

**Children's Services  
Overview and Scrutiny Committee**

**30 JANUARY 2023**

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

**Ward(s)** All

**Portfolios:** Cllr S Elson – Children's

**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 Children’s Services 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 the 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:**

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 **Appendix 3**, and that feedback will be presented to Cabinet on 8 February 2023.

### **Background papers:**

Various financial working papers.

### **Resource and legal considerations:**

On 14 December 2022 Cabinet 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 £111m (£50.52m of this is in 2023/24). Those investments relating to the remit of this Committee are shown in **Appendix 1** and total £20.71m 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. The 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 an 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, 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 in **Appendix 2** and total £5.71m 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 the plan is 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 the 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.

The council funded schemes relating to the remit of this Committee are shown in **Appendix 3** totalling £300k over 4 years with no external funded schemes.

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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>Children and young people grow up in connected communities and feel safe everywhere</b>							
Children's Services, Education & Customer Engagement	38	Additional Looked after Children demand/ cost pressures	10,786,348	2,460,336	2,583,751	2,351,106	18,181,548
	39	Foster care/ Special Guardianship Order allowances and proposed change to current fostering fees	570,602	111,800	113,800	116,000	912,202
	40	Increase in social workers pay (full year impact of 2022/23 investment)	131,000	12,000	0	0	143,000
	41	Additional social workers and training for foster carers to support the increase in foster care placements (linked to saving OP45 & OP51)	78,000	105,000	55,000	115,000	353,000
	42	Additional capacity within internal residential services and high cost external placements (linked to reducing high cost placement costs)	92,000	0	0	0	92,000
	46	Additional capacity to deliver Special Guardianship Orders due to increased demand	140,961	0	0	0	140,961
	47	Removal of saving OP50 due to legislation changes - Development of locality partnership offer in Early Help.	0	888,396	0	0	888,396
<b>Total Children and young people which grow up in connected communities and feel safe everywhere</b>			<b>11,798,911</b>	<b>3,577,532</b>	<b>2,752,551</b>	<b>2,582,106</b>	<b>20,711,100</b>
<b>Total Growth and investment relating to the remit of this Committee</b>			<b>11,798,911</b>	<b>3,577,532</b>	<b>2,752,551</b>	<b>2,582,106</b>	<b>20,711,100</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>Children and young people grow up in connected communities and feel safe everywhere</b>							
Children's Education & Customer Engagement	OP43	Extension of Strengthening Families, Protecting Children Model	(75,000)	0	0	0	(75,000)
	OP44	Adolescent Service - Turning Point	(560,000)	0	0	0	(560,000)
	OP45	Recruitment & Retention of internal Foster Carers	(260,000)	0	0	0	(260,000)
	OP46	Specialist Foster Placements	(392,000)	0	0	0	(392,000)
	OP47	Sibling Groups of 4+	(200,000)	0	0	0	(200,000)
	OP48	Review of Non-Staffing Costs across Children's Social Care	(100,000)	0	0	0	(100,000)
	OP49	Efficiencies from the utilisation of existing resources	(329,373)	0	0	0	(329,373)
	OP50	Development of locality partnership offer in Early Help. Investment 48 proposes that this saving is removed.	0	(888,396)	0	0	(888,396)
	OP51	Further Recruitment & Retention of internal Foster Carers	(370,000)	(600,000)	(600,000)	(600,000)	(2,170,000)
	OP52	Specialist Foster Placements	0	(244,000)	(244,000)	(244,000)	(732,000)
<b>Total Children and young people which grow up in connected communities &amp; feel safe everywhere</b>			<b>(2,286,373)</b>	<b>(1,732,396)</b>	<b>(844,000)</b>	<b>(844,000)</b>	<b>(5,706,769)</b>
<b>Total Operational Proposals relating to the remit of this Committee</b>			<b>(2,286,373)</b>	<b>(1,732,396)</b>	<b>(844,000)</b>	<b>(844,000)</b>	<b>(5,706,769)</b>

	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total £
<b>Total Savings Proposals</b>					
A - Policy Proposals	0	0	0	0	0
B - Operational Proposals	(2,286,373)	(1,732,396)	(844,000)	(844,000)	(5,706,769)
<b>Total Savings Proposals relating to the remit of this Committee</b>	<b>(2,286,373)</b>	<b>(1,732,396)</b>	<b>(844,000)</b>	<b>(844,000)</b>	<b>(5,706,769)</b>

**APPENDIX 3**

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

**Development investment**

Directorate	Capital Scheme	Detail of Capital investment	2023/24 £	2024/25 £	2025/26 £	2026/27 £
<b>Children and young people grow up in connected communities and feel safe everywhere</b>						
Children's, Education & Customer Engagement	Looked After Children Foster Care refurbishment programme	This funding is provided to enable foster carers and special guardians for children in care to enlarge & adapt their homes.	150,000	150,000	0	0
<b>Total Development Investment</b>			<b>150,000</b>	<b>150,000</b>	<b>0</b>	<b>0</b>
<b>Total Draft Capital Programme – Council Funded Schemes within the remit of this Committee</b>			<b>150,000</b>	<b>150,000</b>	<b>0</b>	<b>0</b>