



## **CHILDREN, YOUNG PEOPLE & EDUCATION COMMITTEE**

**Monday, 13 September 2021**

<b>REPORT TITLE:</b>	<b>BUDGET MONITORING QUARTER 1</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF CHILDREN, FAMILIES AND EDUCATION</b>

### **REPORT SUMMARY**

This report sets out the financial monitoring information for the Children, Young People & Education Committee as at quarter 1 (Apr – Jun) of 2021/22. The report provides Members with an overview of budget performance to enable Committee to take ownership of their specific budgets and provide robust challenge and scrutiny to Officers on the performance of those budgets.

The Committee is accountable for ensuring that the budgets remain within the relevant funding envelope and will take collective responsibility via the Policy and Resources Committee to ensure that the whole Council budget remains in balance at all times by, should a deficit be forecast, agreeing mitigating actions to bring the budget back in line.

### **RECOMMENDATIONS**

The Children, Young People & Education Committee is recommended to;

1. note the forecast year-end revenue position balanced forecast, as reported at quarter 1 (Apr – Jun) of 2021/22;
2. note the progress on the achievement of approved savings and the year-end forecast position at quarter 1 (Apr – Jun) of 2021/22;
3. note the reserves allocated to the Committee for future commitments; and
4. note the forecast year-end capital position of £4.970m favourable as reported at quarter 1 (Apr – Jun) of 2021/22.

## SUPPORTING INFORMATION

### 1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 Regular monitoring and reporting of the revenue and capital budgets, reserves, savings, and achievement of the 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 Other reporting frequencies could be considered, but quarterly reporting is standard practice.

### 3.0 BACKGROUND INFORMATION

#### Revenue Forecast Position

- 3.1 This section provides a summary of the projected year-end revenue position as at the end of Quarter 1 (Apr – Jun) of financial year 2021/22.
- 3.2 As at the end of June 2021 (Quarter 1), the forecast year end position for Children, Families and Education shows a balanced forecast position.
- 3.3 The service continues to manage demand with financial pressures being mitigated by in-year cost savings and use of specific related reserves. In-year employee cost savings across the service have mitigated contractual cost pressures and contributed to the overall balanced position. The forecast position reflects delivery of most of the 2021/22 saving proposals.

**TABLE 1 2021/22 Children, Families and Education – Service Budget & Forecast**

	Budget £000	Outturn £000	Variance		Adverse/ Favourable
			(+ Fav, - Adv) £000	%	
Children and Families	49,028	49,028	0	0%	
Early Help and Prevention	12,490	12,453	37	0%	Favourable
Modernisation and Support	5,032	4,846	186	4%	Favourable
Schools - Core	12,718	12,941	-223	2%	Adverse
<b>Total Surplus / (Deficit)</b>	<b>79,268</b>	<b>79,268</b>	<b>0</b>	<b>0%</b>	
Support / Admin Building Overhead	7,324	7,324	0	0%	
<b>Total Surplus / (Deficit)</b>	<b>86,592</b>	<b>86,592</b>	<b>0</b>	<b>0%</b>	

**3.4 Children and Families:** A balanced forecast position is reported for 2021/22.

External funding of £0.338m has been secured by officers to support the delivery of specific initiatives that are expected to deliver both financial and service delivery benefits in future years and contribute to managing service pressures.

The budget for this service includes £24.416m of care costs. Care costs reflect the demand led services and has been budgeted and forecasted with a 5% demand increase compared to 2020/21. The situation will be closely monitored, and the impact of any significant growth will be reflected in future outturn reports. Additional expenditure to support unaccompanied asylum seekers is forecast as it is. It is likely that the number of unaccompanied asylum seekers needing support will increase but it is expected at this time that grant income will be sufficient to cover the associated costs.

**3.5 Early Help & Prevention:** A favourable forecast variance of £0.037m is reported for 2021/22.

The favourable variance is mainly due to variations to pay scale points and employer on-costs. The circumstances that drive these variations are subject to change and the staff costs savings are non-recurring.

