



CHILDREN, YOUNG PEOPLE & EDUCATION COMMITTEE

Thursday, 28 January 2021

REPORT TITLE:	REVENUE BUDGET MONITORING
REPORT OF:	DIRECTOR OF CHILDRENS SERVICES

REPORT SUMMARY

This report sets out the financial monitoring information for the Children, Young People & Education Committee. The report provides Members with an overview of budget performance for the area of activity which falls under the remit of the Committee. The financial information details the projected year-end revenue position, as reported at quarter 2 (Apr-Sep) 2020/21.

RECOMMENDATION/S

The Children, Young People & Education Committee are requested to note the projected year-end revenue forecast position of £2.058m adverse, as reported at quarter 2 (Apr-Sep) of 2020-21.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 Regular monitoring and reporting of the Revenue Budgets, savings achievements and Medium-Term Financial Strategy (MTFS) position enables decisions to be taken faster, which may produce revenue benefits and will improve financial control of Wirral Council.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 No other options have been considered.

3.0 BACKGROUND INFORMATION

- 3.1 The overall financial forecast of Children, Families and Education directorate shows a full year adverse position of £2.058m.
- 3.2 The Covid-19 pandemic has resulted in a recognised risk of significant placement demand pressures transpiring later in 2020/21; as the full impact of Covid-19 emerges, the current estimate of this is a 5% increase in placements, which amounts to £0.6m forecast for the full financial year. A forecast overspend on In House Foster Care Skills payments, which is a 5% contingency of £0.19m for additional Covid-19 pressure for the rest of year. This is due to in house foster carers being unable to work as children are self-isolating or unable to attend school due to covid-19 restrictions meaning the year group are unable to attend. Willowtree Residential Unit has a £0.133m pressure on staffing which is due to extra staff being required to cover shifts were other staff members or children have been self-isolating. Within Schools-Core, there is £1m overspend projected on Transport is due to social distancing on the vehicles resulting in less children in each vehicle and more vehicles required to provide transport.

TABLE 1 2020/21 Children, Families and Education – Service Budget & Forecast

	Full Year		Variance		Adv/Fav
	Budget	Forecast	(+ Fav, - Adv)		
	£000	£000	£000	%	
Children and Families	48,415	49,862	(1,447)	-3%	Adverse
Early Help and Prevention	11,868	11,791	77	1%	
Modernisation and Support	5,032	4,720	312	6%	Favourable
Schools - Core	10,110	11,110	(1,000)	-10%	Adverse
Schools - DSG	(5,544)	(5,544)	0	0%	
Directorate Surplus / (Deficit)	76,118	78,176	(2,058)	-3%	Adverse
Support / Admin Building	7,792	7,792	0	0%	

Overhead					
Movement on Reserves	6,238	6,238	0	0%	
Total Surplus / (Deficit)	83,910	85,968	(2,058)	-2%	Adverse

3.3 **Children and Families:** Children and Families area is reporting a £1.447m forecast deficit. This is due to a £0.472m pressure on placements particularly on independent residential and semi residential placements as high rate increases are impacting on the service and £0.242m on Allowances which is made up of a £0.052m forecast overspend on in house foster care skills payments (no budget), plus a 5% contingency of £0.190m for additional Covid-19 pressure in rest of year and £0.133m on staffing in Willowtree residential service. The service reviews high cost placements on a two-week basis to manage and reduce their prevalence. The service has started a project to improve the offer for residential services, including Willowtree, to improve outcomes and drive future efficiencies.

Although the indirect financial impact of Covid-19 across this area has been managed to date there is a risk of significant pressures transpiring later in 2020/21 as the full impact of Covid-19 emerges; a conservative estimate of 5% increase in demand has been forecast. There is an expectation that the number of looked after children (LAC) will increase due to reduced community-based activities in the current climate which support families and prevent children entering the care system (amounting to £0.6m for the remaining 6 months Oct to March). The Covid-19 impact on referrals is reviewed weekly by the service, to date no action had been required.

3.4 **Modernisation and Support:** Overall, full year favourable forecast variance of £0.077m is reported due to staffing being budgeted at the top of the pay scale but not all staff are at this level, in addition not all staff are members of the pension scheme.

