

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

5 NOVEMBER 2024

Draft Revenue Budget and Draft Capital Programme 2025/26 – 2028/29

Ward(s) All

Portfolios: Cllr S Elson – Children's

Executive Summary:

The draft budget, as reported to Cabinet on 16 October 2024, includes an update on the medium term financial outlook (MTFO) for the four-year period from 2025/26 to 2028/29. It also outlines the draft revenue budget for 2025/26 to 2028/29 (including savings proposals identified to date for consultation), the draft capital programme for 2025/26 to 2028/29, and sets out the process and timescale for setting a legally balanced budget for 2025/26.

Our MTFO has been updated for all known pressures, including best professional assumptions around the cost-of-living impact, and that on rising demand on our services. Due to the size and breadth of cost pressures, this has had a significant impact on the assumptions in relation to the 2025/26 budget, with additional growth and demand pressures now required of c£48.87m, resulting in a budget gap of c£11.05m.

The Council is legally obliged to set a one-year balanced budget (2025/26), however a medium-term approach is beneficial to allow for sound financial planning and to support future financial stability. The proposals set out in this report do not yet balance the budget for 2025/26, so there will be a requirement to report back on changes and options to close the gap at the January 2025 meeting of Cabinet. All draft proposals are subject to changes arising from the Autumn Budget due on 30 October 2024, and the local government finance settlement yet to be received (provisional settlement anticipated mid December 2024 and final settlement in early February 2025). A number of draft saving proposals are also included for 2026/27 to 2028/29, with further options being identified to allow for a balanced budget over the MTFO period aligned to the Council Plan.

The 2025/26 draft budget includes a proposed 2.99% increase in general council tax along with an additional 2% precept for Adult Social Care, which aligns with current referendum guidelines. The government is yet to confirm its policy on council tax referendum principles and the future status and rate of the Adult Social Care precept, which are anticipated to be detailed in the provisional 2025/26 settlement expected in December 2024.

The draft capital programme for 2025/26 totals £80.14m. It sets out capital investment funded from the council's own resources of £48.95m (funded by capital receipts and borrowing) and externally funded schemes of £31.19m (funded by capital grants) and represents a balanced programme for 2025/26. In addition, the report sets out a further three years of indicative proposals to 2028/29. Despite reductions in capital funding in recent years and going forward, the draft capital programme contains significant investment into regeneration initiatives,

highways, education, and into adults and children's social care and housing to support vulnerable households.

This report provides an extract of the draft revenue savings proposals and growth and demand pressures for 2025/26 – 2028/29 by the ambitions of the new Council Plan, 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 to date will be reported back to Cabinet in January 2025 for consideration.

The revenue proposals set out in the report to Cabinet on 16 October 2024 do not yet balance the budget for 2025/26, so there will be a requirement to report back on changes and options to close the remaining c£11m gap at the January 2025 meeting of Cabinet, and subsequent report to this committee should any changes relate to services within the remit of this committee.

The draft budget and its assumptions are under constant review particularly in volatile demand led services. The growth and demand assumptions within these areas include future projections of which there is a degree of uncertainty on whether these would materialise. On this basis the growth assumption would not be fully funded but identified as part of the budget risk assessment, which informs the suggested earmarked and general reserve levels. The results of this assessment will be presented to Cabinet and Council in the final budget report.

The final draft budget will be considered by Cabinet on 12 February 2025 for recommendation to Council on 26 February 2025. Any changes to draft revenue and capital budget proposals as a result of equality and health 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 to date as attached that relate to the remit of this committee as shown in **Appendices 1 and 2**, and that feedback will be presented to Cabinet in January 2025.
2. The Committee note that the revenue budget for 2025/26 is currently not balanced, with a gap of c£11m, and therefore a further report may be required to this committee if any changes to draft proposals outlined relate to services within the committee's remit.
3. 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 in January 2025.

Background papers:

Various financial working papers.

Resource and legal considerations:

Cabinet on 16 October 2024 were presented with a list of draft revenue savings proposals for consultation and a list of growth and demand pressures, along with a draft capital programme over the period 2025/26 to 2028/29.

