

**Economy & Environment
Overview and Scrutiny Committee**

18 NOVEMBER 2021

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

Ward(s) All

**Portfolio: Councillor A. Andrew – Deputy Leader, Regeneration
Councillor G. Perry – Deputy Leader, Resilient Communities
Councillor O. Butler – Clean and Green**

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 will be 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 Economy & Environment 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 Council's 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 consider the draft revenue budget proposals attached that relate to the remit of this committee as shown in **Appendices 1 and 2**, noting that feedback will be presented to Cabinet on 15 December 2021.
2. The Committee consider the capital schemes included in the draft capital programme attached that relate to the remit of this committee as shown in **Appendices 3 and 4**, noting 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. Policy proposals relating to the remit of this committee are shown at **Appendix 1 A**, and total £30k over the two years.
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 £1.67m 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 the 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 £3.43m 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 £65.71m over 4 years, and external funded schemes of £25.42m at **Appendix 4**.

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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

Directorate	Ref No	Detail of Policy Proposals by Outcome	2022/23 £	2023/24 £	Total £
People are proud of their vibrant town, districts and communities					
Economy, Environment & Communities	P9	Charge developers for travel plans	0	(30,000)	(30,000)
Total People are proud of their vibrant town, districts and communities			0	(30,000)	(30,000)
Total Policy Proposals relating to the remit of this Committee			0	(30,000)	(30,000)

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 £
Creating an environment where business invests and everyone who wants a job can access one					
Economy, Environment & Communities	OP21	Capitalisation of posts - maximise external funding	(25,000)	0	(25,000)
Creating an environment where business invests and everyone who wants a job can access one			(25,000)	0	(25,000)
People are proud of their vibrant town, districts and communities					
Economy, Environment & Communities	OP62	Abandonment of current 'silo' roles within waste	(363,682)	0	(363,682)
	OP65	Management restructure	(320,000)	0	(320,000)
	OP66	Covid-19 reset of the street cleansing service	(49,320)	0	(49,320)
	OP74	Heritage and culture / Arts and events - increase fees and charges	(9,351)	0	(9,351)
	New	One off use of Section 38 income	(30,000)	30,000	0
	New	Street lighting savings	0	(728,000)	(728,000)
Total People are proud of their vibrant town, districts and communities			(772,353)	(698,000)	(1,470,353)
People know what makes them healthy and they are encouraged to get support when they need it					
Economy, Environment & Communities	OP78	Cost effective procurement of new fitness equipment	(34,646)	0	(34,646)
Economy, Environment & Communities	OP79	Bloxwich Active Living Centre landing development	(80,820)	0	(80,820)
Total People know what makes them healthy and they are encouraged to get support when they need it			(115,466)	0	(115,466)
People live a good quality of life and feel they belong					
Economy, Environment & Communities	OP103	Review of existing fees and charges within resilient communities	(44,315)	0	(44,315)
Economy, Environment & Communities	OP104	Provide pre license surgeries to individuals and businesses to support license applications	(7,350)	0	(7,350)

Directorate	Ref No	Detail of Operational Proposals by Outcome	2022/23 £	2023/24 £	Total £
Economy, Environment & Communities	OP106	Charging for change of name deeds (registrars)	(10,890)	0	(10,890)
		Total People live a good quality of life and feel they belong	(62,555)	0	(62,555)
Total Operational Proposals relating to the remit of this Committee			(975,374)	(698,000)	(1,673,374)

	2022/23 £	2023/24 £	Total £
Total Savings			
A - Policy Savings	0	(30,000)	(30,000)
B - Operational Savings	(975,374)	(698,000)	(1,673,374)
Total Savings relating to the remit of this Committee	(975,374)	(728,000)	(1,703,374)

