in February 2017, for approval by Full Council in March 2017.
- 2.7 In order to limit the volume of paper used as part of the budget reporting process, the Cabinet report has not been appended to this covering report. Panel members are instead requested to bring their copy of the Draft Budget and Medium Term Financial Strategy 2017/18 - 2019/20 report, which was circulated with the 19 October 2016 Cabinet agenda. Detail of all the Council's individual proposals, including the latest to be considered by Cabinet on 19 October 2016, can be found on the Council's website at: <http://www.wolverhampton.gov.uk/budgetsavings>

3.0 Proposals relating to the work of this Panel

- 3.1 Included in the Draft Budget strategy are budget reduction and income generation proposals and financial transaction and base budget revisions relating to the remit of this Panel. These are listed at Appendices A and B. The Panel is requested to provide and record its comments on these proposals, for submission to Scrutiny Board and then Cabinet.
- 3.2 In addition to commenting on these specific proposals, the Panel may also request additional information or clarification in relation to the budget and MTFS. Any such requests will be noted separately, either for consideration by the Panel at a future date, or for information to be forwarded to the Panel members concerned.

4.0 Financial implications

- 4.1 The financial implications are discussed in the body of the report, and in the report to Cabinet. [MH/11112016/D]

4.0 Legal implications

- 5.1 The legal implications are discussed in the report to Cabinet. [TS/11112016/A]

5.0 Equalities implications

- 5.1 The equalities implications are discussed in the report to Cabinet.

6.0 Environmental implications

- 6.1 The environmental implications are discussed in the report to Cabinet.

7.0 Human resources implications

- 7.1 The human resources implications are discussed in the report to Cabinet.

8.0 Schedule of background papers

- 9.1 Draft Budget and Medium Term Financial Strategy 2017/18 – 2019/20, report to Cabinet, 19 October 2016

Budget Reduction and Income Generation Proposals by Cabinet Portfolio

Children and Young People

Details	2017/18 £000	2018/19 £000	2019/20 £000
<p>Supervised Contact Efficiencies</p> <p>The number of looked after children has reduced from 807 in October 2014 to 627 as at the end of September 2016. This is a continuing and planned reduction brought about by effective management of the entry point, provision of Edge of Care Services and robust exit planning under the Children's Services transformation programme.</p> <p>Supervised contact provision is currently serviced through the Blakenhall Contact Centre. Due to the historic high and increasing demand of the Looked After Childrens Service additional provision was made through a £264,000 contract with a voluntary organisation (Spurgeons). This contract is currently funded until 31 March 2017. In addition the provision included funding for two additional FTE contact workers posts, which are now vacant.</p> <p>It is proposed to decommission the contracted activity and the two posts from the start of the financial year 2017/18 due to reduction in demand.</p>	(264)	-	-
<p>Children's Transformation Inclusion Support Income Generation</p> <p>Inclusion Support comprises a range of services to promote successful inclusion and engagement of children and young people in education.</p> <p>In addition to the delivery of services which are either statutory responsibilities or linked to the Corporate Plan, the service also delivers traded services to schools and other organisations to undertake activities which are not part of the Council's statutory responsibilities or core business.</p>	(150)	-	-

Budget Reduction and Income Generation Proposals by Cabinet Portfolio

Details	2017/18 £000	2018/19 £000	2019/20 £000
<p>The pricing for these traded services is set to enable full cost recovery but not to make a profit. Nevertheless, there is the potential to increase income generation, for two reasons. First, as traded work is usually at an earlier stage of intervention than statutory/core work, it means that increasing capacity in this area has the potential to reduce demand at a statutory level. Second, there are economies of scale to be achieved by growing traded services, which creates opportunities for efficiencies in the cost of service delivery.</p> <p>The proposal is to achieve an overall budget gain of £150,000 through increasing buy-in of traded Inclusion Support services.</p>			
<p>Youth Offending Team Efficiencies</p> <p>The proposal is to reduce the Youth Offending Team (YOT) budget by £100,000 by 2017/18. These savings will be found from two vacancies that exist on the YOT establishment and it is anticipated that with smarter and more agile working, the impact of these savings can be mitigated.</p>	(100)	-	-
<p>Children's Services Transformation</p> <p>The Children's Services Transformation Programme will continue to build on the significant changes made to date, through a number of projects across the service area in order to deliver a seamless, targeted approach to service delivery. This will ensure services are offered at the earliest point, in order to reduce demand on specialist services, and effectively and efficiently improve outcomes for children and young people. A consequence of this programme will be the continued delivery of efficiencies across the service area.</p>	(2,500)	-	-

Appendix B

Financial Transactions and Base Budget Revisions

Children and Young People

Details	2017/18 £000	2018/19 £000	2019/20 £000
Looked After Children – Removal of inflation pressures relating to foster payments	(170)	-	-

2017/18 Draft Budget Assumptions

Details	2017/18 £000	2018/19 £000	2019/20 £000
Budget Growth			
People Demographic and Demand – Looked After Children; continued increase in numbers combined with the previous inflationary pressure relating to Foster Carers – linked to Financial Transaction and Base Budget Revision above.	170	170	-