**3.6 Modernisation and Support:** A favourable forecast variance of £0.186m is reported for 2021/22.

The £0.186m favourable variance is mainly due to variations to pay scale points and employer on-costs. The circumstances that drive these variations are subject to change and the staff costs savings are non-recurring.

**3.7 Schools – core:** An adverse forecast variance of £0.223m is reported for 2021/22.

There is an adverse forecast variance of £0.520m in relation Schools PFI which is due to the on-going annual costs that are being incurred in relation to the non-operational status of the Kingsway School building. This has been partially mitigated by the underspend of £0.259m against Teachers historic pensions costs where the actual reduction in on-going commitments is greater than expected. Further general cost savings across the service of £0.038m have resulted in a total operational adverse variance of £0.223m.

**TABLE 2 2021/22 Children, Families and Education – Subjective Budget & Forecast**

	<b>Budget</b> £000	<b>Outturn</b> £000	<b>Variance</b>		<b>Adverse/ Favourable</b>
			(+ Fav, - Adv) £000	%	
<b>Income</b>	<b>-18,941</b>	<b>-19,421</b>	<b>480</b>	<b>3%</b>	Favourable
<b>Expenditure</b>					
Employee	40,241	39,646	595	1%	Favourable
Non-Pay	33,552	34,352	-800	-2%	Adverse
Cost of Care	24,416	24,691	-275	0%	Adverse
<b>Total Expenditure</b>	<b>98,209</b>	<b>98,689</b>	<b>-480</b>	<b>0%</b>	Adverse
<b>Total Surplus / (Deficit)</b>	<b>79,238</b>	<b>79,268</b>	<b>0</b>	<b>0%</b>	
Support / Admin Building Overhead	7,324	7,324	0	0%	
<b>Total Surplus / (Deficit)</b>	<b>86,592</b>	<b>86,592</b>	<b>0</b>	<b>0%</b>	

**TABLE 3 2021/22 Children, Families and Education – Dedicated Schools Grant (DSG)**

	<b>Budget</b> £000	<b>Outturn</b> £000	<b>Variance</b>		<b>Adverse/ Favourable</b>
			(+ Fav, - Adv) £000	%	
Schools Block	117,102	117,102	0	0%	Favourable
Schools Block De-delegated	1,560	1,560	0	0%	Favourable
Central School Services Block	2,153	2,117	36	2%	Favourable
High Needs	43,874	44,877	-1,003	-2%	Adverse
Early Years	21,644	21,820	-176	-1%	Adverse
<b>Total Gross Surplus / (Deficit)</b>	<b>186,333</b>	<b>187,476</b>	<b>-1,143</b>	<b>-1%</b>	Adverse
DSG Income	-189,016	-189,010	-6	0%	Adverse
Movement in DSG Reserve	2,683	1,534	1,149		
<b>Total Net Surplus / (Deficit)</b>	<b>0</b>	<b>0</b>	<b>0</b>		

3.12 **Schools Block:** A balanced position is forecast for 2021/22.

Schools Block expenditure is in line with budget as year-end variances against schools' DSG allocations are offset with the schools' ring-fenced balances.

- 3.13 **Schools Block De-delegated:** A balanced position is forecast for 2021/22. De-delegated funds are a deduction from a school's budget share and are held centrally to fund relevant services. No variances are expected at this time.
- 3.14 **Central Schools Costs:** A favourable forecast variance of £0.036m is reported for 2021/22. Central Schools Costs relate to central functions carried out on behalf of maintained schools and academies e.g., School Admissions. The favourable variance is mainly due to short term staff vacancies.
- 3.15 **High Needs Block:** An adverse forecast variance of £1.003m is reported for 2021/22. The adverse forecast variance is mainly due to an increase in demand and complexity. In particular, SEN additional resources are expected to overspend by £1.542m in line with the increase in requests for EHCP assessments. The cost pressures are partially mitigated by cost savings of £0.449m elsewhere in the High Needs block.
- 3.16 **Early Years:** An adverse forecast variance of £0.176m is reported for 2021/22. The adverse variance is due to additional expenditure to help providers to make reasonable adjustments in their settings for children with disabilities. The costs have been offset by use of unspent Disability Access Funding from prior years and which has been set-aside in the DSG reserve for this purpose.
- 3.17 **DSG income:** An adverse forecast variance of £0.006m is reported for 2021/22. The adverse variance relates to an unexpected reduction to the DSG allocation relating to an alternative provision out of borough placement.
- 3.18 **DSG reserve:** A £1,149m reduction in the planned contribution to reserve is reported for 2021/22. The 2021-22 budget includes a planned surplus of £2.683m in the High Needs Block that is be carried forward into the reserve at the end of the financial year. Due to the forecast adverse variance of £1.143m, the amount available to contribute to reserve will reduce to £1.534m. The opening DSG reserve balance reflects a deficit position of £1.679m and this is expected to be mostly mitigated by the in-year £1.534m contribution to reserve leaving a closing deficit position of £0.145m.

