

HALTON BOROUGH COUNCIL



*Municipal Building,
Kingsway,
Widnes.
WA8 7QF*

23 August 2010

**TO: MEMBERS OF THE HALTON
BOROUGH COUNCIL**

You are hereby summoned to attend an Extra-ordinary Meeting of the Halton Borough Council to be held in the Council Chamber, Runcorn Town Hall on Wednesday, 1 September 2010 commencing at 6.30 p.m. for the purpose of considering and passing such resolution(s) as may be deemed necessary or desirable in respect of the matters mentioned in the Agenda.

A handwritten signature in black ink, appearing to read 'David W R'.

Chief Executive

-AGENDA-

- 1. APOLOGIES FOR ABSENCE**
- 2. DECLARATIONS OF INTEREST**
- 3. REVISION TO 2010/11 BUDGET**

REPORT TO: Council

DATE: 1 September 2010

REPORTING OFFICER: Operational Director - Finance

TITLE: Revision to 2010/11 Budget

WARDS: Borough Wide

1.0 PURPOSE OF REPORT

- 1.1 To set out the savings to the 2010/11 Budget as a result of the in-year reductions to Government and other grants.

2.0 RECOMMENDED: That the 2010/11 Budget and Capital Programme be revised as set out in the Report and supporting Appendix .

3.0 SUPPORTING INFORMATION

- 3.1 At the Executive Board meeting on 1 July 2010 it was reported that the Government had cut a number of grants that had been incorporated in the 2010/11 Budget. Since then further cuts to grants have been announced by both the Government and North West Development Agency (NWDA).

- 3.2 The latest position for Halton is

	£000
Area Based Grants	
Department for Education	1,225
Road Safety	90
Supporting People Administration	96
Working Neighbourhoods Fund	601
Cohesion	18
Home Office	17
	<u>2,047</u>
Other Revenue Grants	
Housing and Planning Delivery Grant	245
Local Area Agreement Reward Grant	444
Local Authority Business Growth Initiative	143
Workforce Modernisation and Development Grant	37
Support Staff Training and Qualifications Grant	51
Free Swimming Grant	107
Communities for Health	100
	<u>1,127</u>

	£000
Capital Grants	
Integrated Transport Block	442
Principal Road Network	438
Road Safety	75
Youth Capital Grant	41
Playbuilder Grant	429
	<u>1,425</u>
NWDA Capital Grants	
Venture Fields (The Hive)	1,420
3MG	639
Bayer Site	180
	<u>2,239</u>
Grand Total	<u>6,837</u>

- 3.3 The Council's budget was set, based on these grants being paid in full. Now that they are being reduced it will be necessary to revise and in most cases reduce spending to continue to achieve a balanced budget.
- 3.4 The proposals are set out in the Appendix which shows the financial, staffing and service implications. It is clear that services will have to be reduced or stopped altogether as a result of the cut in grants.
- 3.5 In total there will be a reduction of 47.33 FTE posts associated with these projects. This will mean staff being put at risk, in line with the Council's Staffing Protocol.
- 3.6 Every effort will be made to find alternative employment for these staff. However, it is most unlikely that every member of staff will be placed in this way, resulting in some compulsory redundancies.
- 3.7 The costs of these redundancies are unknown at present. There is no budget provision for these costs and they would need to be found from the contingency budget and will be reported in due course.

Capital Grants

- 3.8 Both the Government and the NWDA have cut capital grants coming to Halton and consequently spending plans have had to be revised downwards.
- 3.9 The Hive project is approaching financial close and the spending plans cannot be reduced without putting the scheme at risk. Following a review of the capital programme sufficient funding has been identified from unspent monies within the Capital Reserve as well as the LPSA Reward Grant allocation to meet the shortfall arising from the removal of NWDA Grant. This can be achieved without compromising any project within the existing capital programme.

