

1 November 2021

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

Ward(s) All

Portfolios: Cllr R Martin – Adult Social Care
Cllr S Craddock – Health and Wellbeing

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 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 have confirmed that the next Spending Review will take place on 27 October 2021 to cover a three year period, alongside the Chancellors Autumn Budget statement. This will enable us to analyse the impact of core funding on our budget assumptions over the next review period, and report 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 Social Care & Health Overview and Scrutiny Committee for consideration. There are no capital schemes relating 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 **Appendix 1 and 2**, 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 outcomes, 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 with all services to work more collaboratively 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 and ensuring the 2023/24 onwards budget is built and developed on this moving forward.

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.
1. 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**, and total £7.55m in 2022/23.

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 c£24.5m 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.

There are no capital schemes relating to the remit of this committee.

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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

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 £
Internal Services deliver quality and adapt to meet the needs of customer facing services					
Adult Social Care & Public Health	OP32	Paperless council meetings - savings to be made from eliminating paper agendas completely	(9,276)	0	(9,276)
Total Internal Services deliver quality and adapt to meet the needs of customer facing services			(9,276)	0	(9,276)
People know what makes them healthy and they are encouraged to get support when they need it					
Adult Social Care & PH	OP112	Public Health	(800,000)	0	(800,000)
Total People know what makes them healthy and they are encouraged to get support when they need it			(800,000)	0	(800,000)
People live a good quality of life and feel they belong					
Adult Social Care and Public Health	OP83	New Ways of Working/Staff Reconfiguration. Resilient Communities	(112,988)	0	(112,988)
	OP84	New Ways of Working/Staff Reconfiguration. Customer Access Management	(37,663)	0	(37,663)
	OP89	New Ways of Working/Staff Reconfiguration. Customer Access Management/ Resilient Communities	(1,178,407)	0	(1,178,407)
	OP90	Review of Older People existing long term and new residential nursing & domiciliary placement costs support packages for learning disabilities including supported living and mental health	(4,400,928)	0	(4,400,928)
	OP91	Reduction of day care funded by direct payments	(356,471)	0	(356,471)
	OP92	All Age Disability	(156,000)	0	(156,000)
	OP97	Review of resources including Goscote and shared lives	(500,000)	0	(500,000)
Total People live a good quality of life and feel they belong			(6,742,457)	0	(6,742,457)
Total Operational Proposals relating to the remit of this Committee			(7,551,733)	0	(7,551,733)

	2022/23 £	2023/24 £	Total £
Total Savings			
A - Policy Savings	0	0	0
B - Operational Savings	(7,551,733)	0	(7,551,733)
Total Savings relating to the remit of this Committee	(7,551,733)	0	(7,551,733)

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 £
People live a good quality of life and feel they belong						
Adult Social Care and Public Health	1	Additional Social Care demand / cost pressures	3,153,075	3,652,586	4,000,000	4,000,000
	2	Better Care Funding iBCF2 fall out of grant	2,023,652	0		0
	New	Additional Social Care demand / cost pressures	1,629,000	1,056,000	1,056,000	1,056,000
	New	Additional Social Care demand / cost pressures (Covid-19)	1,486,892	0	0	0
	New	Direct Payments refund reducing	228,000	153,000	0	0
	New	Single handed review	274,000	0	(137,000)	(137,000)
	New	Payment on plan domiciliary care capacity issues	1,000,000	0	0	0
Total People live a good quality of life and feel they belong			9,794,619	4,861,586	4,919,000	4,919,000
Total Growth and investment relating to the remit of this Committee			9,794,619	4,861,586	4,919,000	4,919,000