

**Education  
Overview and Scrutiny Committee**

**12 JANUARY 2023**

**Draft Revenue Budget and Draft Capital Programme 2023/24 – 2026/27**

**Ward(s)** All

**Portfolios:** Cllr M Statham – Education and Skills

**Executive Summary:**

The draft budget, as reported to Cabinet on 14 December 2022, includes the latest medium term financial outlook (MTFO) for the four year period from 2023/24 to 2026/27. It also outlines the draft revenue budget for 2023/24 to 2026/27 (including savings proposals for consultation), the draft capital programme for 2023/24 to 2026/27, and sets out the process and timescale for setting a legally balanced budget for 2023/24.

Our MTFO has been updated for all known pressures, including best professional assumptions on the impact of increasing demand and the cost of living on service delivery and finances. The Council is legally obliged to set a one-year balanced budget (2023/24), however a medium term approach is beneficial to allow for sound financial planning and to support future financial stability. This report presents a balanced budget for 2023/24, subject to changes arising from the settlement yet to be received. A number of savings proposals are also included for 2024/25 to 2026/27, with further options being identified to allow for a balanced budget over the period 2024/25 to 2026/27 aligned to the Council Plan and Proud activity.

The Autumn Statement was announced on 17 November 2022 and, whilst it has provided some further detail for 2023/24, the impact on our financial forecasts remains uncertain until we formally receive further policy documents, as referred to in the Statement, and our provisional core grant settlement which is expected in late December 2022, and which will be included in the final budget report to Cabinet and Council in February 2023.

The 2023/24 draft budget assumes a 2.99% general council tax increase. This is in line with Government referendum limits announced in the Autumn Statement on 17 November 2022, with the option to increase by a further 2% for the Adult Social Care Precept, which Cabinet are currently not minded to do, but are consulting on.

The total draft capital programme for 2023/24 is £110.09m. It sets out new capital investment funded from the council's own resources of £66.86m (funded by capital receipts and borrowing) and externally funded schemes of £43.23m (funded by capital grants) and represents a balanced programme for 2023/24. In addition, the report sets out a further three years of indicative proposals to 2026/27. Despite reductions in capital funding in recent years and going forward, the draft capital programme contains significant investment into highways, education, 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 2023/24 – 2026/27 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 the Committee on the draft revenue and capital proposals will be reported back to Cabinet on 8 February 2023, to inform the final draft budget to be recommended to Council on 23 February 2023. Any changes to draft revenue and capital budget proposals as a result of equality impact assessments and consultation will also 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.

**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 8 February 2023.
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 8 February 2023.

**Background papers:**

Various financial working papers.

**Resource and legal considerations:**

Cabinet on 14 December 2022 were presented with a list of draft Proud revenue savings proposals for consultation and a list of investment/cost pressures by Proud outcome, along with a draft capital programme over the period 2023/24 to 2026/27.

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

[Draft Revenue Budget and Capital Programme 2023/24 to 2026/27 - Cabinet 14 December 2022](#)

**Maximising Outcomes through Budgeting 2023/24 onwards**

Our approach to budget setting was established for 2022/23 with overall financial savings expected to be delivered via Proud activity. For 2023/24 Proud work streams will continue to provide the 'enablers' to allow Directorates to deliver through Service Transformation Plans (STP's).

Directors and their Heads of Service were tasked with completion of new STP's linking their current and future service delivery with Council priority outcomes as per the Council Plan. This will allow for identification of potential transformation activity and associated savings for future financial years. Those identified to date are outlined within this report, with the need for further review to close the financial gap from 2024/25 onwards.

The Council Plan 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.

### Investment / cost pressures

Further to the changes in assumptions, the draft budget 2023/24 – 2026/27 includes provision for growth and investment of c£111m (£50.52m of this is in 2023/24). Those investments relating to the remit of this Committee are shown at **Appendix 1** and total £4.76m over 4 years.

