

West Northants Schools forum: 18 January 2022

Agenda Item 10

West Northamptonshire Council 2022-23 Draft Budget Consultation

1 Purpose of Report

- 1.1 The report is to update West Northamptonshire schools forum of the West Northamptonshire Council (WNC) Draft Budget 2022-23 and Medium Term Financial Plan.
- 1.2 The Budget is the identification and allocation of financial resources by the Council, including:
 - (a) Revenue expenditure
 - (b) Contingency and reserve funds
 - (c) Council Tax
 - (d) Borrowing requirements and limits
 - (e) Capital expenditure
 - (f) Medium Term Financial Plan
 - (g) Any limitations to, conditions on or rules governing the management of budgets, virement between budgets, treatment of underspends, windfall income or reserves contained within the Finance and Contract Procedure Rules.
- 1.3 The Council is responsible for the setting of a budget that ensures it has a robustly resourced plan to deliver its vision and priority objectives, and has aligned resources appropriately following an assessment of risks, issues and opportunities using the latest available information.
- 1.4 The draft budget was discussed at the Cabinet meeting held on 21 December 2021 and the papers can be viewed through the link below:
[Agenda item - Draft Budget 2022-23 and Medium Term Financial Plan - West Northamptonshire Council \(moderngov.co.uk\)](#)
- 1.5 The WNC Cabinet approved for consultation the draft 2022-23 budget which commenced the budget consultation process enabling residents, businesses, local partners and other stakeholders to have the opportunity to review the budget proposals and financial plans, and provide feedback during the six week consultation period.

1.6 This paper is for information only and there are no votes required in relation to this agenda item.

2 Background

2.1 The budgets of West Northamptonshire Council will comprise:

- a General Fund revenue account
- a Dedicated Schools Grant (DSG) funded budget
- a Public Health funded budget,
- a Housing Revenue Account (though this is subject to a separate report)
- a Capital Programme.

2.2 The General Fund includes all revenue income and expenditure, including day to day running costs, financed from Council Tax, Business Rates, government grants and fees and charges, but excluding those related to council housing.

2.3 The DSG focuses on the funding for schools and Early Years settings as well as other specific Education related costs.

2.4 The Public Health budget funds a range of local public health activities, that aim to protect and improve the health and wellbeing of the West Northamptonshire population and reduce inequalities in order to enable people to live healthy, happy and productive lives.

2.5 The Housing Revenue Account (reported as a separate agenda item to December Cabinet) includes all revenue expenditure and income on activities related to the Council's role as a housing landlord.

2.6 The Capital Programme includes all capital expenditure and income, including the acquisition, replacement and enhancement of assets financed from government grants, external contributions, revenue contributions, capital receipts and borrowing.

2.7 The Budget and Medium Term Financial Plan has been prepared using the latest service intelligence and financial information available, incorporating prudent estimates and financial assumptions.

2.8 A fundamental part of the budgeting process this year has been a round of budget scrutiny of all of the service budgets which has been referred to as a 'star chamber' process. This involved the leader of the Council, all portfolio holders, the Chief Executive, the Chief Finance Officer and his deputy, other Executive Directors, Assistant Directors, the Director of Transformation and members of the Finance, HR and Transformation teams.

2.9 The purpose was to scrutinise all of the service budgets to get a view on the robustness of current year budgets, unavoidable pressures, transformation projects, efficiencies to assist in closing the budget gap and staffing levels.

2.10 The gap being forecast prior to the start of the star chamber process was in excess of £21m or 6% of the net budget.

- 2.11 At the end of the Star Chambers process and having taken into account our interpretation of the Spending Review the budget projections showed a surplus of approximately £1.5m. However, this included no service investments and it was felt that significant investment was required in some areas to improve services, increase capacity or accelerate transformation.
- 2.12 Although the Council has a balanced 2022-23 budget position, it is clear that it faces a challenging medium term financial position with estimated gaps of £10.7m in 2023-24, £16.6m in 2024-25 and £18.2m in 2025-26. This emphasises the importance of the transformation journey that the Council continues with to reduce the cost of service provision in order to mitigate the need for service reductions to balance future years budgets.
- 2.13 The summary General Fund Budget is set out in Appendix A of the budget papers through the link provided under paragraph 1.4. This section describes each of the budget movements and further detailed budget proposal breakdowns are set out in Appendix B of the budget papers.