2011/12 and Beyond

- 3.10 These cuts need also to be put in the context of wider changes taking place within other agencies, which have an impact on the Borough, many of which are not yet possible to fully quantify.
- 3.11 The emergency budget was announced by the Chancellor on 22 June 2010. He confirmed that the Comprehensive Spending Review will be published on 20 October 2010 and indicated that there will be real term spending reductions of 25% over the next 4 years. He also suggested that some Government Departments would be protected, which means that some Departments would suffer even bigger reductions. The DCLG, which covers local government, was not amongst those Departments that would be protected. This suggests local government would suffer larger cuts; 30% and even 40% have been mentioned by some commentators.
- 3.12 The Council receives £64.0m in Formula Grant, £24.7m in Specific Grants, £81.0m Dedicated Schools Grant (DSG) and £19.9m in Area Based Grants. Excluding DSG, these total £108.6m and therefore for each 1% cut in grant there would be a reduction of £1.1m in Halton's grant.
- 3.13 Clearly, to achieve the magnitude of savings announced in the budget will have major repercussions on the level of services provided by the Council. The Spending Review in October will provide fuller information on the total level of grant to the local government sector but detailed grant figures for Halton will only become apparent when the Provisional Local Government Finance Settlement is announced around the end of November.
- 3.14 On 28 July the Government issued its Formula Grant Distribution Consultation Paper. The Government have asked for comments on changes to formula grant distribution for next year. As yet it is too early to identify the consequences on Halton of these changes. However, to add further uncertainty on top of major cuts in grant is not helpful to financial planning.
- 3.14 The budget report to Council in March identified a "pessimistic" funding gap of £10m. Given the announcements by the new Coalition Government it is clear that assessment was not pessimistic enough and the Council should now assume that the funding gap will be around £15m for next year. Savings beyond next year will be assessed in the Medium Term Financial Strategy.

4.0 POLICY IMPLICATIONS

- 4.1 Appendix 1 presents an assessment of the policy implications associated with the proposed budget savings.

5.0 OTHER IMPLICATIONS

- 5.1 There are no other implications.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

- 6.1 Appendix 1 outlines the implications for the Council's Priorities arising from the implementation of the proposed budget savings.

7.0 RISK ANALYSIS

- 7.1 If the proposed budget savings were not implemented, the Council may not be able to contain spending in line with the 2010/11 budget and this may impact upon the Council's overall financial standing. The proposed actions outlined in Appendix 1 are intended to mitigate the risks associated with the reductions in Government and other grants.

8.0 EQUALITY AND DIVERSITY ISSUES

- 8.1 The Government have determined that the Area Based Grants are those which are to be reduced in year. These grants have, in the past, been directed at those authorities with the highest levels of deprivation, such as Halton. The impact on clients and the Council's priorities is therefore highlighted in the Appendix.

9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

- 9.1 There are no background papers under the meaning of the Act.

GRANT/PURPOSE	BUDGET REDUCTION £	IMPACT UPON COUNCIL PRIORITIES	STAFFING REDUCTIONS FTE
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CHILDREN AND YOUNG PEOPLE

14-19 Flexible Funding Pot. To provide support to develop 14-19 pathways and 2013 entitlement.	8,861	This cut will result in a reduction in the provision of additional guidance services and support to young people choosing 14-19 options. This could lead to an increase in drop out rates, out of borough drift and NEET. Examples of the activities which may be affected are the online prospectus, I choose and the production of diploma materials.	
Choice Adviser. Statutory requirement for Local Authorities to have a school Choice Adviser in post to provide independent advice and guidance to parents/carers on the school admissions/school admission appeals process.	6,311	The authority are required to have a Choice Adviser post. The total funding for this provision in 2010/2011 prior to the cuts was £26,334 the costs of the post for 2010/2011 is £27,091. As the post holder's contract runs until 31 st March 2011 the actual shortfall is £7068. As we are required to continue with this post in 2010/2011 the funding will be found from the School Development Grant reducing the levels of funding available for supporting schools development.	1 FTE
Education Health Partnerships. To support school and community based activities relating to National Health Schools (the flagship scheme to make healthy living an integral part of the school life of children and young people.	14,407	The activities that would be lost would include school based initiatives such as yoga, drama, chefs and other health related events. It would also impact upon the purchase of resources for schools.	

