

6 FEBRUARY 2024

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

**Ward(s)** All

**Portfolios:** Cllr M Bird – Leader of the Council  
Cllr A Andrew – Deputy Leader and Regeneration  
Cllr G Perry – Deputy Leader and Resilient Communities  
Cllr G Ali – Customer  
Cllr K Fergusson – Internal Services

### Executive Summary:

The committee on 11 December 2023 received a report on the draft revenue and capital proposals as reported to Cabinet on 18 October 2023, including those relating to services within the remit of this committee, and a supplementary note outlining the movements in the draft proposals given that the second draft budget report to Cabinet on 13 December 2023 was public on the council's Committee Management Information System (CMIS) at the time of the meeting.

The final 'Corporate Budget Plan 2024/25 to 2027/28' for reporting to Cabinet on 7 February 2024 is now available on CMIS, which includes feedback to date on draft proposals from all Overview and Scrutiny Committees at Section A Part 1 of the report.

This report is provided to explain the principal movements in the draft budget proposals since the position previously reported to Scrutiny Overview Committee on 11 December 2023.

### Reason for scrutiny:

To enable consultation of the overall draft revenue and capital budget proposals for the council as a whole, and for services within the remit of this Committee.

### Recommendations:

#### That:

1. The Committee are recommended to consider the changes to the draft revenue budget and capital programme, and for any further feedback to be tabled at Cabinet on 7 February 2024 for consideration, prior to recommending the final financial plan to Council on 22 February 2024.

### Background papers:

Various financial working papers.

## Resource and legal considerations:

Cabinet on 7 February 2024 are presented with the final 'Corporate Budget Plan 2024/25 to 2027/28', which includes a list of revenue savings proposals and a list of investment/cost pressures by 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:

<https://cmispublic.walsall.gov.uk/cmis/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/3789/Committee/488/SelectedTab/Documents/Default.aspx> - 7 February 2024  
– Cabinet

The following summarises the principal movements in the draft revenue and capital budget proposals since the position previously reported to Scrutiny Overview Committee on 11 December 2023.

### Amendments to the Revenue Budget

Since the draft revenue budget was presented to Cabinet on 18 October 2023, with an update reported to Cabinet on 13 December 2023, there have been a number of funding announcements and technical and other changes to the budget; these can be summarised as follows:

- The provisional 2024/25 Settlement was received on 18 December 2023. This confirmed referendum principles for the increase in council tax of 2.99% along with a further 2% precept for social care authorities in 2024/25. A council tax increase of 4.99% is included in the proposed budget for 2024/25.
- The Settlement also confirmed changes to other specific grants. The net impact of the settlement was a £830k reduction in funding compared to 2024/25 Medium Term Financial Outlook (MTFO) assumptions.
- Additional investment in services, including; additional investment to support demand within adult social care following a review of existing and future forecasts; investment to fund shortfalls in income projections, and new grant allocations.
- Identification of new savings in relation to third party spend and digital opportunities.
- Finalisation and approval by the S151 Officer, under delegations, of the council tax base and NNDR1 (business rates) return in January 2024;
- A number of transfers to/from reserves to smooth financing of one-off /short term costs.
- Details on the above are found within the Budget Plan.

The budget update report to Cabinet on 13 December 2023 outlined a number of changes to the original proposals, reducing the initial financial gap from £18.06m to £12.35m in 2024/25. The MTFO has been further reviewed and updated, resulting in a balanced budget for 2024/25, subject to the successful delivery of £20.10m of identified benefits for 2024/25 (full list provided at **Annex 6** of the Budget Plan). A further financial gap is forecast of £43.45m 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.

**Table 1** summarises the changes made to the MTFO previously reported to Cabinet on 13 December 2023. *Those changes specifically relating to the services within the remit*