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 £
Creating an environment where business invests and everyone who wants a job can access one						
Economy, Environment & Communities	New	Economic growth programme	0	1,856,000	42,150	0
	Total Creating an environment where business invests and everyone who wants a job can access one		0	1,856,000	42,150	0
People know what makes them healthy and are encouraged to get support when they need it						
Economy, Environment & Communities	New	Active living centres income shortfall (Covid-19)	412,703	(412,703)	0	0
	Total People know what makes them healthy and are encouraged to get support when they need it		412,703	(412,703)	0	0
People are proud of their vibrant town, districts and communities						
Economy, Environment & Communities	20	Economy and Environment contractual inflation	239,313	240,000	240,000	0
	New	Economy and Environment contractual inflation	0	0	240,000	240,000
	New	Increase cost of waste tonnage (Covid-19)	535,000	(250,000)	(285,000)	0
	New	Penalties for co-mingled waste (Covid-19)	70,000	(35,000)	(35,000)	0
	New	Car parks income shortfall (Covid-19)	324,000	(162,000)	0	0
	New	Loss of penalty income (Covid-19)	124,000	(124,000)	0	0
	New	Coroners	50,000	0	0	0
	New	APCOA contract	100,000	0	0	0
	New	Capital income shortfall	25,000	0	0	0
Total People are proud of their vibrant town, districts and communities			1,467,313	(331,000)	160,000	240,000
Total Growth and investment relating to the remit of this Committee			1,880,016	1,112,297	202,150	240,000

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 £
Rolling Programme Schemes						
Economy, Environment & Communities	Memorial Safety Management in Cemeteries	The continued inspection and making safe of memorials in Walsall cemeteries and to discharge the council's duty of care within the cemeteries. Increased safety of memorials benefits the residents of Walsall by delivering a safer environment within Walsall cemeteries.	20,000	20,000	20,000	20,000
	Highways Maintenance Programme	As Highway Authority the council has a legal responsibility to maintain the highway network. Failure to do so inevitably leads to a deterioration of our roads, increasing the likelihood of accidents and would ultimately expose the council to increased risk of third party claims.	2,800,000	2,800,000	2,800,000	2,800,000
Total Rolling Programme Schemes			2,820,000	2,820,000	2,820,000	2,820,000
Prior Year Approvals						
Economy, Environment & Communities	Traffic Signals Infrastructure	The council has a statutory duty to maintain all its traffic signal infrastructure. This programme of planned pedestrian crossing replacements will ensure the safe and efficient movement of pedestrians across the borough (Traffic Mgt Act 2004). Also supports delivery of the council's CO2 reduction targets.	200,000	200,000	200,000	200,000
	Provision of Community Dropped Crossings	These are dropped kerbs at strategic points along footways which permit access for wheelchairs, pushchairs, mobility scooters etc. to cross roads. The investment will allow the council to provide a rolling programme of community crossing points.	20,000	20,000	20,000	20,000
	Promotion of Community Health and Safety	Ongoing funding of road safety schemes, to address local community concerns, which fail to achieve the strategic priorities associated with the Local Transport Plan funding in terms of casualty reduction. In supporting the delivery of these local schemes it is possible to improve local quality of life and safety creating safer communities.	120,000	120,000	120,000	120,000
	M6 Junction 10 - Widening of Bridges	Walsall Council is working in partnership with Highways England to improve Junction 10 of the M6 motorway. The scheme will include the widening of the existing bridges over the motorway to improve traffic flow and reduce congestion. In addition improvements will be made to the junction of A454 Wolverhampton Road/Bloxwich Lane/Tempus Drive and the A454 Black Country Route.	650,000	0	0	0

