

Scrutiny Overview Committee – 11 December 2023

Draft Revenue Budget and Draft Capital Programme 2024/25 – 2027/28

The report on the agenda tonight refers to the draft revenue and capital proposals reported to Cabinet on 18 October 2023, including those relating to services within the remit of this Committee, for scrutiny consideration.

The Committee will be aware that the second draft budget report for Cabinet on 13 December 2023 is now public on the council's Committee Management Information System (CMIS), and therefore this supplementary note is to explain the principal movements in the draft proposals.

The Committee are recommended to consider the draft revenue budget and capital programme, and for feedback to be tabled at Cabinet on 13 December 2023 for consideration, prior to recommending the final financial plan at Cabinet on 7 February 2024 for approval by Council on 22 February 2024.

1. Amendments to the Revenue Budget

The report to Cabinet on 18 October 2023 outlined a number of investments and savings proposals, resulting in a financial gap of £18.06m in 2024/25 (£50.23m over the four years to 2027/28).

The Medium-Term Financial Outlook (MTFO) has been reviewed and updated, resulting in the gap reducing from £18.06m to £12.35m in the budget update report to Cabinet on 13 December 2023, requiring further savings to be identified between now and February 2024 to ensure a balanced revenue budget for 2024/25. A further financial gap is forecast of £34.67m over the next three years to 2027/28. This is based on known assumptions and cost pressures forecast as part of the council's MTFO.

The following table summarises the changes made to the MTFO previously reported to Cabinet on 18 October 2023. *Those changes specifically relating to the services within the remit of this committee are highlighted grey for ease of reference.*

Movement in MTFO since report to Cabinet on 18 October 2023

	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	Total £m
Gap as per report to Cabinet 18 October 2023	18.06	14.23	8.57	9.36	50.23
Changes to investments					
Inv 24,36,47,66,70,73,74,79 - all linked investment moved to offset savings	(2.32)	(1.47)	(0.24)	(0.08)	(4.12)
Inv 30A,B,E - Public Health allocations amended	0.06	0.07	0.05	0.05	0.23
Inv 31 - Public Health grant allocated	0.00	(0.07)	(0.05)	(0.05)	(0.17)
Inv 37,56,83 - fall out of investment removed	0.88	0.08	0.00	0.00	0.95
Inv 65 - additional children in care demand / cost pressures	2.60	1.02	0.46	0.34	4.43
Inv 68 - Early Help removed as offsets saving	(0.89)	0.00	0.00	0.00	(0.89)
Inv 76 - Placement costs - Inflationary increases for external framework placements	(1.18)	(0.06)	(0.06)	(0.06)	(1.37)
Inv 79 - Childrens residential homes revenue costs reviewed	0.00	(0.04)	0.05	0.00	0.01
<i>Inv 98 - External audit contract increase – NEW</i>	<i>0.18</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.18</i>
<i>Inv 99 - Legal - two Senior Democratic Services posts – NEW</i>	<i>0.11</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.11</i>
Inv 100 - Development of a service which takes responsibility for the following: ASC Continuous Improvement; CQC management; Data quality; Social Care Systems; Social Care policy and strategy – social care reforms; digital innovation; annual cyclical activity across Directorate such part of business planning; Project management and governance - one off funded from reserves	0.48	(0.24)	(0.24)	0.00	0.00
Total changes to investments	(0.08)	(0.71)	(0.04)	0.19	(0.64)
Changes to savings proposals					
OP6 - Capitalisation of highways works removed (duplicated)	0.20	0.00	0.00	0.00	0.20
OP16,21,39,57,60,62,63,64 - all linked investment moved to offset savings as above	2.32	1.47	0.24	0.08	4.12
<i>OP39 - Finance business partner review and restructure amended</i>	<i>(0.12)</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>(0.12)</i>
<i>OP48 - Early payment supplier programme removed</i>	<i>0.06</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.06</i>
OP59 - Early Help restructure removed as offset by investment above	0.89	0.00	0.00	0.00	0.89
OP63 - Placement sufficiency - opening of further homes - revised following business case	0.00	0.04	(0.11)	0.00	(0.07)
OP65 - Adolescent service linked investment rephased as now to commence January 2024	0.01	(0.01)	0.00	0.00	0.00
<i>OP73 - Removal of revenue DaTS budget - now to be funded from capital – NEW</i>	<i>(0.33)</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>(0.33)</i>

