

Report of the Budget Research and Evaluation Panel in respect of the Medium Term Financial Strategy 2025-26 to 2028-29

- 1.1. The Budget Research and Evaluation Panel (BREP) met on three occasions supported by the Scrutiny Team, the Democratic Services Manager, the Chief Officer Finance, Housing and Change and Section 151 Officer, Deputy Head of Finance and the Cabinet Member for Finance and Performance.

Meeting 1

- 1.2 At the first meeting of BREP on 25 September 2024 the Panel approved Councillor Jon Paul Blundell as Chair of the Panel and received a presentation from the Chief Officer Finance, Housing and Change on the **Current Budget Position**.
- 1.3 The Panel received the **Recommendations from BREP and Scrutiny** and Responses in February 2024 and a paper provided regarding **Statutory / Non-Statutory Services**.

Priorities from BREP

- 1.4 Following discussions, the Panel requested that consideration be given to a deep dive for the Social Services and Wellbeing Directorate due to the level of budget savings required and for the Education Directorate / level of deficits in schools' budgets.
- 1.5 The Panel asked that Members receive any paperwork required for Working Groups or BREP a week in advance of a meeting or, otherwise, with as much notice as possible to allow Members to consider and digest the information contained therein.

BREP Process

- 1.6 The Panel discussed the BREP process that had taken place in previous years and agreed that budget setting was the highest priority for the Council and that there was a need for transformation and a level of inclusivity to facilitate an effective BREP process.
- 1.7 The Panel asked that consideration be given to establishing Working Groups , consisting of 6-8 Members with specific interests in related Directorates / topics, to undertake a deep dive into cost centre level budgets on a topical basis (to avoid duplication of effort with the Subject Overview and Scrutiny Committees) and report back to BREP, with the Panel to retain its position as the decision making body for any final recommendations that went forward.
- 1.8 The Panel agreed that the Chief Officer – Finance, Housing and Change would draft a paper setting out the proposed structure of the Working Groups, following which Group Leaders to nominate Members to the Working Groups.

- 1.9 Outside of BREP, and due to its remit and Terms of Reference, the decision was made that the Working Groups would have to be separate from the BREP process, however, in reaching this decision there was an unfortunate delay in continuing the Panel's work. It was subsequently proposed that in the remaining time available, BREP meetings would be arranged to look into the two topics initially identified by the Panel as priorities, as detailed in paragraph 1.4 above. These meetings were held on 13 and 19 December 2024.

Meeting 2

- 1.10 At this meeting held on 13 December 2024 the Panel noted the Action Notes from the previous meeting held on 25 September 2024 and received a presentation from the Chief Officer Finance, Housing and Change on the **Headline Figures from the Draft Settlement.**

School Budget Deficits

- 1.11 The Corporate Director Education Early Years and Young People presented the update requested by the Panel in Meeting 1, paragraph 1.4, above.
- 1.12 Following the presentation, given the difference between the surplus and deficit positions in both primary and secondary schools, the Panel discussed whether there was any possibility of redistributing from schools in a surplus position and offsetting them against those in a deficit position, but were mindful that they needed more information to fully understand the reasons why schools have a deficit or surplus before making any such recommendations.

Requests for Additional Information:

- 1.13 Following detailed discussions, the Panel requested the following information be made available to them and Members of the Subject Overview and Scrutiny Committee 1 (SOSC 1) as soon as available, to inform their consideration and discussion of the Medium-Term Financial Strategy 2025-26 to 2028-29 Report within the remit of that Committee, at their meeting on 16 January 2025:
- a. For all 59 schools in the county borough, the forecasted deficit or surplus budget position with and without the indicative 2% cut in schools delegated budgets for 2025-26.
 - b. What percentage of the overall delegated schools budget constitutes each schools' budget deficit or surplus.
 - c. As far as possible, a list of reasons/themes why such a high number of schools are in a deficit budget position; to include information regarding how much of the deficit is as a result of efficiency savings made by the Council, how much is as a result of a fall in pupil roll numbers and how much is as a result of the loss of grants.

