

Title of report	Draft budget 2024/25 and indicative budgets for 2025/26 and 2026/27
Public	Public
Summary/purpose of report	This report presents the first draft of the budget for 2024/25 along with the indicative budgets for the following two years.
Recommendations	The Council is asked to consider and comment on: <ul style="list-style-type: none"> the draft 2024/25 budget
Author	Laura Shepherd Director of Strategy & Performance
Responsible Officer	Maree Allison, Interim Chief Executive
Link to Strategic Plan	The information in this report links to: Outcome 1: Trusted People who use services are protected by a workforce that is fit to practise. Outcome 2: Skilled Our work supports the workforce to deliver high standards of professional practice. Outcome 3: Confident Our work enhances the confidence, competence and wellbeing of the workforce. Outcome 4: Valued The social work, social care and children and young people workforce is valued for the difference it makes to people's lives.
Link to Risk Register	Risk 6: The SSSC fails to secure sufficient budget resources to fulfil the financial plans required to deliver the strategic plan.
Impact assessments	1. An Equalities Impact Assessment (EIA) was not

	<p>required.</p> <p>2. A Data Protection Impact Assessment (DPIA) was not required.</p> <p>3. A Sustainability Impact Assessment (SIA) was not required.</p>
Documents attached	<p>Appendix 1 – 2024/25 budget</p> <p>Appendix 2 – 2024/25 Staffing</p> <p>Appendix 3 – 2025/26 & 2026/27 indicative budget.</p> <p>Appendix 4 - Reduction Scenario</p>
Background papers	

EXECUTIVE SUMMARY

1. The SSSC's new financial year starts on 1 April 2024. Our Executive Framework sets out that the Scottish Government Sponsor (Sponsor) must confirm our funding before the new financial year starts.
2. Council must approve the annual budget each year, as required by our Code of Corporate Governance. Council must also approve changes to our staffing establishment.
3. We reviewed each budget item to take account of actual costs from previous years and the latest budget monitoring information. We applied inflationary uplifts where we know of increases.
4. Due to the challenging public sector financial position we have not received an uplift in our grant in aid (GIA) allocation in the Spring Budget Revision (SBR) announced on 20 December 2023. Our Sponsor has verbally advised that the funding deficit of £3.6 million will be managed as a resource pressure in 2024/205 and our Sponsor will work with Scottish Ministers, aiming to permanently increase GIA in future years.
5. We are currently projecting to end the year with an estimated general reserve of £608k (2.4%). This is within the 2% (£510k) to 2.5% (£637k) target.
6. We are in discussion with our Sponsor about remaining Workforce Development Grant and Voluntary Sector Development Fund (VSDF) funding for 2023/24. There will likely be some carry forward and we will update this for the March budget paper. These funds do not affect the GIA allocation.
7. Council is asked to consider the draft budget in Appendix 1, table 1 and staffing changes in Appendix 2 table 1 of this report. We will present a report asking Council to approve our budget for 2024/25 to the Council meeting on 25 March 2024 following Scottish Government issuing a formal budget allocation letter.

OVERVIEW

8. We have prepared a draft budget for 2024/25 that includes business as usual and developments that Executive Management Team (EMT) considers necessary to effectively deliver our statutory functions and the Strategic Plan 2023-2026. Table 1 in Appendix 1 shows the sources of our operating and disbursement income of £22.282m and expenditure of £25.818m, resulting in a funding deficit (shortfall) of approx. £3.6m.
9. Our Sponsor has verbally confirmed that they have approved the budget pressure of £3.6m. This pressure includes the anticipated cost of the proposed 2024/25 pay award.

10. During 2023/24 we also had an agreed budget pressure funded by Scottish Government of £1.7m. The increase to £3.6m is a result of the 2023/24 and 2024/25 proposed pay award (which is still under negotiation with Unison) and general inflationary market pressures which were much greater than anticipated during 2023/24.
11. The budget excludes specific grant funding such as the Workforce Development Grant and the VSDF as Scottish Government has yet to agree this.
12. Council is considering a proposal to consult on reviewing registration fees. Fees have not been increased from the current level since 2017. Any decision to change fee levels will likely not impact the budget until 2025/26.
13. We have included indicative budgets for 2025/26 and 2026/27 at Appendix 3 for information. These are subject to change and only include an estimate for any pay award after 2024/25.
14. We had carried out scenario planning in the event that Scottish Government reduced our GIA levels in the December SBR. We have included at Appendix 4, what a 5% reduction in GIA would look like for illustration purposes. However, no reduction was applied to our GIA.

