

CHILDREN, YOUNG PEOPLE & EDUCATION COMMITTEE**TUESDAY, 21 JUNE 2022**

REPORT TITLE:	2021-22 BUDGET MONITORING FOR QUARTER FOUR (1 JAN – 31 MAR), 2021-22 OUTTURN
REPORT OF:	DIRECTOR OF CHILDREN, FAMILIES AND EDUCATION

REPORT SUMMARY

This report provides a summary of the year-end revenue position for the 2021/22 financial year for Children, Families and Education as at the end of March 2021. The report provides Members with an overview of budget performance to enable the Committee to take ownership of the 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 and should a deficit be forecast, agreeing mitigating actions to bring the budget back into balance.

The year-end revenue outturn for 2021/22, represents a favourable variance of £0.640m against revenue budget of £87.318m

This matter relates to all Wards within the Borough and is not a key decision.

RECOMMENDATION/S

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

- (1) Note the year-end revenue position of 0.640m favourable outturn variance reported for 2021/22.
- (2) Note the progress on the achievement of approved savings and the year-end position of 2021/22.
- (3) Note the reserves allocated to the Committee for future commitments.
- (4) Note the year-end capital position reported for 2021/22.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 It is vitally important that the Council has robust processes in place to manage and monitor the in-year financial position, to ensure it delivers a forecast balanced position at the end of the year
- 1.2 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 The Committee can decide to establish their own process for monitoring the 2021/22 in-year budget. This would need to be agreed at the next Policy and Resources Committee which reduces the time available to implement mitigating actions, where an adverse 2021/22 forecast maybe found.

3.0 BACKGROUND INFORMATION

Revenue Forecast Position

- 3.1 This section provides a summary of the year-end revenue position as at 31 March 2022, the end of the financial year 2021/22.
- 3.2 At the end of 2021/22, the year-end position for Children, Families and Education is a favourable variance of £0.640m against a budget of £87.318m.
- 3.3 The service managed demand with financial pressures being mitigated by in-year cost savings. In-year employee cost savings across the service have contributed to mitigating cost of care costs. The service has also maximised income/grant receipts achieving £25.628m compared to budget of £19.330m. Exceeding the income target by 32.5% has allowed for investment in services whilst managing service cost pressures and demand that have arisen during the year and have contributed to the reported position. The outturn position reflects delivery of most of the 2021/22 saving proposals.

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

	Budget	Forecast Outturn	Variance		Adverse/ Favourable
	£000	£000	(+ Fav / - Adv) £000	%	
Children and Families	50,922	51,076	-154	0%	Adverse
Early Help and Prevention	11,118	10,759	359	3%	Favourable
Modernisation and Support	5,106	4,658	448	9%	Favourable
Schools - Core	12,734	12,747	-13	0%	Adverse
Directorate Surplus / (Deficit)	79,880	79,240	640	1%	Favourable
Support / Admin Building Overhead	7,438	7,438	0	0%	
Total Surplus / (Deficit)	87,318	86,678	640	1%	Favourable

Divisional Summaries

3.4 Children and Families

- 3.4.1 An adverse variance of £0.154m is reported for 2021/22. This was 0.3% of the budget. External funding of £0.338m was 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 contributed to managing service pressures.
- 3.4.2 The expenditure for this service included £26.180m on care costs. This reflected the main demand led elements of the service and while it was significant, it was managed within the 2021/22 budget. Overall, performance data indicates that the CLA rate having been stable for a few years has started to decline slightly. This is as expected and feeds into forward planning for the next year (see tables below). However, it should be noted that whilst the overall number of children in care is reducing, the nature of CLA costs especially the mix across the range of placement settings can vary and future demand requirements, could lead to further budgetary pressures. A young person in a residential placement could cost more 20 times more than fostering. So, if the service experiences an increase in residential placement there could be a pressure in costs despite a Wirral having a reduction in overall numbers of children in care. This service also includes expenditure to support unaccompanied asylum seekers with grant income covering the associated costs.

