

CHILDREN, YOUNG PEOPLE & EDUCATION COMMITTEE**Wednesday, 19 July 2023**

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| REPORT TITLE: | 2023/24 BUDGET MONITORING FOR QUARTER ONE (THE PERIOD TO 30 JUNE 2023) |
| REPORT OF: | DIRECTOR OF CHILDREN, FAMILIES AND EDUCATION |

REPORT SUMMARY

This report sets out the financial monitoring information, revenue, and capital position, for the Children, Families and Education Committee as at Quarter 1 (30 June) of 2023/24. The report provides Members with an overview of budget performance, including progress on the delivery of the 2023-24 saving programme and a summary of reserves to enable the Committee to take ownership of the budgets and provide robust challenge and scrutiny to Officers on the performance of those budgets.

Managing a budget requires difficult decisions to ensure that a balanced position can be presented. Regular Member engagement, which this report forms part of, is considered essential in delivering effective governance and financial oversight.

At the end of Quarter 1, there is a forecast adverse position of £0.360m on the revenue budget of Children, Families and Education revised net revenue budget, of £86.397m.

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

The report contributes to the Wirral Plan 2021-2026 in supporting the organisation in meeting all Council priorities.

RECOMMENDATION/S

The Children, Families and Education committee is recommended to:

1. Note the forecast revenue position presented at Quarter 1.
2. Note the proposed allocation of additional £0.800m funding from the increased council budget of £2.000m, subject to council approval.
3. Note the progress on delivery of the 2023-24 savings programme.
4. Note the forecast level of reserves at Quarter 1.
5. Note the capital position at the end of Quarter 1.

SUPPORTING INFORMATION

1.0 REASONS FOR RECOMMENDATIONS

- 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 balanced position at the end of the year.
- 1.2 Regular monitoring and reporting of the revenue budgets and savings achievements enables decisions to be taken in a timely manner, which may produce revenue benefits and will improve financial control of Wirral Council.
- 1.3 This report presents timely information on the Quarter 1 financial position for 2023/24.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 The Policy & Resources Committee has previously determined the budget monitoring process to follow, and this report details the agreed course of action.
- 2.2 In striving to manage budgets, available options have been evaluated to maintain a balance between service delivery and a balanced budget.

3.0 BACKGROUND INFORMATION

- 3.1 At the meeting on 19 June 2023, the 2023/24 budget and the process for in-year monitoring of the 2023/24 budget was set out. This report sets out the position as Quarter 1.

Quarter 1 Forecast Revenue Outturn Position

- 3.2 Table 1 presents the forecast outturn as a net position, i.e., expenditure minus income. Favourable variances (underspends) are shown as negative values and adverse variances (overspends) are shown as a positive value.
- 3.3 As at the end of June 2023 (Quarter 1), the forecast outturn position for Children, Families and Education is an adverse variance of £0.369m against a net revenue budget of 86.397m.

TABLE 1: 2022/23 Children, Families & Education-Service Budget & Forecast Outturn

| | Budget | Forecast Outturn | Variance | | Adverse/ Favourable |
|--|---------------|------------------|-----------------|-----------|------------------------|
| | | | (+ Fav / - Adv) | | |
| | £000 | £000 | £000 | % | |
| Children and Families | 56,502 | 57,436 | 934 | 2% | Adverse |
| Early Help and Prevention | 10,942 | 9,842 | -1,100 | -10% | Favourable |
| Modernisation and Support | 2,782 | 3,881 | 1,099 | 40% | Adverse |
| Schools – Core | 16,171 | 15,607 | -564 | -3% | Favourable |
| Directorate Surplus / (Deficit) | 86,397 | 86,766 | 369 | 0% | Adverse |

Significant aspects of revenue variances by service**Children and Families adverse variance of £0.934m**

- 3.4 The main pressure relates to Children Looked after and children in higher cost Semi independence/ Supported Accommodation. With the demand increasing from 20 to over 30 children in the latter part of 2022/23, a 50% increase and the average cost increasing by over 20% in the last year. The residential population is more stable although average costs are under pressure. Demand for other placement categories is stable or reducing, with the aim to place more in the lower cost options. These pressures are partially mitigated in year by the one-off use of £1m of the social care reserve.