- d. The pupil roll numbers for all 59 county borough schools from the 2019/2020 academic year to date and their future roll number projections, to provide an understanding whether fall in pupil numbers is attributable to particular geographical areas, parental choice or any other factors and demonstrates any trends.
 - e. For each school, the uptake of eFSM (eligible for Free School meals) before and since the introduction of Universal Primary Free School Meals, and the Chair and Vice Chair of Schools Budget Forum be requested to provide Headteachers' views on the potential numbers of eFSM pupils no longer applying and whether they feel there should be more publicity regarding the impact of not applying on the level of Pupil Deprivation Grant funding received.
 - f. Whilst discussing the matter of school maintenance and the possibility of rationalising the estate, the Panel requested that the confidential response to Recommendation 6 from SOSC 1 on 16 September 2024 be shared with the Panel and recirculated to SOSC 1 Members.
 - g. Written clarification regarding the difference between the delegation of 80% funding referred to at the beginning of the presentation and 87.7% schools budget delegation referred to later in the presentation.
 - h. Further information regarding the impact of the reduction of funding on central support for Additional Learning Needs and the likely trend if further cuts are considered in this service area.
 - i. An impact assessment of central Education Directorate cuts/efficiency savings on central services if the proposed cuts to schools delegated budgets were reduced or kept to a minimum.
- 1.14 The additional information in requests a. to i. above was circulated to BREP Members and Members of SOSC 1, ahead of consideration of the Draft Medium Term Financial Strategy, in the SOSC 1 meeting on Thursday, 16 January 2025.

Schools / Education Recommendations:

- 1.15 The Panel recommended that:
- 1. Any opportunity to reduce the proposed 2% cut should be explored and any savings identified to achieve the reduction should be put towards schools delegated budgets not towards central services.**
 - 2. Whilst noting that schools in a deficit budget position of over £50,000 must prepare a Deficit Recovery Plan that is carefully monitored, the Panel recommended that consideration be given to implementation of a similar plan to allow for schools who have a significant surplus to be similarly monitored.**

3. **A Member Briefing be provided on how the funding formula for schools is calculated, including detail regarding aspects over which the Authority has control and the process to be followed for any potential changes.**
 4. **The Panel discussed the possibility of changing the schools funding formula in order to try and balance the schools' deficit and surplus positions and recommended that the Chair and Vice Chair of the School Budget Forum who are invited to the January meeting of SOSC 1 be asked for Headteacher views on the topic.**
 5. **That there be clear direction to School Governing Bodies on how they may be able to make efficiency savings, e.g. shared senior leadership teams, federated arrangements, etc. and that such direction needed to demonstrate clear figures on the savings that could be achieved.**
 6. **The Panel referred to the amalgamation of the Education Engagement Team and Educational Welfare Service which had resulted in significant savings being made and front loaded into this financial year and recommended that this be used for learning as an example of best practice, to ensure that back office services run efficiently and that the delegation of funding to schools is optimal.**
- 1.16 Education / Schools Recommendations 1 to 6 above were also circulated to BREP Members and Members of SOSC 1, ahead of consideration of the Draft Medium Term Financial Strategy, in the SOSC 1 meeting on Thursday, 16 January 2025.
- 1.17 It was agreed that as requested by the Panel in Meeting 1, the next meeting on 19 December 2024 focus on the Social Services and Wellbeing budget, overspend and impact of any indicative or potential further budget savings on SSWB, and; an overview of changes to the ways of working that have resulted in savings and potential other areas that could be explored to achieve future savings.

Meeting 3

Social Services and Wellbeing Financial Update

- 1.18 The Corporate Director – Social Services and Wellbeing, the Head of Adult Social Care, and the Group Manager – Commissioning presented the update, as requested by the Panel in Meeting 1, paragraph 1.4 above.
- 1.19 The Presentation highlighted that:
- The challenges associated with short-term grant funding and that funding only guaranteed on an annual basis.