### Savings proposals

The Proud service transformation plans have identified £9.02m of financial benefit for 2023/24, in addition to the £7.28m identified in the budget report to Council in February 2022. There is also £1.95m identified for 2024/25 (in addition to £1.15m already identified), £854k for 2025/26 and £844k for 2026/27. 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. These total £1.16m in 2023/24.
2. Operational Proposals – savings which officers have delegations to implement; examples include restructures, back-office savings, operational efficiencies. These total £15.14m in 2023/24 (£19.94m over the four years).

Some proposals require investment to support delivery which 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 has concluded.

Savings proposals outlined in the report to Cabinet on 14 December 2022 will ensure a balanced budget for 2023/24. A gap of £13.85m remains in 2024/25, with a further £12.56m saving requirement for 2025/26 and £8.54m for 2026/27 (after the delivery of the £3.10m saving identified for 2024/25, £854k for 2025/26 and £844k for 2026/27). 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 2024/25 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.

Those savings proposals relating to the remit of this Committee are shown at **Appendix 2** and total £396k over 4 years.

## Net investment / savings

The following summarises the net investment /(savings) by Directorate for 2023/24.

<b>Net Investment/savings by Directorate 2023/24</b>	<b>Investment £m</b>	<b>Savings £m</b>	<b>Net £m</b>
Adult Social Care, Public Health and Hub	8.00	(2.25)	5.75
Children's Services	13.41	(2.68)	10.73
Children's - Customer Engagement	0.45	(0.88)	(0.44)
Economy, Environment and Communities	1.53	(3.43)	(1.90)
Resources and Transformation	2.21	(1.68)	0.53
Central / Capital Financing*	24.92	(5.37)	19.56
<b>Total Net Investments by Directorate</b>	<b>50.52</b>	<b>(16.30)</b>	<b>34.23</b>

\*Central investment includes £12.5m of pay and pension costs which will be allocated to services following a detailed review of salary budget requirements, and £6.92m Social Care Grant which will be allocated to support both Adults and Children's Social Care when the allocations are confirmed. Central savings include £4.47m for Customer Access Management which will be allocated to services once plan finalised.

Therefore, when central investments are taken into account, all Directorates will see a net increase in budgets.

## Draft Capital Programme

The draft capital programme for 2023/24 is balanced and totals £110.09m. It sets out new capital investment funded from the council's own resources of £66.86m (funded by capital receipts and borrowing) and externally funded schemes of £43.23m (funded by capital grants). In addition, the report sets out a further three years of indicative proposals to 2026/27.

Those council funded schemes relating to the remit of this Committee are shown at **Appendix 3** totalling £3.00m over 4 years, and external funded schemes of £78.05m at **Appendix 4**.

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**APPENDIX 1**

**Summary of New Growth and Investment 2023/24 to 2026/27 aligned to Proud Outcomes relating to the remit of this Committee**

Directorate	Ref No	Details of Growth by outcome	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total £
<b>Education, training and skills enable people to contribute to their community and our economy</b>							
Children's Services, Education & Customer Engagement	5	Increase in demand for Home to school transport	1,095,861	841,977	1,191,977	1,000,000	4,129,815
<b>Total Education, training and skills enable people to contribute to their community and our economy</b>			<b>1,095,861</b>	<b>841,977</b>	<b>1,191,977</b>	<b>1,000,000</b>	<b>4,129,815</b>
<b>Children and young people grow up in connected communities and feel safe everywhere</b>							
Children's Services, Education & Customer Engagement	43	Additional capacity within Education Health and Care Plan Assessments due to increase in demand	302,020	0	0	0	302,020
	44	Capacity to cover additional responsibility on the local authority for elective home education, admission appeals and attendance responsibilities introduced in new legislation	181,411	0	0	0	181,411
	45	Reduction in traded services attendance income target due to schools directly employing their own staff in response to the new requirements of the school attendance procedures and bill	36,388	36,387	36,387	36,387	145,549
<b>Total Children and young people grow up in connected communities and feel safe everywhere</b>			<b>519,819</b>	<b>36,387</b>	<b>36,387</b>	<b>36,387</b>	<b>628,980</b>
<b>Total Growth and investment relating to the remit of this Committee</b>			<b>1,615,680</b>	<b>878,364</b>	<b>1,228,364</b>	<b>1,036,387</b>	<b>4,758,795</b>