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

[Draft Revenue Budget and Draft Capital Programme 2025/26 - 2028/29 - Cabinet 16 October 2024](#)

Further to the changes in assumptions, the draft budget 2025/26 – 2028/29 includes growth and demand pressures of c£129m (£48.87m of this is in 2025/26). Those growth and demand pressures relating to the remit of this Committee are shown at **Appendix 1** and total £21.78m over 4 years.

Savings proposals

The current budget proposals include £28.88m of savings to be delivered for 2025/26 (including the review of the £10.38m identified in the budget report to Council in February 2024). There is also £18.96m identified for 2026/27, £12.35m for 2027/28 and £12.10m for 2028/29. Current savings proposals total to £72.29m over the 4 years of the MTFO. 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 and health impact assessment. These total £0.51m in 2025/26 (remains the same over the four years to 2028/29).
2. Operational Proposals – savings which officers have delegations to implement; examples include restructures, back-office savings, operational efficiencies. These total £28.37m in 2025/26 (£71.78m over the four years to 2028/29).

Some proposals require investment to support delivery. Such investment will only be allocated if the relevant saving proposal is included within Cabinet's final budget report in February 2025, once consultation and equality and health impact assessments has concluded.

Savings proposals outlined in the report to Cabinet on 16 October 2024 will assist in closing the gap over the four years to 2028/29. A gap of £11.05m remains after the delivery of the £28.88m saving identified for 2025/26. Directors continue to work on identifying additional options for Members consideration, and further reports will be presented to Cabinet outlining further options to balance the budget for 2025/26 onwards.

Those savings proposals relating to the remit of this Committee are shown at **Appendix 2** and total £23.41m over 4 years.

The following table summarises the net change in the budget position by Directorate for 2025/26.

| Directorate | Growth and Demand pressures £m | Savings £m | Net £m |
|---|---|-----------------------|-------------------|
| Adult Social Care and Public Health | 25.03 | (8.87) | 16.16 |
| Children's Services and Education | 10.62 | (7.45) | 3.17 |
| Economy, Environment and Communities | 4.12 | (3.80) | 0.32 |
| Resources and Transformation | 2.00 | (1.55) | 0.45 |
| Central / Capital Financing* | 7.09 | (7.21) | (0.11) |
| Total Net Growth and Demand Pressures by Directorate | 48.87 | (28.88) | 19.99 |

*Central growth and demand pressures includes £6.21m of pay and pension costs which will be allocated to services following a detailed review of salary budget requirements.

Based on the current proposals all Directorates would see a net increase in their budgets for 2025/26.

Draft Capital Programme

The draft capital programme for 2025/26 is balanced and totals £80.14m. It sets out new capital investment funded from the council's own resources of £48.85m (funded by capital receipts and borrowing) and externally funded schemes of £31.19m (funded by capital grants). In addition, the report sets out a further three years of indicative proposals to 2028/29.

Those council funded schemes relating to the remit of this Committee are shown at **Appendix 3** totalling £0.35m over 4 years. There are no external funded schemes within the remit of this committee.

Summary of Children's Services budgets

A summary of the growth and demand pressures and savings within Children's Services has been included within **Appendix 5** for noting, in addition to an overview of the total budgets within the service.

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APPENDIX 1

Summary of Growth and Demand Pressures 2025/26 to 2028/29 aligned to the ambitions of the Council Plan relating to the remit of this Committee