	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Number of Children in Care	822	825	823	825	821	819	814	795	786

	19/20	20/21	Sep-21	Dec-21	Mar-22	National (19/20)	North West (19/20)	Statistical Neighbours (19/20)
Children Looked After rate per 10,000 population	120	121.6	120.6	117.8	116.7	67	97	101

3.5 Early Help & Prevention

3.5.1 A favourable variance of £0.359m is reported for 2021/22. The favourable variance is mainly due to efficient use of grant funding and staff vacancies arising during the year, as well as the youth offer review being implemented later than planned..

3.6 Modernisation and Support

3.6.1 A favourable variance of £0.448m is reported for 2021/22. The favourable variance is mainly due to staff vacancies that have arisen during the year.

3.7 Schools – core

3.7.1 An adverse variance of £0.013m is reported for 2021/22. The main variances are detailed below.

3.7.2 The Schools Private Financing Initiative (PFI) which has an adverse variance of £0.122m against a budget of £1.57m. This is due to the ‘closed’ status of Kingsway School. The Council must meet the annual PFI costs whilst the building is non-operational. The 21/22 PFI position also includes the continuation of a grant of £1.015m from Department of Education and £0.375m of refunds from the PFI company as “mothball” credit. Under advice from the Council’s auditors, the full value of the potential liability which was accounted in 20/21 is carried forward with the additional amount of £0.09m totalling to 1.375m.

3.7.3 The PFI adverse variance have been mitigated by favourable variances on both staff related and project based activities. Staff related variances include historic pensions/retirement commitments where the reduction in the number of recipients was greater than expected (£0.290m). The ‘Wirral Ways to Work’ programme which supports eligible young people to move into education, employment and training has underspent by £0.223m due to the slippage of activities. In addition, funding of £0.375m that had been set aside in the budget to carry out SEND Action Plans .

3.7.4 Schools Traded services is reporting an adverse variance of £0.050m.

3.8 Budget Virements

3.8.1 Following the recently agreed pay award, a budget virement to cover the cost of the agreed 1.75% pay uplift has been processed during Quarter 4.

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

	Budget	Forecast	Variance		Adverse/ Favourable
		Outturn	(+ Fav / - Adv)		
	£000	£000	£000	%	
Income	-19,330	-25,628	6,298	-33%	Favourable
Expenditure:					
Employee	41,214	39,749	1,465	4%	Favourable
Non Pay	33,217	38,939	-5,722	-17%	Adverse
Cost of Care	24,779	26,180	-1,401	0%	Adverse
Total Expenditure	99,210	104,868	-5,658	-6%	Adverse
Directorate Surplus / (Deficit)	79,880	79,240	640	1%	Favourable
Support/Admin Building Overhead	7,438	7,438	0	0%	
Total Surplus/ (Deficit)	87,318	86,678	640	1%	Favourable

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

	Budget	Outturn	Variance		Adverse/ Favourable
			(+ Fav, - Adv)		
			£000	£000	
DSG Expenditure:					
Schools Block	117,102	117,102	0	0%	
Schools Block De-delegated	1,560	1,694	-134	-9%	Adverse
Central School Services Block	2,153	2,099	54	3%	Favourable
High Needs	43,874	45,946	-2,072	-5%	Adverse

Early Years	21,644	21,008	636	3%	Favourable
Total Gross Surplus / (Deficit)	186,333	189,215	-2,882	-2%	Adverse
DSG Income:	-189,016	-187,838	-1,178	1%	Adverse
Movement in DSG Reserve	2,683	-11	2,694	100%	Favourable
Total Net Surplus / (Deficit)	0	0	0	0%	

3.9 Dedicated Schools Grant (DSG)

3.9.1 **Schools Block:** Individual school balances have been carried forward to 2022/23 in the designated schools reserve thus delivering an in-year balanced position. The cumulative schools' reserves brought forward were £13.5m and increased by £2.8m to £16.3m by the end of the financial year.

