

**Children and Families Overview and Scrutiny Committee**  
**Monday, 11 November 2019**

<b>REPORT TITLE:</b>	<b>Financial Monitoring Report for Quarter 2 2019/20</b>
<b>REPORT OF:</b>	<b>Director of Finance &amp; Investment (S151)</b>

**REPORT SUMMARY**

This report sets out the financial monitoring information for the Children Overview & Scrutiny Committee. The report provides Members with detail to scrutinise budget performance for this area of activity. The financial information covers the financial information as at quarter 2 2019/20.

Information has been drawn from the relevant sections of the most recent Cabinet revenue and capital monitoring reports and combined with additional relevant service information to produce a bespoke report for this Overview & Scrutiny Committee. The report includes the following:

- Performance against the revenue budget (including savings).
- Performance against the capital budget.

**RECOMMENDATION/S**

That Members of the Children and Families Overview and Scrutiny Committee note the report and register their views.

## SUPPORTING INFORMATION

### 1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 Overview and Scrutiny Committees receive regular financial updates throughout the year. These allow Committees to understand the financial position of the Council and to scrutinise decisions and performance as required.

### 2.0 OTHER OPTIONS CONSIDERED

- 2.1 Not applicable

### 3.0 BACKGROUND INFORMATION

#### 3.1 REVENUE POSITION AT QUARTER 2

**Table 1 - 2019/20 Revenue Budget**

	Budget	Forecast	Variance
	£000	£000	£000
RA300 - Children	45,323	48,922	(3,599)
RA302 - Modernisation & Support	5,250	5,061	189
RA303 - Early help & Prevention	10,192	9,958	234
RA307 - One off Pressures	(310)	56	(365)
HA304 - Safer Wirral Hub	4,495	4,502	(7)
RA304 - Schools - core	20,789	20,552	237
RA305 - Schools - DSG	841	841	0
<b>Directorate (Surplus) / Deficit</b>	<b>86,581</b>	<b>89,892</b>	<b>(3,311)</b>

##### 3.1.1 Children: Forecast - £3.311m Adverse Variance Position

The £3.311m forecast adverse position is a £0.737m increase from Q1. The adverse position is largely due to the Looked After Children Placement and additional service pressures described as below; some of these pressures are forecast to be mitigated by employee vacancy savings.

##### 3.1.2 Children's Social Care - Full Year Forecast: £3.599m Adverse

- The average weekly rate for the residential placements continues to be high due to the market trend and complexity of needs of children. The average rate for this period is £3,178 per week, increased further compared with the average of the previous quarter (£3,091 per week).
- The current placement budget is based on the average weekly rate from July 2017 plus 2% inflation. The weekly rate of the residential placements has increased by 23% to date from July 2017.

- The forecast variance for Looked After Children Commissioning budget for this period is £3.893m adverse position. The residential/semi-independent placements' forecast has increased as the contingency calculation has been revised and one new secure placement with the cost of £0.204m for this financial year (Weekly Cost £6,997).
- The number of Independent Fostering Agency (IFA) placements has been reduced by 5 (from 105 placements at the end of period 5 to 100 placements this period – cost £0.099m), including 2 children granted as unaccompanied Asylum-seeking children and applicable for the grant (income £0.083m).
- The review of the existing placements is currently ongoing to shift more the residential and IFA placements towards the in-house provisions to reduce adverse position within this financial year.
- £0.201m pressure from the contact contract with Active8 (outsourced service for supervised contact visits) is included in this area's forecast. The increased pressure is due to the extension of this contract and the delay in operating the service in-house. This service delivery model is currently under review.

#### 3.1.3 Modernisation & Support - Full Year Forecast: £0.189m favourable

- Favourable position of £0.189m relates to staffing – many staff are not at the top of the grade.

