



CHILDREN, YOUNG PEOPLE & EDUCATION COMMITTEE

Tuesday, 23 November 2021

REPORT TITLE:	BUDGET MONITORING QUARTER 2
REPORT OF:	DIRECTOR OF CHILDREN, FAMILIES AND EDUCATION

REPORT SUMMARY

This report sets out the financial monitoring information for the Children, Young People & Education Committee as at quarter 2 (Apr – Sept) 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 of £0.739m favourable as reported at quarter 2 (Apr – Sept) of 2021/22.
2. Note the progress on the achievement of approved savings and the year-end forecast position at quarter 2 (Apr – Sept) of 2021/22.
3. Note the reserves allocated to the Committee for future commitments.
4. Note the forecast year-end capital position of as reported at quarter 2 (Apr – Sept) of 2021/2022.

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 2 (Apr – Sept) of financial year 2021/22.
- 3.2 As at the end of September 2021 (Quarter 2), the forecast year end position for Children, Families and Education Favourable variance of £0.739m on a £86.592m budget.
- 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 favourable variances arising on employee related spend across the service and efficient use of grant funding have contributed to the reported 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	50,483	50,517	-34	0%	Adverse
Early Help and Prevention	11,035	10,383	652	6%	Favourable
Modernisation and Support	5,056	4,809	247	5%	Favourable
Schools - Core	12,694	12,820	-126	-1%	Adverse
Total Surplus / (Deficit)	79,268	78,529	739	1%	Favourable
Support / Admin Building Overhead	7,324	7,324	0	0%	
Total Surplus / (Deficit)	86,592	85,853	739	1%	Favourable

- 3.4 **Children and Families:** A slight adverse forecast variance of £0.034m 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 elements of the service which are expected to be managed within the 2021/22 budget. Performance data in recent months indicates that the CLA rate appears to be stable and is likely to start reducing going forward. Additional expenditure to support unaccompanied asylum seekers is forecast as it is likely that the number of unaccompanied asylum seekers needing support will increase. 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 £0.652m is reported for 2021/22.

The favourable variance is mainly due to efficient use of grant funding and staff vacancies arising during the year. 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 £0.247m is reported for 2021/22.

The £0.247m favourable variance is mainly due to staff vacancies that have arisen during the year. 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 £0.126m is reported for 2021/22.

The Schools PFI £0.520m adverse forecast variance 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. Use of the site for educational purposes is currently in development with a view to it being operational by September 2022.

The adverse forecast variance have been partially mitigated by £0.256m of savings 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 £0.138m have resulted in a total operational adverse variance of £0.126m.

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

	Budget £000	Outturn £000	Variance (+ Fav, - Adv)		Adverse/ Favourable
			£000	%	
Income	-19,048	-21,841	2,793	-15%	Favourable
Expenditure					
Employee	40,324	39,400	924	2%	Favourable
Non-Pay	33,576	36,346	-2,770	-8%	Adverse
Cost of Care	24,416	24,624	-208	0%	Adverse
Total Expenditure	98,316	100,370	-2054	-2%	Adverse
Total Surplus / (Deficit)	79,238	79,268	0	0%	
Support / Admin Building Overhead	7,324	7,324	0	0%	
Total Surplus / (Deficit)	86,592	85,853	739	1%	Favourable

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

	Budget £000	Outturn £000	Variance (+ Fav, - Adv)		Adverse/ Favourable
			£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	2,133	20	1%	Favourable
High Needs	43,874	45,265	-1,391	-3%	Adverse
Early Years	21,644	21,965	-321	-1%	Adverse
Total Gross Surplus / (Deficit)	186,333	188,024	-1,691	-1%	Adverse
DSG Income	-189,016	-189,010	-6	0%	Adverse
Movement in DSG Reserve	2,683	986	1,697	63%	Favourable
Total Net Surplus / (Deficit)	0	0	0		

3.8 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.

- 3.9 **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.
- 3.10 **Central Schools Costs:** A favourable forecast variance of £0.020m 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.
- 3.11 **High Needs Block:** An adverse forecast variance of £1.391m 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 £1.328m in line with the increase in requests for EHCP assessments.
- 3.12 **Early Years:** An adverse forecast variance of £0.321m is reported for 2021/22. The adverse variance is due to an increase in high needs support from the Inclusive Practice fund £0.141m and additional expenditure to help providers to make reasonable adjustments in their settings for children with disabilities £0.180m. The £0.180m overspend for children with disabilities 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.
- 3.13 **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.
- 3.14 **DSG reserve:** A £1.697m 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 to be carried forward into the reserve at the end of the financial year. Due to the forecast adverse variance of £1.390m, the amount available to contribute to reserve will reduce to £0.986m. The opening DSG reserve balance reflects a deficit position of £1.679m and this is expected to be mostly mitigated by the in-year £0.986m contribution to reserve leaving a closing deficit position of £0.693m.