3.8.2 **Schools Block De-delegated:** De-delegated funds are a deduction from a school's budget share and are held centrally to fund relevant services. £0.134m adverse variance relates to teachers' maternity costs which were higher than anticipated. This issue has been addressed for 22/23 budget where the de-delegated funds from the school are agreed to increase for the Special Staff Costs

3.8.3 **Central Schools Costs:** Central Schools Costs relate to central functions carried out on behalf of maintained schools and academies e.g., School Admissions. A favourable variance of £0.054m is reported mainly due to staff vacancies.

3.8.4 High Needs Block:

An adverse variance of £2.072m for 2021/22 is mainly due to an increase in demand and complexity. In particular,

- Specialist/individual educational needs exceeded budget by £2.2m due to an increase in demand.
- Top-ups to school budgets for post-16 SEN pupils is overspent by £0.154m
- £0.504m due to an increase in school places.
- Exceptional needs support has a small favourable variance of £0.097m
- The cost of independent school places has exceeded budget by £0.668m due to the increased demand. As the high demand was anticipated for 2021/22, the relevant 2022/23 budgets have been increased to reflect this

Adverse variances are partially offset by special school places where the additional places had not been fully allocated in 2021/22 (£0.305m) and Home Tuition Service with the improved income (£0.189m). In addition, savings due to staff vacancies and additional recharges/contributions from other budgets led to an underspend by £0.178m.

3.8.5 **Early Years:** The budget is used to provide Early Education to young children who are entitled to receive it free of charge. The 21/22 favourable variance of £0.636m mainly reflects the reduction in attendance due to COVID-19 is offset with the shortfall of DSG income.

3.8.6 **DSG income:** Shortfall due to adjustment to the grant for Early Years and High Need Block. The final grant income will be confirmed in July.

3.8.7 **DSG reserve:** The planned transfer to reserve of £2.683m reflected the expected underspend on High Needs. The actual outcome reflects a total net overspend of £0.011m requiring a use of reserves rather than a contribution to reserves. The opening DSG reserve balance reflected a deficit of £1.679m which, after including the in-year deficit of £0.011m, gives a closing deficit position of £1.690m.

3.10 Budget Saving Achievement Progress

3.10.1 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 have changed and needed to be monitored closely to ensure, if adverse, mitigating actions could be taken immediately to ensure a balanced budget is 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	Achieved
Pause Programme	£0.567m	£0.567m	Amber, (Green with mitigations applied)	The benefits of the pause programme have not been fully realised in 2021/22. These have been offset by additional grant income, staff vacancies and pay scale variations.
Modernisation & Social Care efficiencies	£0.102m	£0.102m	Green	Achieved
Childrens containing demand pressure mitigation	£1.000m	£1.000m	Green	Achieved
Explore reduction in Youth Provision	£0.100m	£0.100m	Green	Achieved
YOS	£0.025m	£0.025m	Green	Achieved
Total Savings	£2.294m	£2.294m		

3.10.2 £2.294m of savings have been identified for the budget to break-even in 2021/22. The £2.294m savings were 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 was to achieve sponsorship within the Youth Service.

3.11 Earmarked Reserves

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

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

	Opening Balance £000	Use of Reserve £000	Contribution to Reserve £000	Closing Balance £000
Intensive Family Intervention Project	505	0	0	505
School Improvement -	723	0	371	1094
Schools Causing Concern	500	0	0	500
SEND OFSTED Inspection Improvement Action Plan	105	0	946	1051
Children's Centre – Outdoor Play	100	-8	0	92
Help for Young People	36	0	0	36
Looked After Children Education Services	107	0	104	211
Local Safeguarding Children's Board	23	0	0	23
SEND - High Needs	248	0	0	248
YOS - Remand & Mobile Youth Centre	0	0	157	157
Early Help & Play Development	0	0	123	123
DRIVE Safelives & Domestic Abuse Hub	0	0	50	50
Children's Transformation	0	0	32	32
Children IT data system	0	0	127	127
Mersey & Cheshire ICS Pilot	0	0	20	20
Care Leaver Accommodation Development	0	0	358	358
Wirral Apprentice Programme	0	0	53	53
Looked after Children Placement Reserve	0	0	470	470
Schools – DSG	-1679	-11	0	-1690
Total	668	-19	2,811	3,460