#### 3.1.4 Early Help & Prevention - Full Year Forecast: £0.234m favourable

- Contextual Safeguarding shows an adverse position of £0.177m due the Complex Investigation Team; some pressure offset by favourable position in the Compass team due to vacancies.
- £0.133m adverse position in the Wirral Attendance Service due to loss of income from the cessation of non-statutory service following the restructure of the service.
- Adverse position of £0.211m in the Integrated Front Door due to the use of agency within the Integrated Front Door team plus the pressure on the Emergency Duty Team (£0.186m due to delay in moving to new operating model and use of agency).
- These pressures have been mitigated by part year vacancies and staff not at top of grade, as well as Pause programme (£0.450m) being on hold.
- Troubled Families income target remains challenging considering the reduction in guaranteed Government grant income on Attachment Fees by £0.480m. The target of £1.72m is forecasted to be achieved by generating £1.22m income (£0.35m of guaranteed income plus £0.87m from payment by result) with the remaining £0.5m being met by drawing down from the reserve.

### 3.1.5 One off Pressures - Full Year Forecast: £0.365m Adverse

- There is £0.365m of forecast adverse variance relating to items identified within savings targets. This will be mitigated through various saving plans that have been suggested to address the issue and the budget will be realigned after the plans are agreed.

### 3.1.6 Schools Core - Full Year Forecast: £0.237m favourable variance

- There is a £0.237m favourable variance in the Council funded elements of the schools' budget, mainly relating to vacant posts in Looked After Children Education Services (£0.030m), Special Education Needs Assessments (£0.062m) and Education Psychologists (£0.070m) which are partially offset by agency costs. There is also a £0.075m favourable variance projected on Teacher Retirement Costs due to a reduction in numbers.

### 3.1.7 Schools Dedicated Schools Grant (DSG) - Full Year Forecast: balanced position

- Work has been ongoing with the service to establish a projected cost for 2019/20 and a £1.418m adverse variance is anticipated against the ringfenced Dedicated Schools Grant (DSG) funded schools budget. The majority of this relates to the increasing number of SEND pupils and their increasingly complex needs. This has led to an increase in the number of Education Health & Care Plans (EHCPs), particularly in primary schools (2,600 funded units in summer 2019 compared to 2,000 in summer 2018). There are also additional places required in special schools from September 2019, both maintained and independent.
- Together with a budgeted contribution from DSG reserves of £2.343m, the forecast overspend would result in a call on DSG reserves of £3.761m if realised. However, at the end of 2018/19 there was only £2.209m remaining in the DSG reserves meaning the DSG deficit would be £1.552m at the end of 2019/20. An additional £700m was announced as part of the government's autumn spending round, although it is unlikely the deficit could be met without changes to service provision. Any changes to service provision are currently subject to the outcome of the independent SEN review expected from Premier Advisory Group during the autumn term.
- Since ringfenced reserves are not taken into account in assessing the Councils ability to set a lawful balanced budget, the projected £1.552m DSG deficit would not need to be covered for that purpose by an equivalent amount in general reserves.
- Individual school budgets are also under increasing pressure primarily due to increasing pay and pension costs. Although additional funding for schools was announced by central government, the impact of this is not yet clear. There was £8.890m remaining in the school balances reserve at the end of 2018/19, but a number of schools have not been able to set a balanced budget for 2019/20, with a likelihood that the reserve will reduce further by the end of 2019/20.

## 3.2 IMPLEMENTATION OF SAVINGS

3.2.1 A summary of the position of 2019/20 Children's Services savings at Quarter 2, Month 6 (September 2019) is below.

**Table 2 - Savings 2019/20 (£m's)**

	<b>Approved Savings Total</b>	<b>Amount Delivered at Q2</b>	<b>Mitigation</b>	<b>To be Delivered</b>
Children's Services	3.9	2.2	0.0	1.7
<b>Total</b>	<b>3.9</b>	<b>2.2</b>	<b>0.0</b>	<b>1.7</b>

3.2.2 The £3.9m savings are detailed below.

- £0.2m – Remove Golden Hellos (budget reduction achieved).
- £0.5m – Children's Management Restructure (budget reduction achieved).
- £1.0m – Reduced Agency. £0.7m achieved through restructuring activity, £0.3m requires further analysis for appropriate allocation.
- £0.4m – Looked After Children (budget reduction at risk). As mentioned in the revenue position 3.1.2, this area is experiencing pressures.
- £0.8m - Special Guardianship allowance (budget reduction achieved).
- £0.6m – Troubled Families Earned Autonomy Funding (budget reduction at risk). Changes in the funding assumptions have increased risk of future pressures.
- £0.4m – Business Support Saving - This was originally planned to be delivered through a back office review, and the restructure. The element required through the restructure has not materialised and the saving is now being re-analysed as part of back office review.

