

25 November 2021

Draft Revenue Budget and Draft Capital Programme 2022/23 – 2025/26

Ward(s) All

Portfolios: Councillor Chris Towe – Education and Skills

Executive Summary:

The draft revenue budget, as reported to Cabinet on 20 October 2021, includes the latest medium term financial outlook (MTFO) for the four-year period from 2022/23 to 2025/26. It also outlines the draft revenue budget for 2022/23 to 2025/26 (including savings proposals for consultation), draft capital programme for 2022/23 to 2025/26, and sets out the process and timescale for setting a legally balanced budget for 2022/23.

Our MTFO has been updated for all known pressures, including best professional assumptions around the ongoing impact of Covid-19. The Council is legally obliged to set a one year balanced budget (2022/23), however a medium term approach is beneficial to allow for sound financial planning and to support future financial stability. The report to Cabinet presents a balanced budget for 2022/23 and a number of savings proposals for 2023/24 and 2024/25, however further options are being identified to allow for a balanced budget over the period 2023/24 to 2025/26 aligned to the Corporate Plan and Proud activity. The assumptions include a 1.99% council tax increase, in line with current referendum assumptions.

The Government Spending Review took place on 27 October 2021 covering a three year period, alongside the Chancellors Autumn Budget statement. Full analysis of the impact of core funding on our budget assumptions over the next review period will be undertaken, and reported back to Cabinet in December on the impact for the 2022/23 budget and MTFO for future years. Our current funding and cost assumptions are set out in the report to Cabinet, and therefore they are subject to change.

The draft capital programme for 2022/23 is balanced and totals £62.27m. It sets out new capital investment funded from the council's own resources of £38.41m (funded by capital receipts and borrowing) and externally funded schemes of £23.86m (funded by capital grants) and represents a balanced programme for 2022/23. In addition, the report sets out a further three years of indicative proposals to 2025/26. Despite reductions in capital funding in recent years and going forward, the draft capital programme contains significant investment into highways, education, and into adult social care and housing to support vulnerable households through Health through Warmth and provision of aids and adaptations.

This report provides an extract of the Proud draft revenue savings proposals and Investments / Cost Pressures for 2022/23 – 2025/26 by Proud Outcomes, which fall within the remit of the Education Overview and Scrutiny Committee for consideration. It also provides a summary of the draft capital programme for schemes within the remit of this Committee.

Feedback from this Committee on the draft revenue and capital proposals will be reported back to Cabinet on 15 December 2021. This will inform the final draft budget to be considered by Cabinet on 9 February 2022 to be recommended to Council on 24 February 2022. Any changes to draft revenue and capital budget proposals as a result of equality impact assessments and consultation, along with the outcome of the councils strategic asset review, will be fed into the final budget report.

Reason for scrutiny:

To enable consultation of the draft revenue and capital budget proposals for services within the remit of this Committee. Comments on the operational revenue proposals are welcomed but not essential, as they are able to be delivered under delegations.

Recommendations:

That:

1. The Committee are recommended to consider the draft revenue budget proposals attached that relate to the remit of this committee as shown in **Appendices 1 and 2**, and that feedback will be presented to Cabinet on 15 December 2021.
2. The Committee are recommended to consider the draft capital schemes included in the draft capital programme attached that relate to the remit of this committee as shown in **Appendices 3 and 4**, and that feedback will be presented to Cabinet on 15 December 2021.

Background papers:

Various financial working papers.

Resource and legal considerations:

Cabinet on 20 October 2021 were presented with a list of draft Proud revenue savings proposals for consultation and a list of growth items by Proud outcome, along with a draft capital programme over the period 2022/23 to 2025/26.

The full Cabinet report can be accessed at the following link:

[Draft revenue budget and capital programme 2022/23 to 2025/26 - Cabinet 20 October 2021](#)

Maximising Outcomes through Budgeting 2022/23 onwards

Finance and the corporate management team (CMT) have been assessing the best approach to mapping the council's financial envelope to the delivery of the council's key priorities, measures of success and outcomes. Finance have started work collaboratively with all services on a new outcomes based process aligning spend more accurately to the council's agreed deliverables building on the work previously undertaken to map the gross and net expenditure of the council by outcomes as well as benefits delivered/ to be delivered within the corporate Budget Plan.