3.11.2 Children, Families and Education reserves reflect funds that have been set aside for specific projects and activities. There are reserves for SEND, school improvement, looked after children and early help activities. Some of the main reserves are highlighted below. In most cases, the expenditure relating to these reserves was forecast to be fully spent during the year, as reflected in the quarterly budget monitoring reports. However, due to delays in project and actions progressing in year, the expenditure is requested to be carried forward to meet commitments in

2022/23. This is critical to supporting the ongoing financial sustainability of the Council and to ensure that one-off expenditure that occurs in 2022/23 does not have an adverse impact on next year's budget.

- 3.11.3 School Improvement £1.093m is to be used to deliver improvement programme and an enhanced offer to schools to 'catch-up' with the statutory requirements.
- 3.11.4 The funding set aside for SEND Improvement / action plan following the recent OFSTED inspection have been increased by £0.946m to allow for full transformation of SEND services with partners across the borough. The main milestones will be delivered during 2022/23
- 3.11.5 £0.211m reserve for Look After Children Education Services is to support education oversight for the most vulnerable children on Wirral.
- 3.11.6 Youth offending Service (YOS) £0.157m reserve relates to purchase and fitting out of a vehicle for use as a mobile youth centre and for any increases in number of young people in remand that are not covered by the YOS remand grant. The grant will be based on recent activity which is significantly below pre-pandemic activity.
- 3.11.8 Early Help £0.123m reserve for projects to address reduced access and awareness of early years services during the covid/lockdown. This should assist in returning access, referrals and take up to pre-pandemic levels.
- 3.11.9 Reserve of £0.127m has been set aside to contribute towards the implementation of replacement of the system for recording and monitoring early years, education and SEND activity.
- 3.11.10 Reserve of £0.358m has been set aside to deliver the new accommodation approach for care leavers.
- 3.11.11 Children in care placements £0.470m reserve. There is a national shortage of residential placements and it is anticipated that during the year there will be some placements that will be priced significantly above the average and what has been funded in the budgets
- 3.11.12 Schools DSG reserve reflects a deficit balance which is mainly due to the cumulative effect of cost pressures from previous years. The year-end balance will increase by £.0011m, increasing the overall deficit to £1.690m.

3.12 Capital Forecast Position

- 3.12.1 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.

Capital Programme	2021/22				2022/23	2023/24	2024/25
	Budget 01.04.21 £000	Q3 Forecast £000	Outturn £000	Variance £000	Budget £000	Budget £000	Budget £000
School Capital Grants:							
Condition/modernisation (SCA)	6,363	2,564	1,640	924	9,929	2,500	2,500
Basic Needs	1,288	900	934	-34	354	381	0
SEN and disabilities	33	0	30	-30	799	0	0
Others:							
School remodelling and additional classrooms (School Place Planning)	937	500	426	74	511	0	0
Castleway & Leasowe Early Years	1,200	30	2	28	1,198	0	0
Healthy Pupils Capital Fund	18	18	0	18	0	0	0
Children's System Development	423	423	412	11	1,107	0	0
Family Support	157	0	0	0	157	0	0
High Needs Provision Capital	0	927	1,180	-253	2,871	2,638	0
PFI	85	33	33	0	52	0	0
Transforming Care - Short Breaks	0	600	2	598	864	0	0
Eastham Youth Hub			7	-7	0	0	0
Formula Capital			103	-103	0	0	0
Rock Ferry Children's Centre H&S works			8	-8	0	0	0
TOTAL	10,504	5,995	4,777	1,218	17,842	5,519	2,500

