

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

**2 NOVEMBER 2023**

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

**Ward(s)** All

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

**Executive Summary:**

The draft budget, as reported to Cabinet on 18 October 2023, includes the latest medium term financial outlook (MTFO) for the four-year period from 2024/25 to 2027/28. It also outlines the draft revenue budget for 2024/25 to 2027/28 (including savings proposals identified to date for consultation), the draft capital programme for 2024/25 to 2027/28, and sets out the process and timescale for setting a legally balanced budget for 2024/25.

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 2024/25 budget, with additional growth now required of c£57.69m, resulting in a budget gap of c£18.06m.

The Council is legally obliged to set a one-year balanced budget (2024/25), 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 2024/25, so there will be a requirement to report back on changes and options to close the gap at the next meeting of Cabinet on 13 December 2023. All draft proposals are subject to changes arising from the Autumn Statement due on 22 November 2023, and a provisional settlement yet to be received (anticipated mid December). A number of savings proposals are also included for 2025/26 to 2027/28, with further options being identified to allow for a balanced budget over the period 2025/26 to 2027/28 aligned to the Council Plan and Proud activity.

The 2024/25 draft budget assumes a 2.99% general council tax increase and a further 2% precept for Adult Social Care in line with current referendum assumptions, with a 1.99% per annum increase thereafter. This is expected to be confirmed when we receive our draft 2024/25 settlement in December 2023.

The draft capital programme for 2024/25 totals £132.08m. It sets out capital investment funded from the council's own resources of £75.23m (funded by capital receipts and borrowing) and externally funded schemes of £56.85m (funded by capital grants) and represents a balanced programme for 2024/25. In addition, the report sets out a further three years of indicative proposals to 2027/28. 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 adult and children's social care 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 2024/25 – 2027/28 by Proud Outcomes identified to date, 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 on 13 December 2023 for consideration.

The revenue proposals set out in the report to Cabinet on 18 October 2023 do not yet balance the budget for 2024/25, so there will be a requirement to report back on changes and options to close the remaining c£18m gap at the next meeting of Cabinet on 13 December 2023, and subsequent report to this committee should any changes relate to services within the remit of this committee.

The final draft budget will be considered by Cabinet on 7 February 2024 for recommendation to Council on 22 February 2024. 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 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 on 13 December 2023.
2. The Committee note that the revenue budget for 2024/25 is currently not balanced, with a gap of c£18m, 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 on 13 December 2023.

#### **Background papers:**

Various financial working papers.

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

Cabinet on 18 October 2023 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 2024/25 to 2027/28.

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

[Draft Revenue Budget and Capital Programme 2024/25 to 2027/28 - Cabinet 18 October 2023](#)

### Maximising Outcomes through Budgeting 2024/25 onwards

Our approach to budget setting was established in 2020 with overall financial savings expected to be delivered via Proud activity. For 2024/25 Proud work streams will continue to provide the 'enablers' to allow Directorates to deliver through Service Transformation Plans (STP's).

Directors reviewed their STP's to identify how individual services can be transformed to generate further efficiencies, along with any short-term investment requirements to enable this to progress, linking their current and future service delivery with Council priority outcomes as per the Council Plan. This allows for identification of potential transformation activity and associated savings for future financial years. Those identified to date are outlined within the draft budget report to Cabinet on 18 October 2023, with further work in train to identify further opportunities to close the financial gap for 2024/25 and future years.

The Council Plan direction of travel approach sets 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 2024/25 onwards budget is built and developed on this moving forward.

### Investment / cost pressures

Further to the changes in assumptions, the draft budget 2024/25 – 2027/28 includes provision for growth and investment of c£133m (£57.69m of this is in 2024/25). Those investments relating to the remit of this Committee are shown at **Appendix 1** and total £29.81m over 4 years.

### Savings proposals

The Proud service transformation plans have identified £13.58m of financial benefit for 2024/25 (including the review of the £8.10m identified in the budget report to Council in February 2023). There is also £9.37m identified for 2025/26, £7.91m for 2026/27 and £6.72m for 2027/28. 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 £333k in 2024/25 (£453k over the four years to 2027/28).
2. Operational Proposals – savings which officers have delegations to implement; examples include restructures, back-office savings, operational efficiencies. These total £13.25m in 2024/25 (£37.12m over the four years to 2027/28).

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, once consultation and equality impact assessment has concluded.

Savings proposals outlined in the report to Cabinet on 18 October 2023 will assist in closing the gap over the four years to 2027/28. A gap of £18.06m remains after the delivery of the £13.58m saving identified for 2024/25, with a further £14.24m saving requirement for 2025/26, £8.57m for 2026/27 and £9.36m for 2027/28. Through budget week and beyond, a number of themes were identified for prioritisation to take forward to support the 2024/25 position and also form the foundations of the medium-term financial strategy, building on the work of the Proud programme. 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 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 £17.18m over 4 years.

