

**Education
Overview and Scrutiny Committee**

21 NOVEMBER 2023

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

Ward(s) All

Portfolios: Cllr M Statham – Education and Skills

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 Education 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 £5.29m 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 £257k over 4 years.

Net investment / savings

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

Net Investment/savings by Directorate 2024/25	Investment £m	Savings £m	Net £m
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
Total Net Investments by Directorate	57.69	(13.58)	44.11

*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 £2.00m over 4 years, and external funded schemes of £79.47m at **Appendix 4**.

Contact Officers:

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

✉ colleen.male@walsall.gov.uk

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

✉ Vicky.Buckley@walsall.gov.uk

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

☎ 07415 308513, ✉ 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 £
Children and young people thrive emotionally, physically, mentally and feel they are achieving their potential							
Children's, Education & Customer Engagement	60	Increase in demand for Home to school transport	986,977	1,133,977	800,000	643,407	3,564,361
	61	Reduction in traded services attendance income target due to schools directly employing their own staff in response to the new requirements of the school attendance procedures and bill	36,387	36,387	36,387	0	109,161
	62	Home to School Transport Staffing Resources	27,487	19,633	0	0	47,120
	63	Increase staffing costs in Education, Health, and Care Plan Assessment team to meet increased demand	72,333	51,667	124,000	0	248,000
	64	Educational Psychology service - staffing to meet increases in demand	871,971	119,281	133,627	199,818	1,324,698
Total Children and young people thrive emotionally, physically, mentally and feel they are achieving their potential			1,995,155	1,360,945	1,094,014	843,225	5,293,340
Total Growth and investment relating to the remit of this Committee			1,995,155	1,360,945	1,094,014	843,225	5,293,340

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 £
Children and young people thrive emotionally, physically, mentally and feel they are achieving their potential							
Children's, Education & Customer Engagement	OP54	Culture shift, training, and workforce - payback of Education, Health, and Care Plan investment	(50,000)	0	0	0	(50,000)
	OP55	Reduce headcount	(61,971)	0	0	0	(61,971)
	OP56	Reduction in home to school transport investment	(145,000)	0	0	0	(145,000)
Total Children and young people thrive emotionally, physically, mentally and feel they are achieving their potential			(256,971)	0	0	0	(256,971)
Total Operational Proposals relating to the remit of this Committee			(256,971)	0	0	0	(256,971)

APPENDIX 3

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

Prior Year Approval Schemes

Directorate	Capital Scheme	Detail of Capital investment	2024/25 £	2025/26 £	2026/27 £	2027/28 £	Total £
Children and young people thrive emotionally, physically, mentally and feel they are achieving their potential							
Children's, Education & Customer Engagement	School Estate Condition Survey	Ongoing provision to cover school conditions.	250,000	250,000	250,000	250,000	1,000,000
	School Temporary Classrooms	Ongoing provision for improving / replacing permanent mobile classrooms when they reach a state of disrepair. This has been held corporately to fund emergency costs arising.	250,000	250,000	250,000	250,000	1,000,000
Total Children and young people thrive emotionally, physically, mentally and feel they are achieving their potential			500,000	500,000	500,000	500,000	2,000,000
Total Prior Year Approval Schemes			500,000	500,000	500,000	500,000	2,000,000
Total Draft Capital Programme – Council Funded Schemes within the remit of this Committee			500,000	500,000	500,000	500,000	2,000,000

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 £
Children and young people thrive emotionally, physically, mentally and feel they are achieving their potential							
Children's, Education & Customer Engagement	Basic Need	Paid to Local Authorities to support the capital requirement for providing new pupil places by expanding existing maintained schools, free schools or academies & establishing new schools (Department for Education-DfE).	2,500,000	9,346,409	23,368,088	0	35,214,497
	Devolved Formula Capital	Received by the Local authority then allocated out to individual schools as per allocations defined by the DfE. It is intended to provide schools with capital funding for improvement to buildings and other facilities, including ICT, or capital repairs / refurbishments and minor works. (Department for Education).	510,228	510,228	510,228	510,228	2,040,912
	Capital Maintenance	Allocated to the Local Authority on an annual basis to improve and maintain the condition of the school estate (buildings and grounds). Investment is prioritised on keeping school buildings safe and in good working order by tackling poor building condition, building compliance, energy efficiency, and health and safety issues. (Department for Education).	3,195,000	2,285,000	8,862,791	3,888,380	18,231,171
	High Needs Provisional Capital allocation	High Needs Provisional Capital Allocation (HNPCA) funding is paid to Local authorities to support the capital requirement for providing new SEND (Special Educational Needs and Disabilities) pupil places by expanding/improving existing maintained schools, free schools, or academies. Confirmed Allocation for 2023/24.	2,867,030	2,867,030	13,884,142	4,365,293	23,983,495
Total Children and young people thrive emotionally, physically, mentally and feel they are achieving their potential			9,072,258	15,008,667	46,625,249	8,763,901	79,470,075
Total Draft Capital Programme – External Funded Schemes within the remit of this Committee			9,072,258	15,008,667	46,625,249	8,763,901	79,470,075