This is being aligned to the Corporate Plan/direction of travel work for 2022/23 onwards which will be presented to Cabinet during December as draft, and then Cabinet and Council in February 2022 as final, to approve and endorse the council's key outcomes and ambitions. This will feed into the commissioning and financial strategies at the end of the 2021/22 financial year. This will then fully inform the 2023/24 budget process starting in Spring 2022 where the 2022/23 budget will be fully mapped to the council's key outcomes in the Corporate Plan 2022-25.

The updated direction of travel approach will set out how the budget will be aligned to deliver the desired outcome i.e. through different amounts of delivery, coordination, influencing, signposting or regulating. A review of the current delivery model will be undertaken alongside the direction of travel and re-prioritised where appropriate to maximise value for money and overall delivery of outcomes. Moving forward the aim is to ensure that budgets from 2023/24 onwards are built and developed around this approach.

Savings proposals

The Proud service transformation plans have identified £20.14m of financial benefit for 2022/23 and £6.08m for 2023/24. Benefits / savings are classified into two categories:

1. Policy Proposals - which require an Executive decision to proceed, and which will be referred for public consultation and equality impact assessment prior to any decision being made to include these in Cabinet's final budget proposals. These total £282k over the two years. The majority are full year impact of savings from 2021/22. There are no policy proposals relating to the remit of this Committee.
2. Operational Proposals – savings which officers have delegations to implement; examples include restructures, back office savings and operational efficiencies. These total £25.95m over the two years. Operational proposals relating to the remit of this committee are shown at **Appendix 1 B**, and total £682k over the two years.

Some proposals require investment to support delivery, most of which has been provided for as part of the approved 2021/22 budget. Such investment will only be allocated if the relevant saving proposal is included within Cabinet's final budget report in February, once consultation and equality impact assessment on proposals has concluded.

Savings proposals outlined in the report to Cabinet on 20 October 2021 will ensure a balanced budget for 2022/23. A gap of £10.25m remains after the delivery of the £6.08m saving identified for 2023/24, with a further £18.41m saving requirement for 2024/25 and £15.23m for 2025/26. Directors continue to work on identifying additional options for Members consideration through the STP process, and a further report will be presented to Cabinet outlining further options to balance the budget for 2023/24 onwards. A work stream review of the STP's is taking place to ensure that they maximise opportunities from the Proud ways of working and capabilities, and therefore capture the full benefits; to ensure they capture innovative thinking; and to challenge any opportunities to accelerate identified savings.

Investment / cost pressures

Further to the changes in assumptions, the draft budget 2022/23 – 2025/26 includes provision for growth and investment of c£55m. There is a further £4.52m of pay and pension related investment to be allocated to services in 2022/23 once the pay award and

pension valuation have been agreed. Those relating to the remit of this Committee are shown at **Appendix 2** and total £5.57m over 4 years.

Draft Capital Programme

The draft capital programme for 2022/23 is balanced and totals £62.27m. It sets out new capital investment funded from the council's own resources of £38.41m (funded by capital receipts and borrowing) and externally funded schemes of £23.86m (funded by capital grants) and represents a balanced programme for 2022/23. In addition, the report sets out a further three years of indicative proposals to 2025/26. Those council funded schemes relating to the remit of this Committee are shown at **Appendix 3** totalling £2.00m over 4 years, and external funded schemes of £15.01m at **Appendix 4**.

Contact Officers:

Sally Rowe – Executive Director, Children's Services, ☎ 01922 652081

✉ Sally.Rowe@walsall.gov.uk

Sharon Kelly – Director Access & Inclusion, ☎ 07464521074

✉ Sharon.Kelly@walsall.gov.uk

Vicky Buckley – Head of Finance and Assurance, ☎ 07983 604698,

✉ Vicky.Buckley@walsall.gov.uk

APPENDIX 1

Benefits Realisation (Savings) for Proud activity by Outcome 2022/23 to 2025/26 relating to the remit of this Committee