Total changes to savings proposals	3.03	1.50	0.13	0.08	4.74
	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	Total £m
Central adjustments					
Use of reserves - borrowing rescheduling	(1.97)	1.97	0.00	0.00	0.00
Use of reserves - Childrens sibling group investment	(0.32)	0.00	0.32	0.00	0.00
Use of reserves - Childrens remand investment	(0.10)	0.00	0.10	0.00	0.00
Use of reserves - remove centre of excellence funded from proud	0.00	0.29	0.00	0.00	0.29
Base budget adjustment for funding of fall out of investment (Inv 37,56,83 above)	(0.88)	(0.08)	0.00	0.00	(0.95)
Central - Council tax additional 1% income subject to referendum limits	0.00	(1.53)	(1.63)	(1.73)	(4.90)
Central - reduction in Business rates income as per September forecast	2.35	(1.43)	0.83	0.88	2.63
Central - Increase in section 31 grant for business rates retention scheme - as per September forecast	(3.20)	0.08	0.00	(0.00)	(3.12)
Central - Collection fund surplus - as per September forecast	(0.65)	0.65	0.00	0.00	0.00
Central - New Homes Bonus	(0.60)	0.00	0.00	0.00	(0.60)
Use of reserves - Business rates reserve to fund New Art Gallery effect on deficit	(2.66)	2.66	0.00	0.00	0.00
Use of reserves - ASC continuous improvement	(0.48)	0.24	0.24	0.00	0.00
Other base budget adjustments	(0.16)	(0.32)	(0.10)	(0.09)	(0.66)
Total central adjustments	(8.66)	2.55	(0.25)	(0.95)	(7.31)
Revised savings to be identified (Current gap)	12.35	17.56	8.41	8.70	47.02

2. Amendments to the Capital Programme

The draft capital programme was set out in the report to Cabinet on 18 October 2023, of £132.08m in 2024/25, with a further £202.21m over the following three years to 2027/28.

The following table summarises the changes made to the draft programme, resulting in a revised draft capital programme of £121.99m in 2024/25, and a further £217.46m over the three years to 2027/28 in the budget update report to Cabinet on 13 December 2023. This represents a reduction of £10.09m in 2024/25 (£7.34m council funded thus a reduction in borrowing requirement, and £2.75m in externally funded schemes). *Those changes specifically relating to the services within the remit of this committee are highlighted grey for ease of reference.*

Movement in Draft Capital Programme 2024/25 to 2027/28 since Cabinet on 18 October 2023				
	2024/25	2025/26	2026/27	2027/28
	£m	£m	£m	£m
Council Funded Schemes - Cabinet 18 October 2023	75.23	54.91	21.71	8.16
Replacement of PC's in libraries removed. Scheme to be considered for funding from Pipeline Development subject to business case	(0.21)	0.00	0.00	0.00
Mosaic Case Management Solution - Access Community Gateway - scheme removed	(0.07)	0.00	0.00	0.00
Future High Streets Funding - rephased	(4.86)	0.00	4.86	0.00
Streetly Crematorium - Cremator reline - removed as potential to fund in 2023/24 from underspends pending approval	(0.05)	0.00	0.00	0.00
Capitalisation of Library Book Fund - removed as potential to fund in 2023/24 from underspends pending approval	(0.15)	0.00	0.00	0.00
Pipeline Development - realignment of approved funding to 2023/24	(3.00)	0.00	0.00	0.00
<i>Pipeline Development – additional requirement*</i>	<i>1.00</i>	<i>1.27</i>	<i>5.88</i>	<i>0.49</i>
Revised Council Funded Schemes	67.89	56.18	32.45	8.65
External Funded Schemes - Cabinet 18 October 2023	56.85	43.37	55.96	18.10
Walsall Masterplan - rephased	(2.75)	2.75	0.00	0.00
Revised External Funded Schemes	54.10	46.12	55.96	18.10
Revised Draft Capital Programme	121.99	102.30	88.41	26.75

Pipeline development funding has been increased by £8.6m over the period as above (*), resulting in a revised total allocation of £109.0m. This funding is to support those schemes in development stages as outlined in Appendix 4 of the report to Cabinet on 13 December 2023 as detailed below. This includes schemes where funding or match funding is required (subject to external funding bidding processes) in order for some of these projects to progress as there is insufficient headroom within the existing capital programme to fund all of these development opportunities. This provision is held centrally. To access these funds, an outline business case is required to be endorsed by the council's Strategic Investment Board, followed by a full business case for Cabinet approval.

Capital Development Schemes – subject to business case approval.

Adult Social Care, Public Health and Hub

- **Assistive Technologies** - Adults and Children's use a number of social care systems which are currently hosted in the council's on-premise data centre. Should the data centre fail, these critical systems will not be accessible.

Children's, Education & Customer Engagement

- **Free School** - Funding towards providing a free school in the borough to supplement DfE bid to contribute significant funds to the creation of the school on a council site.
- **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.

