



CHILDREN OVERVIEW AND SCRUTINY COMMITTEE

TUESDAY, 17 MARCH 2020

REPORT TITLE:	FINANCE MONTHLY REPORT FOR QUARTER 3 2019/20
REPORT OF:	DIRECTOR OF FINANCE & INVESTMENT (S151)

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 3 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 3

Table 1 - 2019/20 Revenue Budget

	Budget	Forecast	Variance
	£000	£000	£000
RA300 – Children’s Social Care	45,137	48,958	(3,821)
RA302 - Modernisation & Support	5,186	4,963	223
RA303 - Early help & Prevention	10,384	10,090	294
HA304 - Safer Wirral Hub	4,111	4,109	2
RA304 - Schools - core	20,756	20,519	237
RA305 - Schools - DSG	841	841	0
Directorate Surplus / (Deficit)	86,416	89,481	(3,065)

3.1.1 Children: Forecast - £3.065m Adverse Variance Position

3.1.2 The Children’s budget is forecast to be in deficit at year-end by £3.065m, caused primarily by increased demand for Looked After Children (LAC) placements. This is a favourable movement of £0.246m from previous reporting (£3.311m), which is mainly the result of improved income forecasts.

3.1.3 Children’s Social Care

- The average weekly rate for LAC placements continues to be high. This is due to market forces and the complexity of needs of service users.

- The Department is currently reviewing all of its placements and assessing whether any can be transferred to more cost effective in-house foster care, which also has better outcomes for children.
- £0.365m of proposed efficiency savings are not expected to be achieved by year-end, causing a budget pressure.

3.1.4 Modernisation & Support

- The favourable position of £0.223m that has been forecast relates to staff vacancies.

3.1.5 Early Help & Prevention

- Youth & Play Targeted is forecast to be in deficit by £0.020m due to a significant increase in rates in relation to the Callister Building in Birkenhead.
- Integrated Front Door Service is forecast to be in deficit by £0.180m due to the use of agency staff and work is underway to ensure that teams are resourced more efficiently in the future. Part of this relates to the Emergency Duty Team, whose new operating model will be implemented from 1st April 2020.
- Children's Centres are forecast to be in surplus by £0.122m due to administrative vacancies arising from an ongoing administration consultation and recruitment delays in the Creche Team.
- Family Matters is forecast to be in surplus by £0.219m due to staff not at the top of the pay grade and staff recruited later than planned in the financial year
- Contextual Safeguarding is forecast to be in deficit by £0.157m due to the creation of the Complex Investigation Team. Some of this additional expenditure is being managed by vacancy controls put in place in the Compass and Outreach teams.
- Schools and Communities is forecast to be in surplus of £0.309m due to the delay in the implementation of the Pause Programme, which aims to reduce the demand for children's social care by working with women who are at risk of repeated pregnancies that result in children being removed from their care. This surplus has been offset by a reduced forecast for Wirral Attendance Service income. This service is aimed at supporting schools in managing the root causes of pupil non-attendance and is now predominantly delivered directly by schools.

3.1.6 Safer Wirral Hub

- The breakeven position in the Safer Wirral Hub is being supported using Reserve monies (£0.305m). Additional cost pressures have been incurred since the last period as a result of new remand cases.
- The Community Safety service is forecast to be in deficit as a result of the loss of income from some major clients; this is being mitigated by forecast surpluses in other Safer Wirral Hub areas; predominantly through vacancy control and supplies & services savings.

3.1.7 Schools Core

- There is a £0.237m favourable forecast variance in the Council funded elements of the schools' budget driven by in-year staffing vacancies across a range of services. Until the vacancies are filled, the organisation is at risk of non-compliance in statutory services, such as Special Education Needs Assessments. Recruitment is underway to address this.

3.1.8 Schools Dedicated Schools Grant (DSG)

- Schools are funded by a ringfenced grant. Ringfenced reserves are not taken into account in assessing the Councils ability to set a lawful balanced budget, and as such a DSG deficit would not need to be covered by an equivalent amount in general reserves.
- Work has been ongoing with the service to establish a projected cost for 2019/20 and a £3.821m adverse variance is anticipated against the ringfenced schools grant.
- The pressure has arisen due to the increased volume and complexity of Special Educational Needs & Disability pupils (SEND). This has led to an increase in the number of Education Health & Care Plans (EHCPs), particularly in primary schools (2,600 units of funding in 2019 compared to 2,000 in 2018). There are also additional places required in special schools from September 2019, both maintained and independent.
- The forecast overspend would result in a call on DSG reserves of £3.821m if realised. However, at the end of 2018/19 there was only £2.209m remaining in the DSG reserves meaning the deficit would be £1.612m at the end of 2019/20.
- An additional £700m was announced as part of the government's autumn spending round. Any planned changes to service provision will be taken in consideration to the recommendations of the independent SEND review produced by Premier Advisory Group.

- In addition, individual school budgets are under increasing pressure, and 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, this leads to a likelihood that the reserve will reduce further by the end of 2019/20.

3.2 PERFORMANCE AGAINST CAPITAL BUDGETS QUARTER 3 (DECEMBER 2019)

3.2.1 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 December 2019 and the expenditure at that date.

Table 3 – Capital Monitoring at Quarter 3

	Budget £m	Forecast £m	Variance £m	Variance %
Children's Services	6.255	5.847	0.408	7%

3.2.2 Current progress on significant schemes: -

- School Condition Allocation (£1.090m decrease): Reprofiting of budget into 2020/21. Planned works to accommodate pupil requirements, school's availability and design. There have been planning delays with these schemes. Tenders have been submitted and awarded to preferred contractor.
- There's been approximately an additional £1.000m grant received in year relating to Basic Needs for Schools (£1.000m increase). There has been reprofiling between years of approximately £0.400m (£0.400m decrease) on other schemes within Children's Services.

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 no implications 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 Wirral Council has a legal requirement to make sure its policies, and the way it carries out its work, do not discriminate against anyone. An Equality Impact Assessment is a tool to help council services identify steps they can take to ensure equality for anyone who might be affected by a particular policy, decision or activity.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 The content and/or recommendations contained within this report are not expected to have an impact on emissions of GHG.

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APPENDICES

None

BACKGROUND PAPERS

All information is sourced from the Core Finance System and Internal Records

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Budget Council	4th March 2019
Cabinet – Financial Monitoring Outturn 2018/19	22nd July 2019
Cabinet – Quarter 1 Financial Monitoring 2019/20	2nd September 2019
Cabinet – Quarter 2 Financial Monitoring 2019/20	11th November 2019