A: Summary of Policy Proposals by Outcome 2022/23 – 2023/24

None relating to the remit of this Committee

B: Summary of Operational Proposals by Outcome 2022/23 – 2023/24

Directorate	Ref No	Detail of Operational Proposals by Outcome	2022/23 £	2023/24 £	Total £
Children thrive emotionally, physically, mentally and feel they are achieving their potential					
Children's Services	OP5	Home to school transport - route optimisation	(216,204)	0	(216,204)
	OP17	Reduction in use of agency and temporary staff	(120,000)	0	(120,000)
Total Children thrive emotionally, physically, mentally and feel they are achieving their potential			(336,204)	0	(336,204)
Education, training and skills enable people to fulfil their personal development					
Children's Services	OP25	Increase traded services to schools	(55,000)	0	(55,000)
	OP26	High needs funding review and provide specialist support to children with additional needs via use of DSG grant	(250,000)	0	(250,000)
	OP28	Review and streamline the provision of specialist inclusion services and support	(41,283)	0	(41,283)
Total Education, training and skills enable people to fulfil their personal development			(346,283)	0	(346,283)
Total Operational Proposals relating to the remit of this Committee			(682,487)	0	(682,487)

Total Savings	2022/23 £	2023/24 £	Total £
A - Policy Savings	0	0	0
B - Operational Savings	(682,487)	0	(682,487)
Total Savings relating to the remit of this Committee	(682,487)	0	(682,487)

APPENDIX 2

Summary of New Growth and Investment 2022/23 to 2025/26 aligned to Proud Outcomes relating to the remit of this Committee

Directorate	Ref No	Details of Growth by outcome	2022/23 £	2023/24 £	2024/25 £	2025/26 £
Education, training and skills enable people to fulfil their personal development						
Children's Services	17	Home to school transport	1,338,094	1,045,861	941,977	941,977
	New	Home to school transport	250,000	250,000	250,000	250,000
Total Education, training & skills enable people to fulfil their personal development			1,588,094	1,295,861	1,191,977	1,191,977
Children grow up in connected communities and feel safe everywhere						
Children's Services	New	Increases in EHP assessment team	303,000	0	0	0
Total Children grow up in connected communities and feel safe everywhere			303,000	0	0	0
Total Growth and investment relating to the remit of this Committee			1,891,094	1,295,861	1,191,977	1,191,977

APPENDIX 3

Draft Capital Programme 2022/23 to 2025/26 – Council Funded Schemes relating to the remit of this Committee

Directorate	Capital Scheme	Detail of Capital investment	2022/23 £	2023/24 £	2024/25 £	2025/26 £
Prior Year Approvals						
Children's Services	School Estate Condition Survey	Ongoing provision to cover school conditions. Part allocation from 2020/21 proposed to be carried forward to 2021/22.	250,000	250,000	250,000	250,000
	School Temporary Classrooms	Ongoing provision for improving / replacing permanent mobile classrooms when they reach a state of disrepair. This has been held corporately to fund emergency costs arising.	250,000	250,000	250,000	250,000
Total Prior Year Approvals			500,000	500,000	500,000	500,000
Total Draft Capital Programme – Council Funded Schemes within the remit of this Committee			500,000	500,000	500,000	500,000

APPENDIX 4

Draft Capital Programme 2022/23 to 2025/26 – External Funded Schemes relating to the remit of this Committee

Directorate	Capital Scheme	Detail of Capital investment	2022/23 £	2023/24 £	2024/25 £	2025/26 £
Children's Services	Basic Need	Paid to LAs to support the capital requirement for providing new pupil places by expanding existing maintained schools, free schools or academies, and establishing new schools. (Department for Education).	1,319,871	1,319,871	1,319,871	1,319,871
	Devolved Formula Capital	Received by the LA then allocated out to individual schools as per allocations defined by the DfE. It is intended to provide schools with capital funding for improvement to buildings and other facilities, including ICT, or capital repairs / refurbishments and minor works. (Department for Education).	514,854	514,854	514,854	514,854
	Capital Maintenance	Allocated to the LA on an annual basis to improve and maintain the condition of the school estate (buildings and grounds). Investment is prioritised on keeping school buildings safe and in good working order by tackling poor building condition, building compliance, energy efficiency, and health and safety issues. (Department for Education).	1,917,799	1,917,799	1,917,799	1,917,799
Total Draft Capital Programme - External Funded Schemes			3,752,524	3,752,524	3,752,524	3,752,524