Economy, Environment and Communities

- **Gasholders** - This council owned site is located in the Black Country Enterprise Zone and forms a key part of Walsall's employment land supply. Work is being undertaken to provide an up-to-date site appraisal but previous work has indicated a viability gap.
- **Saddlers Quay** - Public sector intervention likely to be required to bring forward the site for development and address the ongoing issues. "Total Homes" to build 222 flats. Council to balance the viability gap.
- **Station Street Town Centre Living** - The site is in multiple private ownerships and has been identified as an opportunity to bring forward new residential development in a sustainable location. Due diligence work has been undertaken and a proposed delivery approach identified focused on land acquisition, addressing abnormal costs and procuring a developer.
- **Walsall Gateway** - The sites are in multiple private ownerships and has been identified as an opportunity to bring forward new residential development in a sustainable location. A Strategic Delivery Plan is due to be prepared to inform future stages which are likely to focus on land acquisition, addressing abnormal costs and procuring a developer.
- **Willenhall Framework Plan future phases** - identifies three potential further phases where council intervention may be required to support delivery of new housing given ownership and viability issues.
- **Challenge Block** - A new medical centre is currently being delivered on part of the Challenge Block site and work has commenced to identify the most suitable use for the balance. The council has a significant landholding but funding will be required to undertake land assembly to enable a comprehensive approach to future development.
- **Anson Road** - The site is owned by Severn Trent and is not a priority for delivery due to viability and delivery issues. Severn Trent have indicated they are willing to consider disposal. The site forms a key part of Walsall's employment land supply and funding would support acquisition and delivery costs.
- **Highways Maintenance** - additional request on top of rolling budget due to current inflationary pressures and increased labour and material costs - the existing rolling budget is for Highway maintenance as the council has a legal responsibility to maintain the highway network.

- **Traffic Signals Infrastructure** - additional funding to replace obsolete traffic signals infrastructure. Existing rolling budget of £200k.
- **York Bridge** - review of scheme being undertaken and potential requirements to deliver the scheme.
- **Additional cameras** - Additional coverage for crime and anti-social behaviour.
- **In house operation of HWRC's** - The operating model for HWRCs is being reviewed in parallel with the construction of the new Middlemore Lane site. There may be revenue savings from bringing this contract in house. The council would need to purchase equipment for the site.
- **Household Waste Recycling Centre (HWRC)** - Fryers Road - to provide a new Household Waste Recycling Centre at Fryers Road.
- **Brown Jug Compulsory Purchase Order (CPO)** - This is a derelict site, with the potential to CPO to facilitate housing (c up to 10-15 units maximum). There is currently no scheme currently to quantify, hence only the land CPO costs have been included plus legal/tax and contingency.
- **Feasibility costs** – to develop business cases for Regeneration projects.
- **Walsall Arena and Arts Centre Bar and front of house remodelling** - to allow for better access, better facilities and increased bar income from the centre's growing programme of entertainment and private hire business stream. It will also prevent loss of income from customers choosing alternative venues because of poor current provision.
- **Road Safety** – promotion of community health and safety.
- **New memorial garden at North Walsall Cemetery** – to provide an additional income source.
- **Garden Waste Treatment** - proposal to supply and install a disposal and electricity generation. The process burns dried garden waste using a thermal treatment process called pyrolysis. The heat is used to vaporise a liquid that drives a generator and produces electricity. The electricity produced provides power to operate the facility and additional energy that can be sold to the national grid, creating an income stream.
- **Replacement of PC's in libraries.**
- **Swimming Pool Support Fund match funding** – potential council contribution for energy monitoring systems. A bid has been submitted for Sports England grants towards the costs of installing solar PV panels on the roofs of Bloxwich Active Living Centre and Oak Park Active Living Centre. A £40k council contribution for energy monitoring systems for the two sites will be required if the bid is successful. Decision expected in December 2023

Resources and Transformation

- **Commercial Shopping parade roof replacement** - 4 roof replacements across the commercial shopping parades to enable alternative delivery model of operation moving forward to reduce annual revenue and capital maintenance from the council's perspective. Options also being reviewed regarding disposal options to avoid capital expenditure being required.
- **Relocation of Catering Hub** - Relocation of school meals catering facility from former Sneyd School to enable the demolition and disposal of the surplus former Sneyd School site for development. Options appraisal underway to identify the most appropriate solution. Capital cost dependent upon identified solution.

- **Demolition of former Sneyd School** - Demolition of former school complex to enable disposal for redevelopment. Demolition to follow grant of outline planning consent for redevelopment and relocation of the Catering Hub and Sneyd Community Association from the building.
- **Continuation of Enabling Technology** - established to provide a core technology platform which would support the council's transformation.
- **Carbon Net Zero Projects** – to be identified from carbon audits.
- **Adult Learning Campus Projects** – supported costs subject to review.
- **Temporary Accommodation Maintenance** - supported costs subject to review.