



## CHILDREN, YOUNG PEOPLE AND EDUCATION COMMITTEE

Tuesday, 23 July 2024

REPORT TITLE:	2024/25 BUDGET MONITORING FOR QUARTER ONE (THE PERIOD TO 30 JUNE 2024)
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 2024/25. The report provides Members with an overview of budget performance, including progress on the delivery of the 2024/25 saving programme and a summary of reserves and balances, to enable the Committee to take ownership of the budgets and provide robust challenge and scrutiny to Officers.

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 £7.604m on the revenue budget of Children, Families and Education revised net revenue budget of £94.716m

This is not a key decision and affects all wards.

The report contributes to the Wirral Plan 2023-2027 in supporting the organisation in meeting all Council priorities.

### RECOMMENDATIONS

The Children, Families and Education Committee is recommended to:

1. Note the forecast adverse position of £7.604m presented at Quarter 1.
2. Note the progress on delivery of the 2024/25 savings programme at Quarter 1.
3. Note the forecast level of reserves and balances at Quarter 1.
4. Note the budget virements due to administrative changes in the allocation of Service budgets between directorates, as detailed in paragraph 3.15.
5. Note the capital position at the end of Quarter 1.

## **SUPPORTING INFORMATION**

### **1.0 REASONS FOR RECOMMENDATIONS**

- 1.1 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.

### **2.0 OTHER OPTIONS CONSIDERED**

- 2.1 The Policy & Resources Committee has previously determined the budget monitoring process 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 26 February 2023, the Council agreed a net revenue budget for 2024/2025 of £399.6m to be met by government grants, council tax, and business rates. At the end of Quarter 1, there is a forecast adverse position of £12.493m on Directorate spend. This position is based on activity to date, projected trends in income and expenditure and changes to Council funding. The Children, Education and Families forecast contribute £7.604m of this adverse budget variance.

This is a serious financial position for the Council that needs to be significantly mitigated in-year through all available measures to reduce expenditure and generate cost savings. The source of the overspend reflects the outturn position from 2023/24 for which an action plan has been developed and implemented. This is designed to address the main issues generating the adverse position and progress will be reported on this in all future reports and to the relevant committees. However, the majority of this overspend is a consequence of increased demand and costs for social care services and will not be easily resolved.

Whilst the overall position can currently largely be managed in-year by

- a) utilising the contingency budgets,
- b) applying flexible use of capital receipts to fund transformational revenue spend, and
- c) re-provisioning of earmarked reserves,

it is not a sustainable position going forward and will adversely impact budget planning for 2025/26.

#### **Economic Context**

- 3.2 While geopolitical events pose potential threats to price stability, the UK's inflation outlook remains positive. The headline Consumer Price Index (CPI) rose by 2.0% in the year to May 2024, while core inflation has markedly declined in recent months. This sustained downward trend in UK inflation is projected to persist, prompting market analysts to forecast lower interest rates in the latter part of the year.

- 3.3 In June, the Bank of England maintained its Bank Rate at 5.25%. While the Monetary Policy Committee (MPC) recognises the need to stimulate the UK economy by lowering rates in upcoming quarters, concerns over persistent inflationary pressures are likely to postpone any cuts until the third quarter of 2024. Experts anticipate a gradual reduction, with rates potentially reaching around 3% by late 2025.
- 3.4 The results of the UK general election will play a pivotal role in determining the economic trajectory in the coming financial year. Regardless of which political party is successful, the election outcome will influence a range of factors, from fiscal policies and public spending to trade relations and regulatory frameworks.
- 3.5 The overall economic environment, whilst forecast to be more stable than recent years, there remains a great deal of uncertainty and challenge which will need to be monitored carefully as the year progresses. In this context, the Council must remain agile and ready to respond to emerging trends and unforeseen events. Regular reassessment of economic indicators and global developments will be key to navigating this calmer, yet still challenging, economic landscape.

#### Quarter 1 Forecast Revenue Outturn Position

- 3.6 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.
- 3.7 At the end of Quarter 1, the forecast outturn position for Children, Families and Education is an adverse variance of £7.604m against a net revenue budget of £94.716m.