## 3.3 PERFORMANCE AGAINST CAPITAL BUDGETS QUARTER 2 (SEPTEMBER 2019)

3.3.1 The Programme for 2019-20 is dynamic and as a result is always subject to change. The table below shows the capital strategy agreed by the Council then the proposed programme as at September 2019 and the expenditure at that date.

**Table 3 – Capital Monitoring at Quarter 2**

	<b>Capital Strategy (as agreed at Council) £m</b>	<b>Proposed Programme £m</b>	<b>Q2 Actual Spend £m</b>
Children's Services			

3.3.2 Current progress on significant schemes: -

- **Mosslands High School:** A building survey determined that the existing fire alarm and smoke detector system was obsolete and required upgrading. The installation is now under way and includes a new fire alarm, smoke detector

system and fire doors being upgraded and/or renewed. The installation will be completed by November 2019. The estimated cost is £0.14 million.

- **New Brighton Sports Barn:** This is a stand-alone sports barn development to provide the school and community with the facility to carry out sports curriculum and improve pupil lifestyle and well-being. The construction is now complete and the school are using the facility for pupils and looking to expand the use to the community and other groups. The facility cost under the original £0.4 million estimate.
- **Meadowside school:** during the summer a minor refurbishment of the school kitchen was undertaken after an environmental report highlighted a number of issues. The cost of the refurbishment was £0.060 million which has resulted in an excellent facility being fully used by the school.
- **Feasibility and development projects:** a number of which are in progress such as removing a number of existing mobile classrooms and replacing with traditional classrooms at Mersey Park primary; upgrading the school main entrance [safeguarding issue] and refurbish pupil toilets at Greenleas primary.

#### **4.0 FINANCIAL IMPLICATIONS**

- 4.1 The financial implications of this report are discussed throughout the report. This is essentially a financial monitoring performance update report.

#### **5.0 LEGAL IMPLICATIONS**

- 5.1 There are none arising directly from this report.

#### **6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS**

- 6.1 There are no implications arising directly from this report.

#### **7.0 RELEVANT RISKS**

- 7.1 There are none directly relating to this report. The monitoring of financial performance is important to ensure robust financial control procedures are in place. The council faces financial challenges in this period as it seeks to increase income, reduce costs whilst transforming its approach to services. There is a risk in future years that the Council does not achieve a planned approach.

#### **8.0 ENGAGEMENT/CONSULTATION**

- 8.1 No consultation has been carried out in relation to this report.

#### **9.0 EQUALITY IMPLICATIONS**

- 9.1 No because there is no relevance to equality.