### Budget Saving Achievement Progress

- 3.19 Within each Committee's revenue budget there are a number of savings proposals, that were based on either actual known figures or best estimates available at the time. At any point during the year, these estimated figures could change and need to be monitored closely so that, should an adverse position be identified, mitigating actions can be taken immediately to ensure a balanced budget position can be reported to the end of the year.

**TABLE 4 2021/22 Children, Families and Education – Budget Savings**

Savings Title	Agreed value	Forecast value	RAG Rating	Comments
Semi-independent living	£0.500m	£0.500m	Green	On target to be achieved
Pause Programme	£0.567m	£0.200m	Amber	The benefits of the pause programme are not expected to be fully realised in 2021/22. These have been offset by additional grant income, staff vacancies and payscale variations.
Modernisation & Social Care efficiencies	£0.102m	£0.102m	Green	On target to be achieved
Childrens containing demand pressure mitigation	£1.000m	£1.000m	Green	On target to be achieved
Explore reduction in Youth Provision	£0.100m	£0.100m	Green	On target to be achieved
YOS	£0.025m	£0.025m	Green	On target to be achieved
<b>Total Savings</b>	<b>£2.294m</b>	<b>£2.294m</b>		

3.20 £2.294m of savings have been identified for the budget to break-even in 2021/22. The forecast position at Quarter 1 assumes that 2.027m the savings will be achieved. The vast majority of the savings (£2,067m) relate to projects reducing the demand impact on the Social Care system such as the Pause Programme that works with women who have experienced - or are at risk of - repeated pregnancies that result in children needing to be removed from their care. £0.127m relates to departmental efficiencies. A further £0.100m is to achieve sponsorship within the Youth Service.

### Earmarked Reserves

3.21 Earmarked reserves are amounts set aside for specific purposes or projects.

**TABLE 5 2021/22 Children, Families and Education – Reserves**

Service	Opening Balance 2021-22 £000	Movement in reserves			Closing Balance £000
		Reserves Increase £000	Reserves Call Out £000	Total Movement £000	
Children, Families & Education Schools - DSG	2,457 -1,679	0 1,534	-141 0	-141 1,534	2,316 -145
<b>Total</b>	<b>778</b>	<b>1,534</b>	<b>-141</b>	<b>1,393</b>	<b>2,171</b>

3.22 Children, Families and Education reserves reflect funds that have been set aside for specific projects and activities. Calls on these reserves for 2021/22 of £0.141m have

been identified in relation to a project reducing violence (£0.035m) and School Improvement to fund the enhanced service offer for 2021-22 (£0.106m).

- 3.23 Schools DSG reserve reflects a deficit balance which is mainly due to the cumulative effect of cost pressures from previous years. It is expected that a contribution to reserve of £1.534m will be delivered in-year thus reducing the overall deficit to £0.145m.

### **Capital Forecast Position**

- 3.24 Capital budgets are the monies allocated for spend on providing or improving non-current assets, which includes land, buildings, and equipment and which will be of use or benefitting in providing services for more than one financial year.