**TABLE 1: 2024/25 CHILDREN, FAMILIES & EDUCATION REVENUE BUDGET & FORECAST OUTTURN**

	Budget	Forecast	Variance	
	£000	£000	(+ Adv / - Fav) £000	%
Children and Families	60,476	66,272	5,796	10%
Early Help, Prevention & Effectiveness	11,001	9,522	-1,479	-13%
Effectiveness & Improvement	4,231	4,285	54	1%
Education - Core	16,126	18,177	2,051	13%
SEND – Statutory	2,883	4,064	1,181	41%
<b>Children Families and Education Net Expenditure</b>	<b>94,716</b>	<b>102,320</b>	<b>7,604</b>	<b>8%</b>

## Significant aspects of revenue variances by service area:

### Children and Families adverse variance of £5.796m

- 3.8 The number of Children Looked After (CLA) has slightly decreased to 764 as at the end of June, however, there are still significant pressures from the CLA placement costs. Whilst the number of CLA has decreased, there has been a 24% increase in residential placements since April 2023. There are currently 92 children in a residential placement at an average weekly cost of £4,659. The budget has been predicated on the aspiration that more children within Wirral are to be supported in effective foster placements as opposed to residential care, however this is against the current trend that has been experienced. Work is underway to translate the aspiration into foster placements and this will be monitored by officers.

**TABLE 2: Number of Children in Care**

Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24
770	789	804	766	769	780	772	767	764

### Education - Core: forecast adverse variance of £2.051m

- 3.9 The main pressures within the Education - Core budget is home to school transport service with £2.811m adverse position forecasted. This includes a pressure from the escort budget (£0.705m adverse variance) transferred from the Neighbourhood directorate which was previously reported in the Environment, Climate Emergency and Transport Committee reports. The forecast is based on the current activity levels plus an assumed 7% increase from September for the new academic year with additional demands This has been partly mitigated with saving targets in the other areas.

### SEND – Statutory: forecast adverse variance of £1.181m

- 3.10 The SEND – Statutory includes two budget areas, Education Psychological services and SEND Assessment Team. The increasing demand for Education, Health and Care Plan (EHCP) continues and additional resources are required to progress further improvement in SEND (Special Educational Need and Disabilities) support and services.

## Pressures to be managed.

- 3.11 It is financially imperative and legally required that the Council report a balanced position at the end of the financial year. Failure to do so results in the Council's Section 151 officer having to produce a Section 114 report under the Local Government Act 1988.
- 3.12 A number of actions and projects have been taken by the Senior Leadership Team to try and address the overall position. In relation to Children, Families and Education, this ranges from the development of joint commissioning activities within Adults and Childrens, panels reviewing high-cost placements, development of a strategy to increase foster care provision and the implementation of the findings from the Home to School Transport review.

## Role of Policy and Service Committee

- 3.13 As per the 'Budget Monitoring and Budget Setting Processes Report', which can be found elsewhere on the Committee's agenda, Committees are responsible for containing net expenditure within their overall budget envelope and not overspending. Where an adverse variance is forecast, each committee will be required to take remedial action, with detailed plans and timeframes, to bring the budget back in line and ensure that overspends are mitigated.
- 3.14 Where a committee has taken all possible steps for remedial action and is unable to fully mitigate an overspend, this must be reported to the Policy and Resources Committee who will then take an organisational-wide view of how this adverse variance will be managed. There must be immediate action agreed to ensure a deliverable, balanced forecast position can be reported, and this will be monitored on a monthly basis by the Policy and Resources Committee Finance Working group.

## Budget Virements/ Amendments

- 3.15 Since the end of 2023/24, there have been some administrative changes to how services report between directorates. All elements of the Assisted Travel Service have been consolidated into the Children Families and Education Directorate. This is an administrative change that does not impact the strategic delivery of services.