Budget Saving Achievement Progress

- 3.15 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	£0.567m	Amber(Green with mitigations applied)	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
Total Savings	£2.294m	£2.294m		

- 3.16 £2.294m of savings have been identified for the budget to break-even in 2021/22. The forecast position at Quarter 2 assumes that £2.294m savings will be achieved. The vast majority of the savings (£2.067m) relate to projects reducing the demand impact on the Social Care system. £0.127m relates to departmental efficiencies. A further £0.100m is to achieve sponsorship within the Youth Service.

Earmarked Reserves

- 3.17 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
		Reserve s Increase £000	Reserve s Call Out £000	Total Movemen t £000	
Children, Families & Education	2,457	0	-46	-46	2,411
Schools - DSG	-1,679	986	0	986	-693
Total	778	986	-46	940	1,718

3.18 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 £0.046m have been identified in relation to a project reducing violence (£0.034m) and School Improvement to fund the enhanced service offer for 2021-22 (£0.012m).

3.19 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 £0.986m will be delivered in-year thus reducing the overall deficit to £0.693m.

Capital Forecast Position

3.20 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

Capital Programme	2021/22			2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000
	Budget £000	Outturn £000	Variance £000			
School Capital Grants:						
Condition/modernisation (SCA)	2,639	2,564	75	7,520	2,500	2,500
Basic Needs	600	600		688		
SEN and disabilities	500	500		329		
Others:						
School remodelling and additional classrooms (School Place Planning)	430	500	-70	437		
Children's System Development	423	423		403		
Family Support				157		
Healthy Pupils Capital Fund	18	18				
High Needs Provision Capital	500	500		547		
PFI				85		
Transforming Care - Short Breaks	600	600		266		
TOTAL	5,710	5,705	0	10,432	2,500	2,500

3.21 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. This programme of works is expected to accelerate as two building surveying staff have recently been appointed to work on both SCA and wider corporate projects, enabling more works to be undertaken this financial year. There are currently two vacancies within the department, one architect and one quantity surveyor, it is hoped these will be filled in this financial year, both posts will again work on School Condition

Allocation schemes and wider corporate projects. Funding to support condition works, including:

- £1.055 million worth of Roofing works are scheduled for this year for a number of school sites.
- £0.350 million of works on school sites including boiler installation, sites include Mount Primary, St George's, Bidston Village C of E Juniors, Heswall Primary, St Bridget's Primary.
- A significant contribution towards a proposed total cost of £1.600 million is to be allocated from this funding towards the redevelopment of Riverside Primary School (Phase 1).
- Regarding fire alarm enhancement, schemes totalling £0.200 million have been identified.
- £5.020 million of reprofiling has been applied due to factors including the availability of contractors and problems with the building supply chain, therefore school Capital projects have been on hold/subject to delay, with budget deferred into 2022/23. Scheme costs may increase as a consequence of supply chain issues and budgets will be monitored and aligned accordingly.
- 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.
- Special Educational Needs 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. Works scheduled include those at Pensby Park Resource Centre to provide 60 SEN places and the Home Education Service relocation. Budget that had been reprofiled into 2022/23 has consequently been reinstated into this financial year. The need for additional classroom by Foxfield school are currently being assessed as pupil numbers increase.

3.22 Children's Schemes:

- Children's System Development – this project relates to the replacement of the CAPITA system.
- Family Support – the final schedule of works for this project has been re-scheduled and the budget reprofiled into 2022/23.
- PFI – this funding is allocated for potential works at PFI schools. No requirements have been identified dot 2021/22 this the 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. An open market search is ongoing for a suitable property. National Health Service England have been updated regarding the stage of the project. It is hoped that a firm acceptance of offer will be in place by the end of the year. Estimated refurbishment costs of £0.266 million have been reprofiled into 2022/23.

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.

5.0 LEGAL IMPLICATIONS

- 5.1 Sections 25 to 29 of the Local Government Act 2003 impose duties on the Council in relation to how it sets and monitors its budget. These provisions require the Council to make prudent allowance for the risk and uncertainties in its budget and regularly monitor its finances during the year. The legislation leaves discretion to the Council about the allowances to be made and action to be taken.
- 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.

11.0 COMMUNITY WEALTH IMPLICATIONS

11.1 This report has no direct community wealth implications however, when Council budgets are set they take account of related matters across headings such as the following:

- **Progressive Procurement and Social Value**
How we commission and procure goods and services. Encouraging contractors to deliver more benefits for the local area, such as good jobs, apprenticeship, training & skills opportunities, real living wage, minimising their environmental impact, and greater wellbeing.
- **More local & community ownership of the economy**
Supporting more cooperatives and community businesses.
Enabling greater opportunities for local businesses.
Building on the experience of partnership working with voluntary, community and faith groups during the pandemic to further develop this sector.
- **Decent and Fair Employment**
Paying all employees a fair and reasonable wage.
- **Making wealth work for local places**

REPORT AUTHOR: **Nicholas Ajaegbu**
Senior Finance Business Partner
nicholasajaegbu@wirral.gov.uk

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)

Council Meeting	Date
Children's, Young People & Education Committee	13 Sept 2021
	15 June 2021
	11 Mar 2021
	15 Jan 2021