### Net investment / savings

The following summarises the net investment /(savings) by Directorate for 2024/25.

<b>Net Investment/savings by Directorate 2024/25</b>	<b>Investment £m</b>	<b>Savings £m</b>	<b>Net £m</b>
Adult Social Care, Public Health and Hub	28.61	(4.59)	24.02
Children's Services	14.09	(4.14)	9.95
Children's - Customer Engagement	1.30	(0.43)	0.87
Economy, Environment and Communities	3.73	(3.06)	0.68
Resources and Transformation	0.86	(1.35)	(0.49)
Central / Capital Financing*	9.09	0.00	9.09
<b>Total Net Investments by Directorate</b>	<b>57.69</b>	<b>(13.58)</b>	<b>44.11</b>

\*Central investment includes £8.09m of pay and pension costs which will be allocated to services following a detailed review of salary budget requirements.

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 2024/25 is balanced and totals £132.08m. It sets out new capital investment funded from the council's own resources of £75.23m (funded by capital receipts and borrowing) and externally funded schemes of £56.85m (funded by capital grants). In addition, the report sets out a further three years of indicative proposals to 2027/28.

Those council funded schemes relating to the remit of this Committee are shown at **Appendix 3** totalling £150k over 4 years, and external funded schemes of £64k at **Appendix 4**.

### **Contact Officers:**

Colleen Male – Executive Director, Children's and Customer, ☎01922 652081,

✉ [colleen.male@walsall.gov.uk](mailto:colleen.male@walsall.gov.uk)

Vicky Buckley – Head of Finance and Assurance, ☎ 07983 604698,

✉ [Vicky.Buckley@walsall.gov.uk](mailto:Vicky.Buckley@walsall.gov.uk)

Ross Hutchinson – Head of Finance (Finance Business Partnering & ESS projects),

☎ 07415 308513, ✉ [Ross.Hutchinson@walsall.gov.uk](mailto:Ross.Hutchinson@walsall.gov.uk)

**APPENDIX 1**

**Summary of New Growth and Investment 2024/25 to 2027/28 aligned to Proud Outcomes relating to the remit of this Committee.**

Directorate	Ref No	Details of Growth by outcome	2024/25 £	2025/26 £	2026/27 £	2027/28 £	Total £
<b>Children and young people grow up in connected communities and feel safe everywhere</b>							
<b>Children's, Education &amp; Customer Engagement</b>	65	Additional children in care demand / cost pressures	4,212,446	1,338,826	1,493,561	2,106,315	9,151,148
	66	Foster care / Special Guardianship Order / staying put allowances and proposed change to current fostering fees (linked to saving OP57/60)	714,500	191,800	197,000	84,000	1,187,300
	67	Increase in social workers pay (full year impact of 2022/23 investment)	12,000	0	0	0	12,000
	68	Removal of saving OP59 due to legislation changes - Development of locality partnership offer in Early Help.	888,396	0	0	0	888,396
	69	Young Carers Service	24,058	17,184	0	0	41,242
	70	Ongoing costs for wrap around support (linked to saving OP64)	350,000	0	0	0	350,000
	71	Legal Fees	100,000	0	0	0	100,000
	72	Transport Costs for social care	200,000	0	0	0	200,000
	73	Additional Head of Service post (linked to saving OP64)	110,948	0	0	0	110,948
	74	Additional Children and Family Officer posts in Corporate Parenting (linked to saving OP62)	121,173	0	0	0	121,173
	75	Recruitment and Retention Pressures	271,948	0	0	0	271,948
	76	Placement costs - Inflationary increases for external framework placements	4,706,576	3,671,661	3,929,714	4,008,308	16,316,259
	77	Increase birthday/ festive payments to Department for Education guidance for Special Guardianship Orders, fostering, connected care	31,000	0	0	0	31,000
	78	Kinship carers - remove allowance age cap, pay all carers birthday, holiday, and festive allowances, and remove means testing	294,335	0	0	0	294,335
	79	Revenue costs for new internal residential home (linked to saving OP63)	0	671,859	0	0	671,859
	80	Supported accommodation legislation post - fully funded from grant	37,355	0	0	0	37,355
81	Unaccompanied Asylum-Seeking Children (UASC) post - fully funded from grant	21,000	0	0	0	21,000	
<b>Total Children and young people grow up in connected communities and feel safe everywhere</b>			<b>12,095,735</b>	<b>5,891,330</b>	<b>5,620,275</b>	<b>6,198,623</b>	<b>29,805,963</b>
<b>Total Growth and investment relating to the remit of this Committee</b>			<b>12,095,735</b>	<b>5,891,330</b>	<b>5,620,275</b>	<b>6,198,623</b>	<b>29,805,963</b>

## APPENDIX 2

### Benefits Realisation (Savings) for Proud activity by Outcome 2024/25 to 2027/28 relating to the remit of this Committee.