## Dedicated Schools Grant (DSG)

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

**TABLE 3: 2024/25 CHILDREN, FAMILIES AND EDUCATION – DEDICATED SCHOOLS GRANT (DSG)**

	Budget	Forecast Outturn	Variance	
	£000	£000	(+ Adv / - Fav) £000	%
<b>DSG Expenditure:</b>				
Schools Block	115,393	115,393	0	
Schools Block De-delegated	1,958	1,958	0	
Central School Services Block	2,022	2,022	0	
High Needs	72,726	72,726	0	
Early Years	36,967	36,967	0	
<b>Total Gross Surplus / (Deficit)</b>	<b>229,066</b>	<b>229,066</b>	<b>0</b>	
<b>DSG Income:</b>	-218,149	-218,149	0	0%
<b>Movement in DSG Reserve</b>	-10,917	-10,917	0	0%
<b>Total Net Surplus / (Deficit)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>

- 3.16 The Q1 forecast reflects an in-year deficit of £10.917m to be added to the High Needs deficit. The actual deficit brought forward at 31 March 2023 is £12.989m and this means that the DSG deficit reserve will be increased and around £23.905m at the end of 2024/25.
- 3.17 From Spring 2023, the Council has been participating in the Delivering Better Value (DBV) in SEND programme which is the DfE's support package to help local authorities maintain effective SEND services while functioning sustainably. Following the diagnostic phase ended in December 23, the action plans are being delivered by utilising £1m DBV grant awarded in April 24.
- 3.18 It should be noted, there is a risk that the deficit may have to be included in the Council's overall reserves as the statutory override that separated DSG deficits from the authority's wider finances is due to expire at the end of 2025/26. Local authorities are calling for an extension to the override, however, no announcement has been made from the DfE to date.

#### **Progress on delivery of the 2024/25 savings programme.**

- 3.19 Table 4 presents the progress on the delivery of the 2024/25 approved savings. For savings rated as Amber, an equal amount of temporary in-year mitigation has been identified to cover any shortfalls which may occur. For savings rated as red, the contingency fund set up for non-achieved savings will need to be utilised.
- 3.20 In terms of savings, £1.580m of the £2.980m savings targets are either delivered or on track to be delivered, representing 53% of the total savings target with a further 47% or £1.400m with a high risk of not being achieved within this financial year. The table below summarises the progress by saving:

**TABLE 4: SUMMARY OF PROGRESS ON DELIVERY OF 2024/25 SAVINGS**

Directorate	Approved Saving £m	Green £m	Amber £m	Red £m	Mitigation £m
Reduction in children looked after (CLA) numbers	-0.330	-0.330	0.000	0.000	0.000
Reducing High Cost Residential Care	-1.100	0.000	0.000	-1.100	0.000
Reduction in teachers pension liabilities	-0.200	-0.200	0.000	0.000	0.000
Re-organisation of Early Help	-0.550	0.000	-0.550	0.000	-0.550
Promoting Independence	-0.300	0.000	0.000	-0.300	0.000
Kingsway buy out	-0.500	0.000	-0.500	0.000	-0.500
<b>TOTAL</b>	<b>-2.980</b>	<b>-0.530</b>	<b>-1.050</b>	<b>-1.400</b>	<b>-1.050</b>

3.21 £1.100m of the Children, Families and Education budget savings is in relation to reducing high cost residential care and £0.300m associated with home to school transport are unlikely to be achieved in year given the extreme pressures on the social care and home to school transport budgets.

### Reserves and Balances

3.22 Earmarked reserves represent the money that has been set aside for a clearly defined purpose, and which is available to meet future expenditure in that area. Table 5 below details the reserves which are available.