3.12.2 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. £1.640m was spent in 21/22 including:
 - £0.320m worth of roofing works for a number of school sites;
 - £0.689m of works including boiler installations and electrical works at various sites including Mount Primary, St George's, Bidston Village C of E Juniors, Heswall Primary, St Bridget's Primary and Liscard Primary;
 - £0.080m on Fire alarm enhancement schemes; and
 - £0.229m on asbestos works in schools.
- 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. £0.934m was spent including £0.475m on Mersey Park Primary classroom

reconfiguration, £0.244m on Riverside Primary and £0.214m on Mount Primary.

- High Needs Provision Capital - £1.180m was spent, including £0.911m at Ellera Park School to provide 66 SEN places and the Home Education Service relocation. Further places are to be delivered across other sites in the new year.
- 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. The investment in the provision of places for pupils. The included the need for additional classroom requirements by Foxfield as pupil numbers increase with works planned to start in 22/23. £0.799m of the grant awarded to fund this scheme has therefore now been reprofiled into 2022/23 for delivery.

3.12.3 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.
- **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. A suitable property has been identified and an offer has been made. The purchase of As the purchase and refurbishment will be completed in 2022/23, Estimated refurbishment costs of £0.266 million have been reprofiled into 2022/23.

4.0 FINANCIAL IMPLICATIONS

- 4.1 This is the Quarter 4 budget monitoring report that provides information on the 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 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 Council must set the budget in accordance with the provisions of the Local Government Finance Act 1992 and approval of a balanced budget each year is a statutory responsibility of the Council. 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.

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. Accordingly, any proposals put forward must identify the realistic measures and mechanisms to produce those savings.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

6.1 At this time, there are no additional resource implications as these have already been identified for the proposals agreed and submitted. However, where the budget is unbalanced and further proposals are required, then there will be resource implications, and these will be addressed within the relevant business cases presented to the Committee.

7.0 RELEVANT RISKS

7.1 The Council's ability to maintain a balanced budget for 2021/22 is dependent on a static financial position. This is an impossible scenario due to estimated figures being provided in the calculation for the 2021/22 budget, albeit the best estimates that were available at the time, plus any amount of internal and external factors that could impact on the budget position in year. Examples of which are new legislation, increased demand, loss of income, increased funding, decreased funding, inability to recruit to posts, ongoing impact of the pandemic etc

7.2 A robust monitoring and management process for the 2021/22 budget is in place. If at any time during the year an adverse position is forecast, remedial action must be agreed and implemented immediately to ensure the budget can be brought back to balanced position.

7.3 The risk of this not being able to be achieved could mean that the Council does not have enough funding to offset its expenditure commitments for the year and therefore not be able report a balanced budget at the end of the year. This could result in the Section 151 Officer issuing a Section 114 notice.

8.0 ENGAGEMENT/CONSULTATION

8.1 Consultation has been carried out with the Senior Leadership Team (SLT) in arriving at the governance process for the 2021/22 budget monitoring process and the 2022/23 budget setting process.

8.2 Since the budget was agreed at Full Council on 1 March, some proposals may have been the subject of further consultation with Members, Customer and Residents. The details of these are included within the individual business cases or are the subject of separate reports to the Committee

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 At this time, there are no further equality implications as these have already been identified for the proposals agreed and submitted. However, where the budget is unbalanced and further proposals are required, then there may be equality implications associated with these, and these will be addressed within the relevant business cases presented to the Committee.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 At this time, there are no additional environmental and climate implications as these have already been identified for the proposals agreed and submitted. However, where the budget is unbalanced and further proposals are required, then there may be environment and climate implications associated with these that will be addressed within the relevant business cases presented to the Committee.

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APPENDICES

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	20 Mar 2022
	13 Nov 2021
	15 June 2021
	11 Mar 2021
	15 Jan 2021