*of this committee are highlighted grey for ease of reference.*

**Table 1: Movement in MTFO since draft budget update report to Cabinet on 13 December 2023**

	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	Total £m
<b>Gap as per report to Cabinet 13 December 2023</b>	<b>12.35</b>	<b>17.56</b>	<b>8.41</b>	<b>8.70</b>	<b>47.02</b>
<b>Changes to investments</b>					
Inv. 6 - New posts within planning & land registry reduced	(0.05)	(0.05)	0.10	0.00	0.00
Inv. 8 - Charge developers for travel plans - reinstate removal of saving	(0.03)	0.00	0.00	0.00	(0.03)
<i>Inv. 9 - Crisis Support - reinstatement of reduction</i>	<i>0.20</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.20</i>
Inv. 10 - Social Care increases in demand based updated profile	(2.45)	0.00	0.00	0.00	(2.45)
Inv. 11 - Contract price uplifts based on updated profile	2.45	0.00	0.00	0.00	2.45
Inv. 12 - Adult Social Care affordability model - Housing 21	(0.11)	(0.00)	(0.00)	(0.02)	(0.14)
Inv. 38 - Coroners contractual inflation	(0.03)	0.00	0.00	0.00	(0.03)
Inv. 43 - Increase in bed and breakfast costs	0.19	0.01	0.01	0.01	0.22
<i>Inv. 54 - Capital financing / borrowing rescheduling</i>	<i>0.00</i>	<i>0.00</i>	<i>2.50</i>	<i>(2.50)</i>	<i>0.00</i>
<i>Inv. 58 - Transport Levy</i>	<i>0.06</i>	<i>0.12</i>	<i>0.13</i>	<i>0.13</i>	<i>0.43</i>
<i>Inv. 59 - Cost of living / demand</i>	<i>1.36</i>	<i>(1.36)</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>
Inv. 84 – Revised Agency for domestic and garden waste	(0.03)	0.00	0.00	0.00	(0.03)
Inv. 92 - Rewilding of urban grassed areas - reinstate part saving removal	(0.05)	0.00	0.00	0.00	(0.05)
Inv. 95 - Other contractual implications in Economy, Environment & Communities	(0.24)	0.00	0.00	0.00	(0.24)
Inv. 101 - Reduction in direct payment refunds - NEW	1.10	0.00	0.00	0.00	1.10
Inv. 102 - Local Stop Smoking Services & Support Grant - NEW	0.37	0.00	0.00	0.00	0.37
<i>Inv. 103 - Household Support Fund grant now ceasing – NEW</i>	<i>0.28</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.28</i>
<b>Total changes to investments</b>	<b>3.02</b>	<b>(1.28)</b>	<b>2.73</b>	<b>(2.38)</b>	<b>2.08</b>
<b>Changes to savings proposals</b>					
OP34 - Fees and charges reduced within Economy, Environment & Communities	(0.03)	0.00	0.00	0.00	(0.03)
<i>OP45 - Review of courier costs of equipment to new starters removed</i>	<i>0.05</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.05</i>
OP73 - Recovery of provider overpayment through payment audit - NEW	(1.10)	0.00	0.00	0.00	(1.10)
<i>OP74 - Additional income generation in Communications – NEW</i>	<i>0.00</i>	<i>(0.07)</i>	<i>(0.09)</i>	<i>0.00</i>	<i>(0.16)</i>
<i>OP76 - Additional Third Party spend (TPS) savings – NEW (council wide)</i>	<i>(3.00)</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>(3.00)</i>
<i>OP77 – Digital Opportunities – NEW (council wide)</i>	<i>(2.70)</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>(2.70)</i>
<b>Total changes to savings proposals</b>	<b>(6.78)</b>	<b>(0.07)</b>	<b>(0.09)</b>	<b>0.00</b>	<b>(6.94)</b>

	2024/25 £	2025/26 £	2026/27 £	2027/28 £	Total £
<b>Other changes / service adjustments</b>					
Use of reserves - Crisis Support	(0.50)	0.00	0.00	0.00	(0.50)
Use of reserves – staffing in ASC and Children's (2 years transitional funding) *	(2.93)	0.00	2.93	0.00	0.00
Use of reserves - ASC demand (1 year transitional funding) *	(3.86)	3.86	0.00	0.00	0.00
Use of reserves - home to school transport (1 year transitional funding) *	(0.99)	0.99	0.00	0.00	0.00
Use of reserves - Public Health (1 year transitional funding) *	(0.30)	0.30	0.00	0.00	0.00
Use of reserves - Cost of living	(1.36)	1.36	0.00	0.00	0.00
Release of central budgets	(1.38)	0.00	0.00	0.00	(1.38)
Base budget adjustment - Local Stop Smoking Services & Support s31 grant income (Adult Social Care)	(0.37)	0.00	0.00	0.00	(0.37)
Removal of undeliverable saving (CAM)	1.54	0.00	0.00	0.00	1.54
Democratic Services increased provision	0.06	0.00	0.00	0.00	0.06
Changes in council tax base	0.37	0.01	0.01	0.01	0.40
Changes to Council tax surplus	0.30	(0.30)	0.00	0.00	0.00
Net movement in Provisional Settlement 18/12/23	0.83	0.76	(0.02)	(0.03)	1.54
<b>Total other changes / service adjustments</b>	<b>(8.59)</b>	<b>6.98</b>	<b>2.92</b>	<b>(0.01)</b>	<b>1.29</b>
<b>Revised savings to be identified (Current gap)</b>	<b>(0.00)</b>	<b>23.19</b>	<b>13.97</b>	<b>6.30</b>	<b>43.45</b>