**TABLE 6 2021/22 Children, Families and Education – Capital Budget and Forecast**

<b>Capital Programme</b>	<b>Budget £000</b>	<b>2021/22</b>			<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>
		<b>Outturn £000</b>	<b>Variance £000</b>		<b>Budget £000</b>	<b>Budget £000</b>	<b>Budget £000</b>
<b>School Capital Grants:</b>							
Condition/modernisation (SCA)	6,363	2,564	3,799	7,520	2,500	2,500	
Basic Needs	1,288	600	688	688	0	0	
Special Educational Needs and Disabilities	33	33	0	796	0	0	
<b>Others:</b>							
School remodelling and additional classrooms (School Place Planning)	937	500	437	437	0	0	
Children's System Development	423	423	0	403	0	0	
Family Support	157		157	157	0	0	
Healthy Pupils Capital Fund	18	18	0				
High Needs Provision Capital		500	-500	547	0	0	
PFI	85	0	85	85	0	0	
Transforming Care - Short Breaks	0	866	-866	0	0	0	
<b>TOTAL</b>	<b>9,304</b>	<b>5,504</b>	<b>3,800</b>	<b>10,633</b>	<b>2,500</b>	<b>2,500</b>	

- 3.25 School Capital Grants:

- School Condition Allocation (SCA) - the purpose of this funding is to maintain and improve the condition of school buildings, so that children can learn in a safe and effective environment. The budget includes unspent funding from 2020/21 as a result of delayed work due to covid-19 restrictions. It is not expected that the full schedule of work planned to utilise all of the funding can be accommodated in 2021/22 and this will result in a favourable variance. Work that cannot be completed in 2021/22 will be re-scheduled for a future date.
- Basic Needs – the purpose of the basic need funding is to support the capital requirement for providing new pupil places by expanding existing maintained schools. This is un-ringfenced capital funding that is not time-bound, so that local authorities can make the best decisions for their local

area. The favourable variance relates to the remodelling of classrooms at St George's Primary as this work is not expected to take place in 2021/22 and will be re-scheduled for a future date.

- SEN and disabilities - Grant funded scheme to invest in providing new places or to improve existing provision for pupils and students with high needs across a range of different education settings. The adverse variance is due to work being undertaken earlier than expected and will be offset by the 2022/23 budget.

### 3.26 Children's Schemes:

- School remodelling and additional classrooms (School Place Planning) – the favourable variance is due to planned work being re-scheduled into 2022/23.
- Children's System Development – this project relates to the replacement of the CAPITA system.
- Castleway & Leasowe Early Years - this project relates to the relocation of Castleway Primary School to the Leasowe Early Years site. The project has been deferred to 2022/23 pending the outcome of the School Places Review and this will result in a favourable variance for 2021/22.
- Family Support – the final schedule of works for this project has been re-scheduled for 2022/23 and this has generated a favourable variance.
- PFI – this funding is allocated for potential works at PFI schools. No requirements have been identified for 2021/22 this finding will be carried forward into 2022/23.
- Transforming Care Short Breaks - The aim for Wirral Children and Young People's short breaks therapeutic facility is to provide a specialist service to deliver support to up to three young people, male or female aged 11-18 years who demonstrate complex and challenging behaviour. There is no budget for this project in the current capital programme and this has generated an adverse variance. However, the NHS are to contribute to the scheme and this will offset the adverse variance.

## 4.0 FINANCIAL IMPLICATIONS

- 4.1 This is the revenue budget monitoring report that provides information on the forecast outturn for the Children, Families and Education Directorate for 2021/22. 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.
- 4.2 The Council have been offered exceptional financial support from MHCLG in order to balance its budget for this financial year. One of the conditions of receiving the support is that the Council must make every effort to reduce the value of this support. The Children, Families and Education Directorate is considering all aspects

of expenditure for this year to determine where it can contribute to reducing this support

## **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.
- 5.2 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.
- 5.3 It is essential, as a matter of prudence that the financial position continues to be closely monitored. In particular, Members must satisfy themselves that sufficient mechanisms are in place to ensure both that savings are delivered, and that new expenditure is contained within the available resources.

## **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 Four (Apr - Mar)
- Revenue Budget 2021/22 and Medium-Term Financial Plan (2021/22 to 2024/25)

## **SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
Children's, Young People & Education Committee	15 June 2021
	11 Mar 2021
	15 Jan 2021