- Income generating opportunities are very limited across the Directorate due to Welsh Government Regulations regarding maximum charging.
- Social services spend per head in Bridgend is lower than the Wales average and the other local authorities in the region, reflecting a need to invest in children's social care services and change of safeguarding arrangements in the county borough.
- None of the MTFs Savings Proposals for 2025/26 identified by the Directorate would be easy to achieve and would impact on safeguarding and the delivery of statutory duties.

Request for Additional Information:

- 1.20 Following the presentation and detailed discussions, the Panel requested the following information be made available to them and Members of the Subject Overview and Scrutiny Committee 2 (SOSC 2) as soon as available, to inform their consideration and discussion of the Medium-Term Financial Strategy 2025-26 to 2028-29 Report within the remit of that Committee, at their meeting on 17 January 2025:
- a. The Panel requested a list of savings made for Children's Social Care illustrating their BRAYG status, similarly to those provided in the report for Adult Social Care.
- 1.21 The additional information requested above was circulated to BREP Members and Members of SOSC 2, ahead of consideration of the Draft Medium Term Financial Strategy, in the SOSC 2 meeting on Friday, 17 January 2025.

Social Services and Wellbeing Recommendations:

- 1.22 The Panel recommended that:
- 1. The Panel discussed the different approaches of reporting between the Education, Early Years and Young People and the Social services and Wellbeing Directorates (and a different approach to Adult and Children Social Care within the Directorate. The Panel recommended that there needed to be consistency in the reporting style from each Directorate and that a Corporate Template might assist the Panel and members of the public in understanding the financial position of each Directorate and the Council as a whole.**
 - 2. The Panel referred to potential future large scale housing developments being an opportunity to provide specialist housing in a different way via Section 106 agreement contributions. The Panel recommended that consideration be given to entering into S.106 agreements to provide an Extra Care style accommodation model or equivalent, recognising that the model is cost effective for the Authority and provides good outcomes for residents to live more independently for longer and those eligible can claim housing benefit.**

- 3. The Panel referred to the specialist social worker with the relevant expertise that takes the lead in supporting the team in relation to the Continuing Healthcare (CHC) process. The Panel recommended that consideration be given to allocating additional resource to Adult Social Care to recruit an additional specialist social worker in order to accelerate savings associated with CHC.**
 - 4. The Panel expressed concern regarding the Directorate's significant overspend projection at the end of Quarter 1, soon after the setting of the 2024/25 budget. The Panel were concerned that the Directorate's demand projection framework, utilising the Population Needs Assessment and demographic growth, was insufficient and recommended that the Directorate consider a more robust, forward-looking demand forecast framework and statistical models to provide a more strategic look when setting the budget.**
 - 5. The Panel expressed concerns regarding the effectiveness and late commencing of the BREP process and that their concerns are expressed year on year without change. The Panel therefore recommended that there be a meeting of Group Leaders and Scrutiny Chairs, before the start of the next financial year, to discuss the future BREP process and consider the following:**
 - a. that BREP commence immediately following the budget setting and that accurate forecasts be provided to the Panel allowing Members to understand the pressures and to start deep dives into particular areas of concern/risk at an early stage;**
 - b. that BREP be a standing Panel, meeting on a monthly or bimonthly basis and that they have a Forward Work Programme allowing Members to own the process and request the information they want to see, negating the need to request and arrange meetings on an ad hoc basis; and**
 - c. the different approaches of reporting, the need for consistency in the reporting style from each Directorate the proposal for a Corporate Template to assist the Panel and members of the public in understanding the financial position of each Directorate and the Council as a whole, as referred to in Recommendation 1 above.**
- 1.23 Social Services and Wellbeing Recommendations 1 to 5 above were also circulated to BREP Members and Members of SOSC 2, ahead of consideration of the Draft Medium Term Financial Strategy, in the SOSC 2 meeting on Friday, 17 January 2025.
- 1.24 This BREP final report is presented to the Corporate Overview and Scrutiny Committee for consideration as part of the Medium Term Financial Strategy consultation process for 2025-26, for consideration and onward reporting to Cabinet on 4 February 2025.
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