Note:

1. \* transitional funding through the use of earmarked reserves has been provided to allow time for development of revised demand management and transformation plans for adults and children's social care and public health and to agree next stages of this work.
2. Figures in brackets refers to a reduction in expenditure; increase in savings or grant; or use of reserves.

The Government announced a package of £600m of additional funding support to Local Authorities on 24 January 2024. This included –

- A further £500m allocated to the Social Care Grant, to support authorities with social care responsibilities, in view of the significant pressures in social care – particularly children’s social care.
- An increase in the funding guarantee so that all local authorities will see a minimum 4% in their Core Spending Power, before taking any local decisions on raising council tax.
- Providing an additional £15m for the Rural Services Delivery Grant.
- Providing £3m to councils with extreme Internal Drainage Board Levies.

It is expected that Walsall will receive a share of the £500m for increase in Social Care grant only, but we await confirmation as part of the final settlement to be announced early February 2024.

The Government are asking local authorities to produce productivity plans by July 2023 which will set out how they will improve service performance and ensure every area is making best use of taxpayers’ money. The Government will monitor these plans, and funding Settlements in future years will be informed by performance against these plans. They are also establishing an expert panel to advise the Government on financial sustainability in the sector which will include the Office for Local Government and the Local Government Association. Details of the full requirements is expected in the final settlement.

The Government also announced that they are committed to reforming the local government funding landscape in the next Parliament, and the Minister for Local Government will be engaging with the sector on this over the coming months, where they are keen to hear views and ideas regarding the future of local government finance.

At the time of despatch of the final Budget Plan to Cabinet, the final local government settlement for 2024/25 has not been received. Any changes arising from this, including the impact of the additional £600m of funding to Local Authorities announced on 24 January 2024, will be included within the final papers to Council on 22 February 2024.

### Amendments to the Capital Programme

The draft capital programme set out in the report to Cabinet on 13 December 2023, was £121.99m in 2024/25, with a further £217.46m 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 £166.57m in 2024/25, and a further £203.71m over the three years to 2027/28 in the final budget plan to Cabinet on 7 February 2024. This represents an increase of £44.58m in 2024/25 (£26.27m council funded from forecast carry forwards from 2023/24, and £18.30m externally funded from rephasing and forecast carry forwards from 2023/24).

<b>Movement in Draft Capital Programme 2024/25 to 2027/28 since Cabinet on 13 December 2023</b>				
	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Council Funded Schemes - Cabinet 13 December 2023</b>	<b>67.89</b>	<b>56.18</b>	<b>32.45</b>	<b>8.64</b>
Forecast carry forwards from 2023/24	26.27	0.00	0.00	0.00
<b>Revised Council Funded Schemes</b>	<b>94.16</b>	<b>56.18</b>	<b>32.45</b>	<b>8.64</b>
<b>External Funded Schemes - Cabinet 13 December 2023</b>	<b>54.10</b>	<b>43.37</b>	<b>55.96</b>	<b>18.10</b>
Forecast carry forwards from 2023/24	5.51	2.75	0.00	0.00
Rephasing - Walsall Towns Deal	1.00	0.00	0.00	0.00
Rephasing - Bloxwich Towns Deal	1.00	0.00	0.00	0.00
Rephasing - Basic Need	5.70	0.00	(5.00)	0.00
Rephasing - Future High Streets Fund	3.63	0.00	0.00	0.00
Rephasing - Willenhall Levelling Up Fund	0.50	0.00	0.00	0.00
Rephasing - Yorks Bridge	0.98	0.00	0.00	0.00
Rephasing - High Needs	0.00	0.79	(9.52)	0.00
<b>Revised External Funded Schemes</b>	<b>72.40</b>	<b>46.91</b>	<b>41.44</b>	<b>18.10</b>
<b>Revised Draft Capital Programme</b>	<b>166.57</b>	<b>103.08</b>	<b>73.89</b>	<b>26.74</b>

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