TABLE 2: Number of Children in Care

| Jun-21 | Sep-21 | Dec-21 | Mar-22 | Jun-22 | Sep-22 | Dec-22 | Mar-23 | Jun-23 |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 819 | 814 | 795 | 786 | 770 | 789 | 804 | 766 | 769 |

Early Help & Prevention favourable variance of £1.100m

- 3.5 The favourable variance is mainly a result of appointments at the lower range of salary scale and in-year vacant posts. The variance is being held as a contribution towards council staff savings target of £1.649m for the whole of the Directorate.

Modernisation and Support adverse variance of £1.099m

- 3.6 This adverse variance has arisen because of staff salary savings target of £1.649m. This saving has been allocated to this area but relates to all of Children Families and Education. This is mitigated by favourable variances in Modernisation & Support of £0.560m alongside the £1.100m from Early Help in paragraph 3.5 above.

Schools – core adverse favourable variance of £0.564m

- 3.7 This variance has arisen because of the reducing spend on historic teachers' pension budget and the holding spend relating to the staff savings above. There were some pressures arising special education needs and disabilities (SEND) and

assisted travel requirements. These pressures were due to increases in Education Health and Care Plans (EHCPs) and the need to transport the pupils to school. With the emerging demand likely to be higher than the funding built into the budget. The increase in the demand for EHCP assessments has led to a backlog building up and some assessments not being completed within the 20 weeks statutory timescale. These pressures are proposed (subject to council approval) to be mitigated by additional budget of £0.350m being allocated to SEND resources and £0.450m to assisted travel costs.

Budget Adjustments

- 3.8 The favourable £2.000m variation in funding, relating to Business Rates Section 31 grant, has provided the opportunity for the council to carry out budget amendments to address some budget pressures.
- 3.9 Table 2 sets out the budget areas in Children, Families & Education which will be amended (subject to council approval). These amendments are already incorporated into the budget column in Table 1 and are explained in paragraph 3.7.

Table 3: Q1 Budget Virements

| Directorate | Budget Amendment | £000 |
|--------------------------------|-------------------------|-------------|
| Children, Families & Education | SEND | 350 |
| Children, Families & Education | Assisted Travel | 450 |
| Total | | 800 |

Dedicated Schools Grant (DSG)

- 3.10 There are no DSG variances forecast as at quarter 1 although pressures may arise in the high needs block during the autumn term.

TABLE 4: 2022/23 Children, Families and Education–Dedicated Schools Grant (DSG)

| | Budget | Forecast Outturn | Variance | | Adverse/ Favourable |
|--|----------------|---------------------|-------------------------|----|------------------------|
| | £000 | £000 | (+ Fav / - Adv) £000 | % | |
| DSG Expenditure: | | | | | |
| Schools Block | 121,681 | 121,681 | 0 | | |
| Schools Block De-delegated | 2,096 | 2,096 | 0 | | |
| Central School Services Block | 2,058 | 2,058 | 0 | | |
| High Needs | 59,025 | 59,025 | 0 | | |
| Early Years | 21,430 | 21,430 | 0 | | |
| Total Gross Surplus / (Deficit) | 206,290 | 206,290 | 0 | | |
| DSG Income: | -206,077 | -206,077 | 0 | 0% | |
| Movement in DSG Reserve | -213 | -213 | 0 | 0% | |
| Total Net Surplus / (Deficit) | 0 | 0 | 0 | 0% | |

3.11 The Council is participating in the Delivering Better Value (DBV) in SEND (Special Educational Need and Disabilities) programme which is the DfE's support package to help local authorities maintain effective SEND services while functioning sustainably. The aim of the DBV programme is to improve delivery of SEND services for children and young people and to ensure that this is done so within budget.

Progress on delivery of the 2023-24 savings programme.