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Extended Rights to Free Travel. The Extended Rights to Free Travel grant was introduced through the Education and Inspection Act 2006 and is in place to provide assistance with school transport to parents on low income who meet specific criteria.	17,328	The service is reactive as parents come on and off benefits throughout the year and assistance is provided at that time. Reducing this funding could impact on the authorities ability to be able to allow parents on low income to access the school of their choice.	
Extended Schools Start Up Grant (ABG). To ensure that schools are supported in offering the Full Core Offer of services by Sept 2010. Current position 99.8% schools delivering FCO to date.	233,313	There would be a freeze on the recruitment of the temporary posts and the service would be depleted. There would be an increased workload on current staff and no additional funding for schools. The number and level of activities offered for young people will reduce as a result of this cut along with the subsidy previously provided to support extended activities in disadvantaged areas.	
Behaviour and Attendance. To support the delivery of a range of behaviour and attendance improvement programmes to secondary schools.	16,368	This funding supports the Behaviour Consultant and administrative support. The Behaviour Consultant postholder has now resigned. This post will now not be replaced in order to find the savings required. The loss of the Behaviour consultant will impact on the behaviour support available to schools. This in turn could lead to problems with behaviour in schools which could lead to increased exclusions.	2 FTEs
Secondary National Strategy Central Co-ordination. To support the delivery of a range of school improvement	31,725	The savings have been achieved through freezing the vacant Science Consultancy vacancy and purchasing from The Bankfield very limited Science support. This reduction in the direct support to schools to improve teaching and learning could potentially impact upon children	6 FTEs

GRANT/PURPOSE	BUDGET REDUCTION £	IMPACT UPON COUNCIL PRIORITIES	STAFFING REDUCTIONS FTE
programmes to secondary schools.		and young people's achievement.	
Primary National Strategy Central Co-ordination. This grant contributes to the funding of professional development / training sessions for teachers and teaching assistants through a universal offer for all schools and also targeted school improvement support for underperforming schools, including schools causing concern. Training is primarily targeted at raising the quality of teaching and learning in literacy, maths and assessment practice, the tracking and monitoring of pupil attainment and progress, including vulnerable groups and also developing leadership skills.	22,620	The Early Years Support and Intervention Lead vacancy has been frozen to provide this saving. This reduction, along with the withdrawal of the Improving Schools Programme (ISP) funding, means that school improvement activities in our most vulnerable schools and settings would be put at risk.	5 FTEs
School Development Grant. This grant is used to support the activities the LA undertake to support school development	349,709	Previously, support has been provided to schools to support attendance and behaviour and provision. This funding has now been ceased. This reduction in support could impact on attendance levels in schools which have over recent years been improving and the level of exclusions which again have been reducing in recent years. This progress could be reversed through the reduction in funding.	20 FTEs.

GRANT/PURPOSE	BUDGET REDUCTION £	IMPACT UPON COUNCIL PRIORITIES	STAFFING REDUCTIONS FTE
School Improvement Partners. To support the delivery of the statutory work of the school improvement Partner. Their role is to support and challenge our schools and assist Governors with the Headteacher's Annual Performance Management.	17,097	The service would not be lost as it is statutory. By reducing our SIP budget the Advisory team would have to take on more schools and this would further impact the progress of our underperforming schools. Furthermore, knowledge of the schools has been acquired by our SIP team and this does take time. The LA would not know their schools as well as we currently do.	
Children's Fund.	115,859	This reduction will mean that services which support and assist families to reach their potential and safeguard children from harm will have to be reduced. This includes initiatives to reduce teenage conception rates a key priority for the borough. Support for young carers,	2.33 posts
Connexions ABG. To fund the delivery of statutory Connexions services providing Information, Advice and Guidance to young people to support them into education, employment and training. Service provided also targets support at vulnerable groups to ensure they have the same access to positive opportunities as their peers. The services meet and assist in meeting a wide range of requirements under legislation including the Learning & Skills Act 2000, Children Act 2004 and the Apprenticeship, Skills, Children and Learning Act 2009.	154,847	There would be no scope to purchase enhanced and accelerated services to supplement and target support further at vulnerable groups and priorities. We are legally contracted to fund the core service provision leaving a shortfall of £257,247 on the new allocation. Although there is no provision in the current contract to reduce the agreed level of service provision and reduce the budget, discussions are taking place with Connexions to explore whether there are any in-year budget reductions they would be prepared to agree to on a voluntary basis.	