Directorate	Capital Scheme	Detail of Capital investment	2022/23 £	2023/24 £	2024/25 £	2025/26 £
Economy, Environment & Communities	New Rail Stations at Willenhall, Darlaston and Aldridge – highways package	The new rail stations at Darlaston and Willenhall are promoted by WMCA/TfWM and WMRE at an estimated total package cost of £56m based on the end of GRIP Stage 4 design. This cost is for the rail infrastructure only – track, signalling, overhead line equipment, platforms, car park and ancillary infrastructure. A package of complementary highway works is required to be developed in 2021/22 and delivered in 2023/24. This highways investment represents the council contribution to these stations. Scheme rephased.	0	3,000,000	0	0
	Yorks Bridge (Top Up)	Yorks Bridge has suffered over recent decades and the bridge is currently the subject of a 7.5 tonne weight limit. Replacement scheme funded using council capital funding and the Department for Transport Maintenance Block.	750,000	750,000	0	0
	Regional Materials Recycling Facility Project	Cabinet on 4 September 2019 approved for the council to enter into a Joint Working Arrangement with 5 partner councils in order to facilitate the delivery stage of a local authority owned Materials Recycling Facility. (£7.01m approved in 2021/22)	2,722,000	0	0	0
	Enterprise Zones	Required for the council to manage borrowing costs associated with capital investment into the Enterprise Zone. Financial modelling forecasts that these costs are expected to be recovered from future business rates generated from within the zone, although the Black Country LEP are the decision making body in relation to where business rates within the zone are invested. Therefore on the basis that the BCLEP approve that costs on Walsall sites can be recovered through the business rates mechanism, then the council will only be required to cash-flow these costs. (£6.82m approved in 2021/22)	13,938,273	4,072,473	0	0
	Waste Management Strategy	Strategic acquisition of property to support the future delivery of the council's waste management strategies. (£10.83m approved in 2021/22)	3,004,788	0	0	0
	Bloxwich Active Living Centre landing development	Development of landing and office space to extend fitness suite, create bespoke indoor cycle studio, and install virtual instructor will deliver c£90k per annum additional income. Proud investment	170,000	0	0	0
	High Streets Fund	To invest in Walsall to deliver a much-needed boost to our high street at this challenging time, match funding to external funding announced by MHCLG (now LUHC – Dept for Levelling Up, Housing & Communities) on 26 December 2020 (£100k approved in 2021/22) Rephased allocation from 2022/23.	0	7,533,735	15,875,761	605,576
Total Prior Year Approvals			21,575,061	15,696,208	16,215,761	945,576
Total Draft Capital Programme – Council Funded Schemes within the remit of this Committee			24,395,061	18,516,208	19,035,761	3,765,576

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 £
Economy, Environment & Communities	Growth Deal	The Black Country Growth Deal, 'Made in the Black Country, Sold around the World', was agreed with Government in July 2014. The Growth Deal will create the skills, connections and locations for further high value manufacturing success and support growth in the Black Country's automotive, aerospace and construction sectors. To date the programme has committed c£148m and received claims c£77m. It has contracted 3,532 jobs excluding apprenticeships and over 6,000 including them (Dep't of Communities & Local Gov). In January 2019 the Black Country Joint Committee appointed Walsall Council as its Single Accountable Body, as a result the balance of the Growing Places Fund (£5.4m) was transferred from Sandwell Council, with the funds to be used to over-programme Growth Deal.	5,439,498	0	0	0
	LTP Highway Maintenance Programme	This capital funding, known as the maintenance block, is distributed by the Integrated Transport Authority (ITA).As the Highway Authority we have an extremely high profile duty to maintain our highway network. This money is provided, by DfT as a capital grant via the ITA with the condition that it should be spent on the classified road network. (Department for Transport via ITA).	1,943,000	1,943,000	1,943,000	1,943,000
	Pothole Fund	This capital funding, known as Pothole Action fund, is distributed by the Integrated Transport Authority (ITA), specifically to repair pothole or to prevent them forming in the first place. Funding is based upon a formula using road length data.	154,600	154,600	154,600	154,600
	West Midlands Strategic Transport Plan (STP) 'Movement for Growth'	The Government provides each locality with grant funding to help implement the Local Transport Plan in their area. The grant is used for the implementation of small scale capital schemes; development of major capital schemes and to part fund major schemes implementation costs. The programme is designed to address road safety issues, progress the Council's major scheme aspirations; and resource the required 'local contributions' to approved major schemes. (Department for Transport / West Midlands ITA).	1,276,300	1,276,300	1,276,300	1,276,300
	High Streets Fund	To invest in Walsall to deliver a much-needed boost to our high street at this challenging time, as announced by MHCLG (now Dept for Levelling Up, Housing & Communities) on 26 December 2020.	6,479,967	0	0	0
Total Draft Capital Programme - External Funded Schemes within the remit of this Committee			15,293,365	3,373,900	3,373,900	3,373,900