3.12 No significant slippage is forecast at quarter 1. The table below summarises the progress:

TABLE 5: SUMMARY OF PROGRESS ON DELIVERY OF 2023-24 SAVINGS

| Saving Description | Approved Saving £m | Green £m | Amber £m | Red £m | Mitigation £m |
|---|-----------------------|-------------|-------------|-----------|------------------|
| Increase the number of children looked after placed in family settings as opposed to higher cost residential settings | -1.100 | -1.100 | 0.000 | 0.000 | 0.000 |
| Redesign and restructure of the Assessment and Intervention Service | -0.655 | -0.655 | 0.000 | 0.000 | 0.000 |
| Reduction in contributions to the Regional Adoption Agency in line with the average number of referrals | -0.100 | -0.100 | 0.000 | 0.000 | 0.000 |

| | | | | | |
|---|---------------|---------------|--------------|--------------|--------------|
| Reduction in financial support to Kingsway High School | -0.134 | -0.134 | 0.000 | 0.000 | 0.000 |
| Reduction in Teachers' pension liabilities to the council | -0.190 | -0.190 | 0.000 | 0.000 | 0.000 |
| Reduction in Wirral's Looked After Children numbers | -0.410 | -0.410 | 0.000 | 0.000 | 0.000 |
| Review of contracts within Children's Services | -0.250 | -0.250 | 0.000 | 0.000 | 0.000 |
| Review of council's contribution towards European Funded Send Inclusion Programme | -0.220 | -0.220 | 0.000 | 0.000 | 0.000 |
| Review of Supporting Families funding and Early Help budgets | -1.121 | -1.121 | 0.000 | 0.000 | 0.000 |
| Children, Families & Education | -4.180 | -4.180 | 0.000 | 0.000 | 0.000 |

Earmarked Reserves

3.13 Earmarked reserves represent money that has been set aside for a clearly defined purpose, and which is available to meet future expenditure in that area. The use of earmarked reserves is only permitted with the approval of the Section 151 officer.

TABLE 6: EARMARKED RESERVES

| Committee | Opening Balance £000 | Forecast Use of Reserve £000 | Forecast Contribution to Reserve £000 | Closing Balance £000 |
|--|---------------------------------|---|--|---------------------------------|
| Intensive Family Intervention Project | 405 | -60 | 0 | 345 |
| Early Help & Play Development | 117 | 0 | 0 | 117 |
| Children's Centre – Outdoor Play | 92 | 0 | 0 | 92 |
| DRIVE Safelives & Domestic Abuse Hub | 50 | -50 | 0 | 0 |
| YOS - Remand & Mobile Youth Centre | 121 | -40 | 0 | 81 |
| Local Safeguarding Children's Board | 23 | 0 | 0 | 23 |
| Children IT data system | 127 | -127 | 0 | 0 |
| Mersey & Cheshire ICS Pilot | 20 | 0 | 0 | 20 |
| School Improvement | 857 | 0 | 0 | 857 |
| Schools Causing Concern | 500 | 0 | 0 | 500 |
| SEND OFSTED Inspection Improvement Action Plan | 880 | -436 | 0 | 444 |
| Help for Young People | 26 | 0 | 0 | 26 |
| Looked After Children Education Services | 111 | 0 | 0 | 111 |
| SEND - High Needs | 110 | 0 | 0 | 110 |

| | | | | |
|---------------------------------------|-------|------|---|-------|
| Care Leaver Accommodation Development | 203 | 0 | 0 | 203 |
| Wirral Apprentice Programme | 19 | 0 | 0 | 19 |
| Children, Families & Education | 3,661 | -713 | 0 | 2,948 |

Capital Monitoring

3.14 The capital programme remains on target except the School Condition allocation which £4.5m has been reprofiled into future years. More details are below.

3.15 Scheme Updates:

- **Special Educational Needs and Disabilities / High Needs Provision Capital** – To deliver additional classroom provision for SEN pupils across several Special schools. The planned schemes cover Leasowe Early Years Centre, The Observatory School, and Pensby/Elleray Park School

TABLE 7: 2022/23 Children, Families and Education Committee – Capital Budget & Forecast Outturn

| Capital Programme | 2023/24 | | | 2024/25 | 2025/26 | 2026/27 |
|--|----------------------------|------------------------|------------------|----------------|----------------|----------------|
| | Budget 1 Apr 23 £000 | Q1 Forecast £000 | Variance £000 | Budget £000 | Budget £000 | Budget £000 |
| Basic Needs | 1,028 | 100 | -928 | -928 | 0 | 0 |
| Children's System Development | 760 | 807 | 47 | 445 | 0 | 0 |
| School Condition Allocation (SCA) | 9,198 | 5,000 | -4,198 | 6,698 | 2,500 | 2,500 |
| Family support | 157 | 137 | -20 | 20 | 0 | 0 |
| High Needs Provision Capital | 4,392 | 2,000 | -2,392 | 2,392 | 0 | 0 |
| PFI | 52 | 52 | 0 | 0 | 0 | 0 |
| School remodelling and additional classrooms (School Place Planning) | 1 | 1 | 0 | 0 | 0 | 0 |
| Special Educational Needs & Disabilities | 478 | 350 | -128 | 128 | 0 | 0 |
| Transforming Care - Therapeutic Short Breaks | 863 | 863 | 863 | 0 | 0 | 0 |
| TOTAL | 16,929 | 9,310 | -7,619 | 10,511 | 2,927 | 2,500 |