**TABLE 5: SUMMARY OF EARMARKED RESERVES**

<b>Reserve</b>	<b>Opening Balance £'000</b>	<b>Forecast Use of Reserve £'000</b>	<b>Forecast Contribution to Reserve £'000</b>	<b>Closing Balance £'000</b>
School Improvement	795	0	0	795
Schools Causing Concern	294	0	0	294
SEND OFSTED Inspection Improvement Action Plan	376	-301	0	75
Children's Centre – Outdoor Play	51	0	0	51
Looked After Children Education Services	111	-111	0	0
Local Safeguarding Children's Board	23	0	0	23
SEND - High Needs	110	-110	0	0
YOS - Remand & Mobile Youth Centre	121	0	0	121
DRIVE Safelives & Domestic Abuse Hub	50	0	0	50
Mersey & Cheshire ICS Pilot	20	0	0	20
<b>Total</b>	<b>1,951</b>	<b>-522</b>	<b>0</b>	<b>1,429</b>

3.23 There are no planned transfers into reserves as at Quarter 1. It is anticipated that £0.522m will be utilised in year to help mitigate some of the in year pressures.

### Capital Monitoring

3.24 The capital programme remains on target as at Quarter 1, table 6 overleaf shows the breakdown by scheme.

**TABLE 6: 2024/25 CHILDREN, FAMILIES & EDUCATION COMMITTEE CAPITAL BUDGETS**

<b>Scheme</b>	<b>Budget 2024/25 £'000</b>	<b>Budget 2025/26 £'000</b>	<b>Budget 2026/27 £'000</b>	<b>Budget 2027/28 £'000</b>	<b>Budget 2028/29 £'000</b>
Basic Needs	727	427	-	-	-
Childcare Capital Expansion Fund	604	-	-	-	-
Children's System Development	703	-	-	-	-
Condition/modernisation (SCA)	7,011	2,500	2,500	2,500	2,500
Family Hub Transformation Fund	85	-	-	-	-
Family Support	157	-	-	-	-
High Needs Provision Capital	8,561	-	-	-	-
School Works – Department for Education Ringfenced Receipts	721	722	-	-	-
Transforming Care – Therapeutic Short Breaks	317	-	-	-	-
<b>TOTAL</b>	<b>18,886</b>	<b>3,649</b>	<b>2,500</b>	<b>2,500</b>	<b>2,500</b>

3.25 **School Condition Allocation (SCA)** – to be used to keep school buildings safe and in good working order by addressing poor building condition, building compliance, energy efficiency, and health and safety issues. The allocation includes £1.5m roofing works at various schools, £0.64m for boiler installation works and £0.5m Fire Risk Assessments. Major schemes in 24/25 include Reaburn Primary and Ridgeway CLC.

3.26 **Special Educational Needs and Disabilities (SEND)/High Needs Provision Capital** – To deliver additional classroom provision for SEND pupils across several Special schools. The planned schemes cover Joseph Paxton, Foxfield School and Stanley School.

#### **4.0 FINANCIAL IMPLICATIONS**

4.1 This is the Quarter 1 budget monitoring report that provides information on the forecast outturn for the Children, Young People and Education Committee for 2024/25. 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 2024/25 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 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 2024/25 budget monitoring process and budget setting process.
- 8.2 Since the budget was agreed at Full Council on 26 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**

Children, Young People & Education Committee Report 23 Jul 24: Budget Monitoring and Budget Setting Processes Report.

CIPFA's Financial Management Code

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

<b>Council Meeting</b>	<b>Date</b>
<b>Children, Young People &amp; Education Committee</b>	<b>6 March 2024</b>
<b>Children, Young People &amp; Education Committee</b>	<b>1 February 2024</b>
<b>Children, Young People &amp; Education Committee</b>	<b>29 November 2023</b>
<b>Children, Young People &amp; Education Committee</b>	<b>25 September 2023</b>
<b>Children, Young People &amp; Education Committee</b>	<b>19 July 2023</b>
<b>Children, Young People &amp; Education Committee</b>	<b>21 June 2023</b>
<b>Children, Young People &amp; Education Committee</b>	<b>7 March 2023</b>
<b>Children, Young People &amp; Education Committee</b>	<b>24 January 2023</b>
<b>Children, Young People &amp; Education Committee</b>	<b>6 December 2022</b>
<b>Children, Young People &amp; Education Committee</b>	<b>12 October 2022</b>
<b>Children, Young People &amp; Education Committee</b>	<b>21 June 2022</b>

**Children, Young People & Education Committee**

**10 March 2022**