GRANT/PURPOSE	BUDGET REDUCTION £	IMPACT UPON COUNCIL PRIORITIES	STAFFING REDUCTIONS FTE
Child Death Processes. Set up and run the Child Death Review Process.	5,667	The data collection exercise, coordinated on a NW basis and locally for individual child deaths would have to be scaled back and the work transferred to the HSCB team to ensure the savings can be achieved.	
Care Matters. To contribute towards achievement of the range of developments within the Care Matters White Paper.	39,258	This reduction will have an impact on the range of services currently offered to children in care, including individual tuition and learning support, foster care training, bursaries for those in higher education and the children in care council.	
Young People's Substance Misuse and Young People's Substance Misuse Partnership. To provide a community based specialist substance misuse service for young people with substance misuse and related complex health issues.	4,975} 3,291}	This service enables Halton to target young people who require intensive support in response to a crisis situation or an increase in chaotic behaviour relating to substance misuse. These savings will mean there has to be a reduction in the frontline support for young people suffering drug and alcohol misuse. night-time economy and related anti-social and criminal behaviour.	
Designated Teacher Funding. To support the costs of designated teachers.	10,228	This funding is to support the training and development of teachers in schools who are designated teachers for Looked After Children. Any training and development requirements schools may require will have to be self funded.	
LSC Transfer. To fund LA statutory commissioning duties transferred from the Learning and skills Council.	59,141	This funding was guaranteed to fund the LSC team that have transferred to the local authority so the implication is a reduction in staffing to that team. As they have TUPE rights including Civil Service terms and conditions it will be costly and is unlikely to achieve the required in year saving. Currently the team are working on the commissioning statement for Haltons post 16 provision. Destabilising this team could put the planned commissioning process at risk leading	4 FTEs

GRANT/PURPOSE	BUDGET REDUCTION £	IMPACT UPON COUNCIL PRIORITIES	STAFFING REDUCTIONS FTE
		to inappropriate provision being available for young people in Halton. The consequence would be further increases in learners travelling out of borough for their post 16 provision and a significant reduction in Haltons £12 million allocation for post 16 provision. As reducing the staff in year will not provide the necessary savings the funding received to support 14-19 curriculum development and quality assurance will have to be used to support the LSC staffing and the work undertaken in this area reduced.	
January Guarantee. To support young people who are NEET back in to Education at the mid point of the academic year by providing additional guidance support and flexible learning opportunities.	6,274	This funding has been instrumental in contributing to activities which have led to a 3% reduction in the Boroughs NEETs. Any reductions to activities which support the successful borough NEET strategy are likely to affect our ability to engage with our most vulnerable young people and improve their life chances through education, employment and skills.	
Sustainable Travel General Duty. The purpose of the grant is to meet the additional expenditure pressure on local authorities that result from the general duty in section 76 of the Education and Inspections Act 2006 to assess the travel and transport needs of all pupils and promote sustainable means of travel to school.	2,456	Travel assistance for eligible pupils. Reducing this funding could impact on the authorities ability to be able to allow parents on low income to access the school of their choice.	

GRANT/PURPOSE	BUDGET REDUCTION £	IMPACT UPON COUNCIL PRIORITIES	STAFFING REDUCTIONS FTE
(Secondary Pupils)			
Cohesion. To promote community cohesion.	75,000	This is a key priority and is considered in the OFSTED inspection of schools. All partners have been advised that there will be no project support in 2010/2011 and any activity they undertake they must self fund.	
Child and Adolescent Mental Health Service (CAMHS). The core CAMHS Grant is given to Councils with Social Services Responsibilities (CSSRs) to enable them to carry forward their joint strategies with the NHS and other agencies to develop CAMHS. The Children's National Service Framework (NSF) published in September 2004, includes practical guidance for improving the service and a description of what a comprehensive CAMHS should include.	50,000	As a result of this cut there will need to be a reduction in the following provision: Children and Young People Counselling Service; Children in Care CAMHS Service tier 2+; and Training and specific accredited CPD Courses.	
Workforce Modernisation and Development Grant.	37,000	This funding supports the training and development of the schools workforce including Headteacher and deputy Headteacher induction. This activity will have to be self funded by schools.	
Support Staff Training and Qualification Grant.	51,000	This will impact upon the provision of training for support staff in schools. This activity will have to be self funded by schools.	1 FTE
Youth Capital Fund.	41,050	This is a reduction in the funding passported to young people through the youth service so that they can design services to meet their local needs.	