3 Financial Overview

- 3.1 The WNC 2022-23 draft net budget is an estimated £733.8m (£336.4m excluding DSG).
- 3.2 Of the total draft net budget, excluding DSG, the Children's Services budget totals £75.0m which includes the contract for early help and social care services with the Northamptonshire Children's Trust.
- 3.3 The draft budget includes £1.98m budget growth in respect of service pressures, inflation and service investment and efficiencies of £0.63m.
- 3.4 Within the service investment there is £0.48m general fund investment to mitigate the reduction of the historical funding element of the Central Schools Services Block following the 20% year on year reduction imposed by the Government. This ensures that education services are protected at the existing levels thereby ensuring no reductions to services.
- 3.5 The service investment also includes £0.46m general fund investment to fund the ongoing additional requirement for caseworkers in the statutory team which manages the assessment and educational placements of children and young people to manage increasing workloads whilst ensuring timeliness of assessments is in line with Department for Education expectations and in comparison with regional authorities.
- 3.6 One off service investment funded from reserves totals £0.76m relating to invest to save schemes proposed by the children's trust.
- 3.7 Remaining budget growth relates to the net impact of consolidated growth and efficiencies proposals relating to the West Northamptonshire Council share of the sum agreed for the NCT service delivery contract.
- 3.8 The £0.63m efficiencies relate to the funding of specialist, hearing impairment and visual impairment services as outlined in October and December schools forum related papers. Again services will remain at the current level, as the proposed future funding

of these services is through a top slice of delegated schools and academies budgets funded from notional SEN budget from the schools block which will be subject to an annual vote.

3.9 The indicative DSG budget included in the draft budget, based on the provisional funding settlement, is £397.4m. Schools forum members will note that the final DSG settlement (see agenda item 5) was received after the publication of the draft WNC budget. Agenda item 5 updates this position from the provisional £397.4m to the December settlement total of £400.5 and the report provides the key headlines on the 2022-23 DSG funding announcements on the funding received by the LA by funding block.

4 Legal implications

4.1 The setting of the budget is carried out in accordance with the Budget and Policy Framework Procedure Rules set out in the Constitution.

4.2 The provisions of the Local Government Finance Act 1992 set out what the Council has to base its budget calculations upon, and require the Council to set a balanced budget with regard to the advice of its Chief Finance Officer (Section 151 Officer).

4.3 The robustness of the proposed estimates and the adequacy of the proposed reserves must be addressed in the formal report to be made in February 2022 to both the Cabinet and the Full Council by the Chief Finance Officer (Section 151 Officer). This report is required under Section 25 of the Local Government Act 2003. There are no legal implications arising from the proposals.

5 Recommendations for schools forum

5.1 That schools forum note the WNC Draft Budget 2022-23 and Medium Term Financial Plan.

5.2 Schools Forum members, and those who members represent are encouraged to have your say and tell us your views on our budget proposals for 2022/23. More information about the budget proposals, including an online questionnaire, can be found on the WNC dedicated [Draft Budget 2022/23 consultation](#) web page. This consultation closes on 1 February 2022.

6 Next Steps

6.1 WNC Budget consultation commenced on 22 December 2021, the day after Cabinet have considered the draft budget proposals, and will be open for six weeks.

6.2 The draft Budget will also be considered by Overview and Scrutiny Committee on 12 January 2022 who will then be able to provide their views and comments to Cabinet prior to their consideration of the final Budget for recommendation to full council.

6.3 The timeline for the rest of the Budget process is as set out below:

- Publish draft Budget 13 December
- Cabinet consider draft Budget 21 December
- Commence draft Budget consultation 22 December

- Overview and Scrutiny consider budget 12 January
- Consultation closes (six weeks) 1 February
- Publish final Budget report 7 February
- Cabinet consider final Budget 15 February
- Council Tax Setting and Budget report published 16 February
- Full authority considers final Budget 24 February

6.4 The response to the budget consultation will be analysed and form part of the final Budget report to Cabinet on 15th February.

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