| Directorate | Ref No | Details of Growth and Demand Pressures | 2025/26 £ | 2026/27 £ | 2027/28 £ | 2028/29 £ | Total £ |
|--|---|--|------------------|------------------|------------------|------------------|-------------------|
| Child-friendly borough | | | | | | | |
| Children's Services & Education | 9 | Children's young carers service | 17,184 | 0 | 0 | 0 | 17,184 |
| | 10 | Carer allowances uplifts | 113,800 | 116,000 | 0 | 0 | 229,800 |
| | 11 | External framework placement uplifts | 286,416 | 292,144 | 297,987 | 0 | 876,547 |
| | 12 | Carer fee uplifts | 78,000 | 81,000 | 84,000 | 0 | 243,000 |
| | 13 | Children in care growth | 2,095,454 | 1,368,105 | 1,593,340 | 922,961 | 5,979,860 |
| | 14 | Children placement moves | 2,284,523 | 2,430,219 | 2,509,860 | 2,592,688 | 9,817,290 |
| | 18 | Short breaks increased costs and demand | 200,000 | 0 | 0 | 0 | 200,000 |
| | 19 | Independent visitor | 20,000 | 0 | 0 | 0 | 20,000 |
| | 20 | Family time services additional workers to meet increased demand | 100,000 | 0 | 0 | 0 | 100,000 |
| | 21 | Management team localities | 155,000 | 0 | 0 | 0 | 155,000 |
| | 22 | Transition and leaving care staffing team | 72,200 | 0 | 0 | 0 | 72,200 |
| | 23 | Children & Young People Alliance | 125,993 | | | | 125,993 |
| | 24 | Regional adoption agency increases | 50,000 | 0 | 0 | 0 | 50,000 |
| | 25 | Framework placements inflation increase | 38,584 | 37,856 | 39,013 | 344,000 | 459,453 |
| | 26 | New adolescent service (linked to saving OP19) | 5,701 | 0 | 0 | 0 | 5,701 |
| | 27 | New internal residential home to open from 2026/27 (linked to saving OP23) | 0 | 631,970 | 45,583 | 0 | 677,553 |
| | 28 | Revenue costs for new internal residential home opened 2024/25 (linked to saving OP24) | 677,553 | 0 | 0 | 0 | 677,553 |
| | 29 | Internal residential career pathway to support recruitment and retention (linked to saving OP24) | 61,000 | 0 | 0 | 0 | 61,000 |
| | 30 | Emergency foster carer scheme (linked to saving OP 25) | 121,000 | 4,840 | 5,034 | 5,235 | 136,109 |
| | 31 | Housing project (linked to saving OP26) | 58,000 | 25,000 | (10,000) | 0 | 73,000 |
| 32 | Independent fostering agency framework retender outcome | 457,531 | 235,268 | 259,511 | 140,514 | 1,092,824 | |
| 33 | Staying put allowance uplifts | 24,000 | 24,960 | 25,958 | 26,997 | 101,915 | |
| 34 | Carer fee uplifts | 20,000 | 21,000 | 22,000 | 110,100 | 173,100 | |
| 35 | Carer allowances uplifts | 102,000 | 106,080 | 110,323 | 114,736 | 433,139 | |
| Total Child-friendly borough | | | 7,163,939 | 5,374,442 | 4,982,609 | 4,257,231 | 21,778,221 |
| Total Growth and Demand Pressures relating to the remit of this Committee | | | 7,163,939 | 5,374,442 | 4,982,609 | 4,257,231 | 21,778,221 |

APPENDIX 2

Savings for 2025/26 to 2028/29 aligned to the ambitions of the Council Plan relating to the remit of this Committee.

A: Summary of Policy Proposals by Council Plan ambition 2025/26 – 2028/29

None relating to the remit of this Committee.