#### A: Summary of Policy Proposals by Outcome 2024/25 – 2027/28

None relating to the remit of this Committee.

#### B: Summary of Operational Proposals by Outcome 2024/25 – 2027/28

Directorate	Ref No	Detail of Operational Proposals by Outcome	2024/25 £	2025/26 £	2026/27 £	2027/28 £	Total £
<b>Children and young people grow up in connected communities and feel safe everywhere</b>							
Children's, Education & Customer Engagement	OP57	Further Recruitment and Retention of internal Foster Carers - linked to investment 66	(600,000)	(600,000)	(600,000)	0	(1,800,000)
	OP58	Specialist Foster Placements	(244,000)	(244,000)	(244,000)	0	(732,000)
	OP59	Restructure of 'change grow live' following contract bought in house. Investment 68 identified to remove.	(888,396)	0	0	0	(888,396)
	OP60	Further recruitment and retention of internal foster carers into 2027/28 - linked to investment 66	0	0	0	(133,905)	(133,905)
	OP61	Full year impact of new internal residential homes	(467,400)	0	0	0	(467,400)
	OP62	Extend the Family Safeguarding programme into Corporate Parenting - linked to investment 74	(859,866)	(1,618,823)	(1,618,823)	(1,618,823)	(5,716,335)
	OP63	Placement sufficiency – opportunity to open further residential homes from 2025/26 - £600k capital investment in pipeline to support this - linked to investment 79	0	(678,054)	(339,027)	0	(1,017,081)
	OP64	Continued focus on placement step downs - linked to investment 70/73	(514,984)	(439,174)	0	0	(954,158)
	OP65	Adolescent Service - Early Help	(715,238)	(1,724,981)	(1,724,981)	(1,724,981)	(5,890,181)
Adolescent Service - Early Help (Linked investment)		402,657	19,620	TBC	TBC	422,277	
<b>Total Children and young people grow up in connected communities and feel safe everywhere</b>			<b>(3,887,227)</b>	<b>(5,285,412)</b>	<b>(4,526,831)</b>	<b>(3,477,709)</b>	<b>(17,177,179)</b>
<b>Total Operational Proposals relating to the remit of this committee</b>			<b>(3,887,227)</b>	<b>(5,285,412)</b>	<b>(4,526,831)</b>	<b>(3,477,709)</b>	<b>(17,177,179)</b>

**APPENDIX 3**

**Draft Capital Programme 2024/25 to 2027/28 – Council Funded Schemes relating to the remit of this Committee.**

**Development investment**

Directorate	Capital Scheme	Detail of Capital investment	2024/25 £	2025/26 £	2026/27 £	2027/28 £	Total £
<b>Children and young people grow up in connected communities and feel safe everywhere</b>							
Children's, Education & Customer Engagement	Children in care Foster Care refurbishment programme	This funding is provided to enable foster carers and special guardians for children in care by Walsall to enlarge their homes or in some circumstances, to obtain an alternative larger home.	150,000	0	0	0	150,000
<b>Total Children and young people grow up in connected communities and feel safe everywhere</b>			<b>150,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>150,000</b>
<b>Total Development Investment</b>			<b>150,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>150,000</b>
<b>Total Draft Capital Programme – Council Funded Schemes within the remit of this Committee</b>			<b>150,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>150,000</b>

APPENDIX 4

Draft Capital Programme 2024/25 to 2027/28 – External Funded Schemes relating to the remit of this Committee.

Directorate	Capital Scheme	Detail of Capital investment	2024/25 £	2025/26 £	2026/27 £	2027/28 £	Total £
<b>Children and young people grow up in connected communities and feel safe everywhere</b>							
Children, Education & Customer Engagement	Family hubs and Start for Life programme,	To support the implementation of the Family Hub and Start for Life Programme which is aimed at providing families with the integrated support they need to care for their children from conception, throughout early years and into the start of adulthood. The capital element of the grant will be used to purchase / improve current data records management systems linked to documenting outcomes of the programme initially and then may be required to purchase equipment needed to support the programme ongoing. Funding from Department for Education and Department of Health and Social Care	64,250	0	0	0	64,250
<b>Total Children and young people grow up in connected communities and feel safe everywhere</b>			<b>64,250</b>	<b>0</b>	<b>0</b>		<b>64,250</b>
<b>Total Draft Capital Programme – External Funded Schemes within the remit of this Committee</b>			<b>64,250</b>	<b>0</b>	<b>0</b>		<b>64,250</b>