## APPENDIX 2

### Benefits Realisation (Savings) for Proud activity by Outcome 2023/24 to 2026/27 relating to the remit of this Committee

#### A: Summary of Policy Proposals by Outcome 2023/24 – 2026/27

None relating to the remit of this Committee

#### B: Summary of Operational Proposals by Outcome 2023/24 – 2026/27

Directorate	Ref No	Detail of Operational Proposals by Outcome	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total £
<b>Education, training and skills enable people to contribute to their community and our economy</b>							
Children's Education & Customer Engagement	OP2	Home to School Transport review of contracts and route optimisation	(300,000)	0	0	0	(300,000)
	OP3	Increase top slice of Basic Need capital Funding Block	(96,000)	0	0	0	(96,000)
<b>Total Education, training &amp; skills enable people to contribute to their community &amp; our economy</b>			<b>(396,000)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(396,000)</b>
<b>Total Operational Proposals relating to the remit of this Committee</b>			<b>(396,000)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(396,000)</b>

Total Savings Proposals	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total £
A - Policy Proposals	0	0	0	0	0
B - Operational Proposals	(396,000)	0	0	0	(396,000)
<b>Total Savings Proposals relating to the remit of this Committee</b>	<b>(396,000)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(396,000)</b>

## APPENDIX 3

### Draft Capital Programme 2023/24 to 2026/27 – Council Funded Schemes relating to the remit of this Committee

#### Prior Year approval schemes

Directorate	Capital Scheme	Detail of Capital investment	2023/24 £	2024/25 £	2025/26 £	2026/27 £
<b>Education, training and skills enable people to contribute to their community and our economy</b>						
Children's, Education & Customer Engagement	School Estate Condition Survey	Ongoing provision to cover school conditions.	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
<b>Total Prior Year Approval Schemes</b>			<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>

#### New Capital Schemes

Directorate	Capital Scheme	Detail of Capital investment	2023/24 £	2024/25 £	2025/26 £	2026/27 £
<b>Education, training and skills enable people to contribute to their community and our economy</b>						
Children, Education & Customer Engagement	Free School	Funding towards providing a free school in the borough.	1,000,000	0	0	0
<b>Total New Capital Schemes</b>			<b>1,000,000</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Total Draft Capital Programme – Council Funded Schemes within the remit of this Committee</b>			<b>1,500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>
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#### Development Schemes – consideration and funding subject to business case approval

- **High Needs Capital Provision SEND (Special Education Needs) Places** - Funding to support the current Special Education Needs within the Borough, where the grant received falls short of the places needed.

**APPENDIX 4**

**Draft Capital Programme 2023/24 to 2026/27 – External Funded Schemes relating to the remit of this Committee**

Directorate	Capital Scheme	Detail of Capital investment	2023/24 £	2024/25 £	2025/26 £	2026/27 £
<b>Education, training and skills enable people to contribute to their community and our economy</b>						
<b>Children's, Education &amp; Customer Engagement</b>	Basic Need	Paid to Local Authorities to support the capital requirement for providing new pupil places by expanding existing maintained schools, free schools or academies & establishing new schools (Department for Education-DfE). Confirmed Allocation for 2023/24.	10,748,251	10,748,251	10,748,251	10,748,251
	Devolved Formula Capital	Received by the Local authority 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). Allocation not yet confirmed – assumed as per 22/23.	510,228	510,228	510,228	510,228
	Capital Maintenance	Allocated to the Local Authority 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). Allocation not yet confirmed – assumed as per 22/23.	3,888,380	3,888,380	3,888,380	3,888,380
	High Needs Provisional Capital allocation	High Needs Provisional Capital Allocation (HNPCA) funding is paid to Local authorities to support the capital requirement for providing new SEND (Special Educational Needs and Disabilities) pupil places by expanding/improving existing maintained schools, free schools or academies. Confirmed Allocation for 2023/24.	4,365,293	4,365,293	4,365,293	4,365,293
<b>Total Draft Capital Programme – External Funded Schemes within the remit of this Committee</b>			<b>19,512,152</b>	<b>19,512,152</b>	<b>19,512,152</b>	<b>19,512,152</b>