3.5 **Early help & Prevention:** Early Help & Prevention is forecast to be £0.312m in surplus at year-end. This surplus is mostly due to staffing being budgeted at top of scale but not all staff are paid at top of scale as well as staff on maternity leave and/or have opted out of the pension scheme. There is also a delay in the implementation of the PAUSE program until October 2020. PAUSE is a programme which aims to reduce the demand for Children's social services by working with women who are at risk of repeated pregnancies that result in children being removed from their care.

3.6 The new Emergency Duty Team staffing model, which was to reduce cost pressures, was planned for implementation in April 2020 but has been delayed until January 2021 due to the current Covid-19 pandemic. There is also a £0.1m Agency Staff pressure of whom are mostly backfilling vacancies.

3.7 **Schools – core:** It is expected that services will be delivered with a deficit of £1m at year-end. The Children's Assisted Travel total annual budget of £3.5m has been transferred into Children's Services. This service was previously held in the Neighbourhoods directorate and has moved to this area to more closely manage the key driver of expenditure, demand for the service. This is to assist in monitoring the quality and cost of the service to ensure value for money. The £1m overspend

projected on transport is split £0.560m transport autumn term; £0.440m transport spring 21 term. This is due to social distancing on the vehicles resulting in less children in each vehicle and more vehicles being required to provide transport. The transport position for 2020-21 and Covid-19 restrictions is currently being reviewed weekly.

- 3.8 **Schools – DSG:** The full year position for 2020-21 is forecast to be balanced. Schools DSG reflects the position reported at Schools Forum on 29th September which is currently forecasting an operational overspend of £1.7m due to demand for High Needs support. The overspend will be off-set by use of the DSG reserve to deliver a balanced position at the end of the financial year. This is the third consecutive year that the DSG reserve has been used to off-set in-year expenditure and this will result in a deficit (overcommitted) reserve of £3m by the end of 2020-21. The deficit position will need to be recovered in future years and the service are currently developing a deficit recovery plan. It should be noted that the DSG reserve is entirely ringfenced to DSG activity and does not impact Wirral Council reserves position.

4.0 FINANCIAL IMPLICATIONS

- 4.1 This is the revenue budget monitoring report that provides information on the forecast outturn for the Children, Young People & Education Directorate 2020/21. The Council has robust methods for reporting and forecasting budgets in place and alongside formal Quarterly reporting to the Policy & Resources Committee, the financial position is routinely reported at Directorate Management Team meetings and corporately at the Strategic Leadership Team (SLT). In the event of any early warning highlighting pressures and potential overspends, the SLT take collective responsibility to identify solutions to resolve these to ensure a balanced budget can be reported at the end of the year.

5.0 LEGAL IMPLICATIONS

- 5.1 The provisions of section 25, Local Government Act 2003 require that, when the Council is making the calculation of its budget requirement, it must have regard to the report of the chief finance (s.151) officer as to the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. This is in addition to the personal duty on the Chief Finance (Section 151) Officer to make a report, if it appears to them that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure.

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 The possible failure to deliver the Revenue Budget is being mitigated by:

1. Senior Leadership / Directorate Teams regularly reviewing the financial position.
2. Availability of General Fund Balances.
3. Review of existing services and service provision.

8.0 ENGAGEMENT/CONSULTATION

8.1 The priorities in the Council Plan 2025 were informed by stakeholder engagement carried out in 2019.

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.

9.2 There are no equality implications arising specifically from this report.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 The Wirral Plan 2025 includes a set of goals and objectives to create a sustainable environment which urgently tackles the environment emergency. These are based on developing and delivering plans that improve the environment for Wirral residents. The performance report will include information on key areas where environment and climate related outcomes are delivered.

10.2 No direct implications. The content and/or recommendations contained within this report are expected to have no impact on emissions of Greenhouse Gases.

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APPENDICES

none

BACKGROUND PAPERS

- 2020/21 Revenue Budget Monitor for Quarter Two (Apr - Sep)
- Revenue Budget 2020/21 and Medium-Term Financial Plan (2021/22 to 2024/25)

SUBJECT HISTORY (last 3 years)

Council Meeting	Date