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## **APPENDICES**

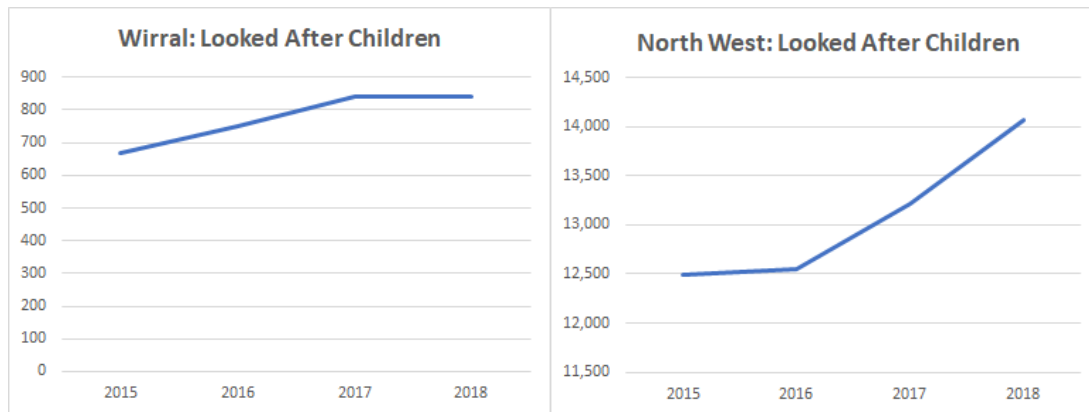
### **BACKGROUND PAPERS**

#### **SUBJECT HISTORY**

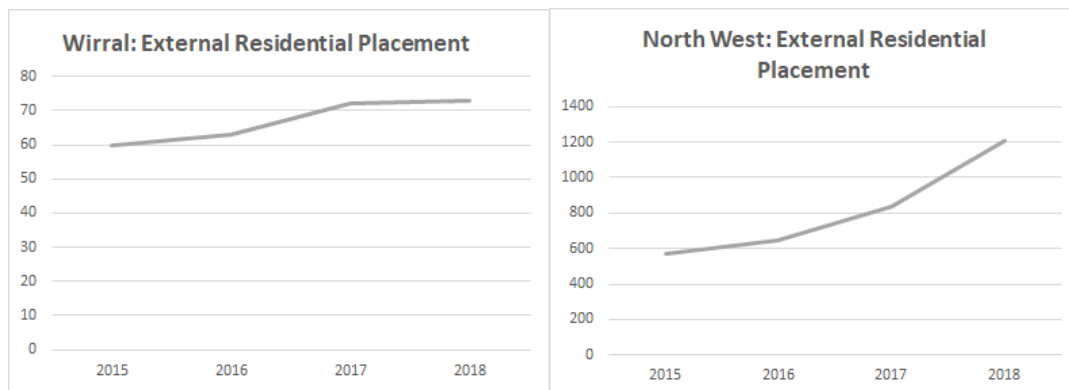
<b>Council Meeting</b>	<b>Date</b>
Budget Council	<b>4<sup>th</sup> March 2019</b>
Cabinet – Financial Monitoring Outturn 2018/19	<b>22<sup>nd</sup> July 2019</b>
Cabinet – Quarter 1 Financial Monitoring 2019/20	<b>2<sup>nd</sup> September 2019</b>

## APPENDIX 1

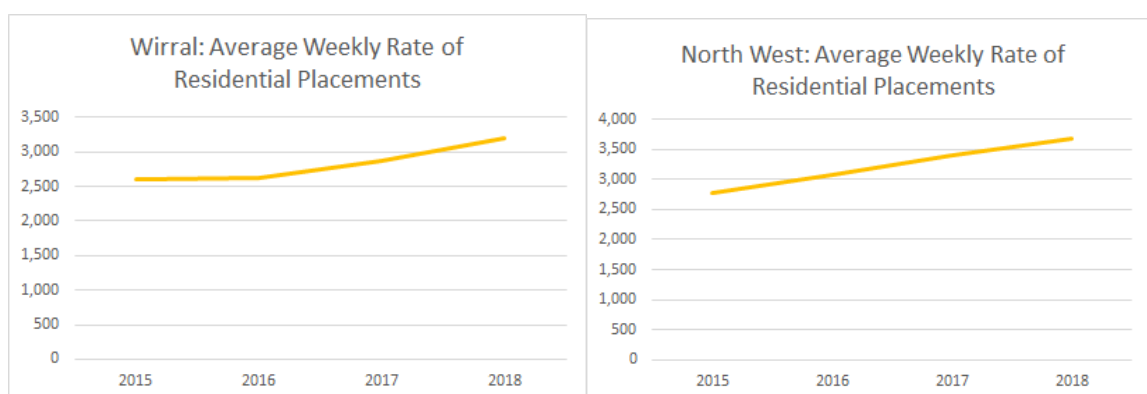
### Trend Comparison: Looked After Children



### Trend Comparison: External Residential Placement



### Trend Comparison: Average Weekly Rate of Residential Placements





## APPENDIX 2

### 2019/20 Revenue Savings

Title	Target (£m)	Achieved	Yet to be Achieved			
		Blue	Green	Amber	Red	Mitigation
Remove Golden Hellos	0.20	0.20	-	-	-	-
Children's Management's Structure	0.50	0.50	-	-	-	-
Reduced Agency	1.00	0.70	0.30			
Special Guardianship Allowance	0.80	0.80				
Looked after Children Reduced Cost	0.40			0.40		
Troubled Families Earned Autonomy Funding	0.60			0.60		
Back Office Efficiencies	0.40				0.40	-
<b>Total</b>	<b>3.90</b>	<b>2.20</b>	<b>0.30</b>	<b>1.00</b>	<b>0.40</b>	<b>-</b>