- **School Condition Allocation (SCA)** –Funding to support condition works, including:
 - £1.435m for roof works at:
 - Barnston Primary School
 - Bidston Avenue Primary School
 - Hoylake Holy Trinity School
 - Kingsway Primary School

- Leasowe Early Years Centre
 - Devonshire Park Primary School
 - Mersey Park Primary School.
 - £0.100m toilet refurbishment at Heygarth Primary School.
 - £0.150m lintel and brickwork at Lingham Primary School.
 - £0.800m for extension works at Raeburn Primary School.
 - £0.100m for classroom conversion at Ganney's Meadow Library
- **Children's System Development** – Additional funding has been agreed for this project. this capital project will see the merger of two separate case management systems into one information system. Application of just one system is expected to yield numerous operational benefits along with financial benefits in only having to maintain one system rather than two. The request for additional funding is due to increased costs on the project due to a number of unforeseen delays due to resource constraints, technical infrastructure problems and supplier development issues. Funding of these additional costs will be covered by the remaining existing capital budget, the utilisation of education capital grant (Schools Basic Needs Grant), contributions from the revenue budget and additional council borrowing.

4.0 FINANCIAL IMPLICATIONS

- 4.1 This is the Quarter 1 budget monitoring report that provides information on the forecast outturn for the Council for 2023/24. The Council has robust methods for reporting and forecasting budgets in place and alongside formal Quarterly reporting to Policy & Resources and Service Committees, 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 2023/24 is dependent on a stable financial position. That said, the delivery of the budget is subject to ongoing variables both positive and adverse which imply a level of challenge in achieving this outcome.
- 7.2 A robust monitoring and management process for the 2023/24 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 In any budget year, there is a risk that operation will not be constrained within relevant budget limits. Under specific circumstances the Section 151 Officer may issue a Section 114 notice, but that position has not been reached at the present time.

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 2023/24 budget monitoring process and the budget setting process. This report will also be shared and reviewed by the Independent Panel.
- 8.2 Since the budget was agreed at Full Council on 28 February, 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 This report has no direct environmental implications, however due regard is given as appropriate in respect of procurement and expenditure decision-making processes that contribute to the outturn position.

11.0 COMMUNITY WEALTH IMPLICATIONS

- 11.1 In year activity will have incorporated community wealth implications. Consideration would have taken 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**

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APPENDICES

None

BACKGROUND PAPERS

Policy & Resources Committee Report 14 Jun 23: 2023/24 Budget and Budget Monitoring processes Report.

SUBJECT HISTORY (last 3 years)

| Council Meeting | Date |
|---|--------------------------|
| Policy and Resources Committee 15 February 2023 | 12 July 2023 |
| Policy and Resources Committee 15 February 2023 | 15 February 2023 |
| Policy and Resources Committee | 18 January 2023 |
| Policy and Resources Committee 09 November 2022 | 09 November 2022 |
| Policy and Resources Committee | 13 July 2022 |
| Policy and Resources Committee | 15 February 2022 |
| Council | 28 February 2022 |
| Children's, Young People & Education Committee | 19 June 2023 |
| Children's, Young People & Education Committee | 7 March 2023 |
| Children's, Young People & Education Committee | 6 December 2022 |
| Children's, Young People & Education Committee | 12 October 2022 |
| Children's, Young People & Education Committee | 21 June 2022 |
| Children's, Young People & Education Committee | 10 March 2022 |
| Children's, Young People & Education Committee | 13 September 2021 |

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|---|------------------------|
| Children's, Young People & Education Committee | 15 June 2021 |
| Children's, Young People & Education Committee | 11 Mar 2021 |
| Children's, Young People & Education Committee | 15 January 2021 |