B: Summary of Operational Proposals by Council Plan ambition 2025/26 – 2028/29

| Directorate | Ref No | Detail of Policy Proposals by Council Plan ambition | 2025/26 £ | 2026/27 £ | 2027/28 £ | 2028/29 £ | Total £ |
|--|---|--|--------------------|--------------------|--------------------|--------------------|---------------------|
| Child-friendly borough | | | | | | | |
| Children's Services & Education | OP10 | Recruitment & retention of internal foster carers | (600,000) | (600,000) | (133,905) | 0 | (1,333,905) |
| | OP11 | Specialist foster placements | (694,000) | (432,000) | 0 | 0 | (1,126,000) |
| | OP12 | Extend the family safeguarding programme into corporate parenting | (698,167) | (863,605) | (863,605) | (863,605) | (3,288,982) |
| | OP13 | Continued focus on placement step downs | (439,174) | 0 | 0 | 0 | (439,174) |
| | OP14 | Adolescent service - early help | (1,724,981) | (1,724,981) | (1,724,981) | 0 | (5,174,943) |
| | OP17 | Reduced management costs following integration of early help into children's social care | 0 | (100,000) | 0 | 0 | (100,000) |
| | OP18 | Recruitment & retention of Internal foster carers | 0 | 0 | (600,000) | (600,000) | (1,200,000) |
| | OP19 | Adolescent service - increase existing sustainability and transformation plans linked to Family Pathfinder | (200,854) | (177,679) | (177,679) | (1,902,660) | (2,458,872) |
| | OP20 | Families First for Children Pathfinder Programme - additional connected carers | (184,835) | (295,476) | (295,476) | (295,476) | (1,071,263) |
| | OP21 | Families First for Children Pathfinder Programme - care avoidance | (297,525) | (550,523) | (550,523) | (550,523) | (1,949,094) |
| | OP22 | Families First for Children Pathfinder Programme - lower cost placements | (247,467) | (634,220) | (634,220) | (634,220) | (2,150,127) |
| | OP23 | New internal residential home to open from 2026/27 creating additional internal placements | 0 | (633,862) | (452,759) | 0 | (1,086,621) |
| | OP24 | Placement sufficiency, an opportunity to open further internal residential homes from 2025/26 | (999,078) | (87,542) | 0 | 0 | (1,086,620) |
| | OP25 | Emergency foster carer scheme | (390,000) | 0 | 0 | 0 | (390,000) |
| OP26 | Housing project | (409,000) | (8,000) | (8,000) | 0 | (425,000) | |
| OP27 | Seek alternative funding - Children & Young People Alliance | (125,993) | 0 | 0 | 0 | (125,993) | |
| Total Child-friendly borough | | | (7,011,074) | (6,107,888) | (5,441,148) | (4,846,484) | (23,406,594) |
| Total Operational Proposals relating to the remit of this committee | | | (7,011,074) | (6,107,888) | (5,441,148) | (4,846,484) | (23,406,594) |

APPENDIX 3

Draft Capital Programme 2025/26 to 2028/29 aligned to the ambitions of the Council Plan – Council Funded Schemes relating to the remit of this Committee.

Prior Year Approval Schemes

| Directorate | Capital Scheme | Detail of Capital investment | 2025/26 £ | 2026/27 £ | 2027/28 £ | 2028/29 £ | Total £ |
|--|--|--|----------------|--------------|--------------|--------------|----------------|
| Child-friendly borough | | | | | | | |
| Children's & Education | Residential Home New 2023 | The project will provide a modern 4/5 bedroomed property that would be registered with Ofsted to provide accommodation for 3 children deemed to require complex care. The objectives of the project are to provide a safe and secure building that is fit for purpose, increasing sufficiency for children with more complex needs, to address current shortfalls in provision and to reduce dependence on high-cost provision. Since 2019/20 the total number of children in care has reduced from 671 to 650, however, due to the ongoing sufficiency pressures and the increasing number of complex cases, the number of children residing in an external residential home has risen from 37 to 73 in August 23. In addition, the average weekly cost of these placements has risen from £4.2k to £6.1k over the same period. By opening a new home, the service will have the ability to support the needs of our more complex children, who are currently residing in external residential or unregistered placements, at a lower cost than currently budgeted. | 153,600 | 0 | 0 | 0 | 153,600 |
| | Children in care Foster Care refurbishment programme | This funding is provided to enable foster carers and special guardians for children looked after by Walsall to enlarge their homes or in some circumstances, to obtain an alternative larger home. | 51,236 | 0 | 0 | 0 | 51,236 |
| Total Child-friendly borough | | | 204,836 | 0 | 0 | 0 | 204,836 |
| Total Prior Year Approval Schemes | | | 204,836 | 0 | 0 | 0 | 204,836 |
| Total Draft Capital Programme – Council Funded Schemes within the remit of this Committee | | | 204,836 | 0 | 0 | 0 | 204,836 |

APPENDIX 4

Draft Capital Programme 2025/26 to 2028/29 aligned to the ambitions of the Council Plan – External Funded Schemes relating to the remit of this Committee.

None relating to the remit of this Committee

Summary of Children's Services budgets incl. Growth and Demand Pressures and Savings.

Since 2022/23, the growth and demand pressures relating to the remit of this committee total £35.94m. During the same period savings of (£10.44m) have been identified, reducing the total net investment down to £25.50m. This is detailed by year in the table below.