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ADULTS AND COMMUNITY			
Supporting People Administration.	96,492	There are a number of staff employed to support the contract management of the Supporting People services. These staff will be funded through the Supporting People Grant in the future.	
Free Swimming Grant. Provide free swimming to those aged 16 and under and to those aged 60 and over.	107,499	We will be reviewing free swimming in the Autumn as a consequence of the cuts announced. Half price swimming is already in place for adults aged 60 and over through the Halton Leisure Card.	
Communities for Health.	100,000	This funding supports numerous projects designed to engage and empower communities to improve their own health and help to reduce health inequalities.	
Playbuilder Grant. To create 9 challenging and stimulating play areas for children either through building new areas or transforming existing ones	429,000	<p>A final decision as to whether some or all of the Playbuilder capital grant is still to be made. (Decision promised by late August/early September).</p> <p>In the event that all the funding is withdrawn all 9 projects would be at risk. It is also possible that other additional 'matched' funding would be lost.</p> <p>A range of contingencies are being considered by the project team, but, if the worst scenario prevails, ie all funding withdrawn, at best 1 or 2 reduced scale projects would be possible.</p>	

GRANT/PURPOSE	BUDGET REDUCTION £	IMPACT UPON COUNCIL PRIORITIES	STAFFING REDUCTIONS FTE
ENVIRONMENT AND ECONOMY			
Road Safety Grant². The purpose of the grant is to help local authorities achieve Government targets for reductions in road casualties and assist with local priorities for road safety.	90,000	It is proposed that the £90k saving be spread across CSRP and HBC and would be consistent with what the other partners are doing. A £90k cut is 27% of the total budget and hence it is proposed to take approx. £55,000 from Cheshire Safer Roads Partnership and £35,000 from the HBC retained element. This will impact on the functions referred to above but it is difficult to be specific at this stage as all partners analyse the potential impacts. It is obvious however, that some or all of the functions referred to above will be adversely affected to some degree.	
LTP – Highways Maintenance. Delivery Programme of Major Bridge Maintenance for Structures on the Primary Route Network.	438,000	Ongoing ad future bridge maintenance works (particularly on the SJB complex) would be compromised, leading to unfinished work, contractual dispute and continuing maintenance backlog.	
LTP – Other. To fund capital schemes within the approved integrated Transport Block of the Local Transport Plan.	442,000	A Number of planned improvements would not be able to take place – the programme is currently being reviewed to determine which schemes need to be deferred/cancelled.	
Road Safety. To fund casualty reduction schemes on the highway – to provide engineering solutions to known accident sites.	75,000	Accident reduction proposals will be affected across the partnership area as all partners have suffered the same 100% cut.	
Housing and Planning Delivery Grant.	245,000	This grant has been previously used to support the Council GIS officer post (salary), to support software costs but mainly to fund the programme of work associated with the delivery of the Local Development Framework. As a consequence of the loss of grant the	

GRANT/PURPOSE	BUDGET REDUCTION £	IMPACT UPON COUNCIL PRIORITIES	STAFFING REDUCTIONS FTE
		post referred to can no longer be funded from this source, alternative funding will have to be found for essential software and the entire work programme for the LDF will have to reviewed, delayed or possibly stopped.	

GRANT/PURPOSE	BUDGET REDUCTION £	IMPACT UPON COUNCIL PRIORITIES	STAFFING REDUCTIONS FTE
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RESOURCES

Working Neighbourhoods Fund. WNF is allocated to the most derived areas of the country to help local strategic partnerships to tackle worklessness and the other elements of deprivation.	601,379	A revised funding profile for Halton Strategic Partnership has been agreed to take account of the £601,379 cut in WNF and a similar reduction in LPSA2 reward grant. There will be reductions in funding for a number of schemes, including Teenage Pregnancy (-£40,000, a 37% reduction); Widnes Waterfront, Business Parks, Town centres, Contaminated Land and Landlord accreditation(-£92,000, a 20% cut), Children and Young Persons projects (-£137,000, a 20% cut), Antisocial Behaviour (-£100,000 = -20%), Domestic Violence (-£13,500 = -13.5%) and Alcohol commissioning (-£145,000 = -26%)	
Safer and Stronger Communities. Part of the area based grant allocated to the Safer Halton Partnership/Community Safety Partnership.	13,323	Proportionate reduction in service delivery.	
Community Call for Action/Overview Scrutiny Committee (New09/10).	155	None.	
LPSA Reward Grant.	443,542	See Working Neighbourhoods Fund above.	
Local Authority Business Growth Initiative (LABGI).	142,586	The Council received negligible allocations of LABGI in previous years and therefore this will not have a direct impact, but the reduction this year will provide a significant loss of opportunities.	

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