Changes to staffing

15. Our staffing establishment is the approved permanent and temporary staff we need to run the organisation. In 2024/25 we will fund the posts in Appendix 2, table 1. After Council approval, this becomes part of the budgeted establishment for 2024/25.
16. We have reduced 31.6 FTE (full-time equivalent) between the current 2023/24 establishment and the proposed 2024/25 establishment providing a saving of £1.050m. We are proposing permanent 5.0 FTE in 2024/25 (Appendix 2 table 1) with 2.0 of these posts being replacements of existing permanent posts (net increase of 3.0 FTE) and 10 temporary posts (Appendix 2, table 2) at a total cost of £793k. This gives a net reduction of 16.6 permanent FTE and net saving of £257k.
17. The reduction in permanent posts has been a result of the implementation of Future Proofing Programme (FPP) and other workforce change as the result of efficiencies created through the use of digital and automation.

Planned operating costs

18. Our budget for 2024/25 includes a reduction of £177k of recurring non-staff savings where we have made efficiencies on operating costs and reduced licensing costs. However, costs for the remaining business-as-usual digital activity have increased. Digital operating costs have seen the impact of inflationary increases across licensing, cyber security and

telephony resulting in £134k additional costs. This gives a net recurring saving of £43k.

19. We have planned one-off digital development of £397k, including the further development required post implementation FPP of £210k. The remaining development costs will support upgrades to Learning Zone and Open Badges platforms, our main website and access to MySSSC. The need for these changes will be required to replace outgoing technology that we cannot sustain inhouse, ensure compliance with accessibility standards and improvements to our customer experience that has been evidenced through FPP consultation work.
20. Other areas of one-off planned work outside of digital work that will support the delivery of our statutory functions and strategic our outcomes are expected to cost £199k. This includes training for panel members, post graduate research of data, fitness to practice certification and other administrative cost to support the delivery of our People Strategy.

Reserves

21. Based on projections, we estimate our general reserve to be £608k by 31 March 2023.
22. We are currently projecting an estimated underspend in postgraduate bursaries of £224k. Discussion will be had with our Sponsor about whether this needs to be carried forward in addition to our general reserve if the underspend remains at the end of February.
23. We are projecting an estimated underspend for Workforce Development Grant of £230k and VSDF of £116k which is not part of GIA. We are in discussion with Sponsor about carry forward and the use of this underspend in 2024/25
24. Our Sponsor has already confirmed that we can carry forward underspend in FPP which is ringfenced, to meet the changes to timescale driven by legislative issues experienced in 2023/24.
25. Council should note that the reserve figure at section 22 of this report, may increase depending on Sponsor decision on the use of underspend, carry forward for disbursements and grants and whether the pay award for 2023/24 is agreed and paid out before 31st March 2024.

CONSULTATION

26. A development session was held with Council members in December 2023 to review the draft budget position for 2024/25.

27. Sponsor have been involved in budget development and have verbally agreed the spending pressure for 2024/25.
28. The budget has been drafted based on the delivery of the draft Operational Plan 2024/25 which covers the work we are required to deliver as agreed by Scottish Government

RISKS

29. Risk 7 in the strategic register is that SSSC fails to secure sufficient budget resources to fulfil the financial plans required to deliver the Strategic Plan. Our appetite to risk for our budget is cautious.
30. Our 2024/25 and future years GIA allocation does not meet the level of funding require to deliver our statutory responsibilities and strategic plan asset out in this report. However, Sponsor have provided verbal assurance of spending pressure for 2024/25 and will continue to review our permanent GIA for future years with Ministers.
31. Other risks to the budget are set out below.
 - a. We are only funded year to year from Scottish Government, we do not have the ability to make future strategic financial decisions and we have no investment decisions to make out with our GIA, without the support of Scottish Government.
 - b. 80% of our budget is allocated to staffing and Scottish Government pay strategy includes a commitment to a no-compulsory redundancy policy.
 - c. Significant changes to policy and changes to our regulation process or legislation governing regulation must be approved and funded by Scottish Government. We are not able to fund or invest in significant change within the limitations of GIA.
 - d. Registration fees have not increased since 2017 and Ministers agreed with our recommendation to postpone reviewing fees in 2021/22 and 2022/23 due to the cost of living crisis. Ministers agreed in 2022 to pay fees for registrants working for Local Authorities, which adds further complexity. We rely on registration fees to contribute towards our operating costs that continue to increase even if we stand still.
 - e. Inflation is included where known for example digital contracts, but no general inflationary uplift is included, meaning costs may be higher than the budget.

IMPLICATIONS

Resourcing

32. The resourcing required to delivery out statutory functions and strategic plan are set out in this report.

Compliance

33. There are no compliance issues as part of the report.

IMPACT ASSESSMENTS

Equalities

34. There are no equalities impact identified as part of this report. Any development that are carried out as the result of budget approval will be screened for impacts.

CONCLUSION

35. Council is asked to consider the draft budget for 2024/25. A final draft budget will be submitted to the March Council meeting with any changes to the indicated position noted.