After two financial years of significant investment, the net investment request for 2025/26 (as at October 2024), has reduced to £0.15m.

Total growth and demand pressures and savings

| | 2022/23 £m | 2023/24 £m | 2024/25 £m | 2025/26 (as at Oct) £m | Total £m |
|-----------------------------|---------------|---------------|---------------|------------------------------|--------------|
| Growth and Demand Pressures | 6.06 | 16.53 | 13.35 | 7.16 | 35.94 |
| Savings | -4.75 | -2.29 | -3.40 | -7.01 | -10.44 |
| Net Investment | 1.31 | 14.24 | 9.95 | 0.15 | 25.50 |

The table below details the total budget by service area and shows the budget increases across the service since 2021/22. The net investments detailed above (excluding 25/26), in addition to in year adjustments across the directorates, have increased the total Children's Services budget by £25.84m since 21/22, from £52.34m to £78.19m.

Total budget by service area

| Service Area | Total Budget 21/22 (£m) | Total Budget 22/23 (£m) | Total Budget 23/24 (£m) | Total Budget 24/25 (£m) | Movement from 21/22 to 24/25 |
|---------------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|------------------------------------|
| Children's Wide | 0.76 | 0.93 | 0.78 | 0.48 | (0.28) |
| Children in Care (CiC) | 25.95 | 27.41 | 38.90 | 47.35 | 21.39 |
| Children's Social Care | 20.42 | 20.98 | 23.82 | 25.69 | 5.27 |
| Early Help and Commissioning Services | 4.37 | 3.67 | 3.89 | 3.87 | (0.50) |
| Early Help - Shortbreaks | 0.85 | 0.81 | 0.81 | 0.81 | (0.04) |
| Total Budget | 52.34 | 53.79 | 68.19 | 78.19 | 25.84 |

Of the £25.84m budget increase, £21.39m lies within the Children in Care (CiC) placement budget. Over the past four years, there has been significant demand led pressures within the CiC placement budget. These pressures include:

- Changes in legislation requiring all placements to be regulated
- Placement sufficiency pressures which have created an increased reliance on higher cost / spot placements
- Ongoing placement cost increases linked to the cost of living and lack of suitable placements / competition in the market
- Increased number of children entering remand or secure placements
- Larger number of sibling groups entering care

- Increased complexities and vulnerabilities of young people entering care, including exploitation, mental health difficulties and emotional dysregulation, requiring Deprivation of Liberty Safeguards and additional support within the placements

To mitigate the impact of these pressures the service has identified multiple remedial actions and savings proposals. These include:

- The introduction of the Family Safeguarding model and more recently the Families First for Children pathfinder, which focuses on supporting families at an earlier stage to avoid entry into care
- Enhancement of the carer fees and allowances to support the recruitment and retention of internal carers, in addition to the creation of a specialist foster carer scheme
- The creation of three new internal residential homes to support placement sufficiency and assessments
- The introduction of the adolescent Turning Point and Youth in Sight services which supports adolescents at crisis point
- Additional programmes including the Family Drugs and Alcohol Courts.
- Additional focus on placement stability and step downs where achievable.

Of the £25.84m budget increase, £5.27m lies within the Children's Social Care core budget. Over the past four years, the service has focussed on developing a stable workforce to reduce reliance on agency and to provide the best service and outcomes for Walsall's children and young people.

To create this the service have developed their offer in the following ways:

- The implementation of a 9-day fortnight
- Retention payments
- A manageable caseload
- Clear career pathways with a comprehensive career development offer and specialist training
- Access to clinical supervision.

In addition, to avoid children entering care and to reduce the costs of those who do, the service has identified multiple remedial actions which are detailed above. In doing so, there has been revenue implications through the use of invest to save models. The additional investment has created new teams to support the projects detailed, further increased the Section 17 budget and supported the running costs of multiple new internal residential homes.

Although the budget for Early Help and Commissioning has reduced since 2021/22, the service has benefitted from some investment through the receipt of national grants, including Family Hubs, Holiday Activities and Food programme, Supporting Families, Youth Justice Turnaround, and Reducing Parental Conflict.