

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

**Wednesday, 5 March 2025**

<b>REPORT TITLE:</b>	<b>2024/25 BUDGET MONITORING FOR QUARTER THREE (THE PERIOD TO 31 DECEMBER 2024)</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF CHILDREN, FAMILIES AND EDUCATION</b>

### **REPORT SUMMARY**

This report sets out the financial monitoring information for the Children, Families and Education Committee as at Quarter 3 (31 December) 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 and where appropriate, Committees on the performance of those budgets.

At the end of Quarter 3, the financial outlook has improved slightly since quarter 2. Current estimates forecast an adverse outturn position of £9.657m (£9.996m in Quarter 2) on the Committees net revenue budget of £97.297m. This position is based on activity to date, projected trends in income and expenditure and changes to Council funding.

The Council has faced a severe financial challenge throughout the year to achieve a balanced budget. All possible measures to curtail spending and generate substantial cost savings have been applied. However, the current forecast shows that the Council will not be in a position to provide a balanced budget by financial year-end. Consequently, the Section 151 officer has submitted an application for Exceptional Financial Support (EFS) to the Ministry of Housing, Communities & Local Government (MHCLG).

To further stress the critical nature of the Council's financial position, within the Council's recent published Annual Audit Report for the year ending 31 March 2024, the external auditor issued a Statutory Recommendation, stating, "The Council is in an extremely challenging financial situation with significant financial pressures creating budget overspends combined with low levels of reserves. There is a risk that the Council will need exceptional financial support to balance the financial position in 2024/25 and to set a balanced budget in 2025/26. We (the auditors) recommend the Council take immediate action to manage the risks..."

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 adverse position presented at Quarter 3 of £9.657m and the urgent need to examine all available options to address the position.
2. Note that the Director of Finance has made an application to the Ministry of Housing, Communities & Local Government (MHCLG) for Exceptional Financial Support and that the outcome of the application is still awaited.
3. Note the progress on delivery of the 2024/25 savings programme at Quarter 3.
4. Note the forecast level of reserves and balances at Quarter 3.
  5. Note the capital forecast and budget revisions as at the end of Quarter 3.

## **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 2024, 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 Quarter 1 & 2, a critical financial position for the Council was reported, requiring significant mitigation in-year through all available measures to reduce expenditure and generate cost savings. The source of the overspend reflected the outturn position from 2023/24 and the continued increase in demand for social care. This report sets out the updated financial position at Quarter 3.
- 3.2 At the end of Quarter 3, against the Council's revised net revenue budget of £399.654m, there is an overall Directorate forecast adverse variance of £22.590m. After utilising the contingency budget and applying £2.5m of flexible use of capital receipts to fund transformational revenue spend, the adverse variance still to be mitigated stands at £19.546m. Children, Families and Education pressures contribute £9.657m to this total

#### **Economic Context**

- 3.3 In November, Consumer Price Index (CPI) inflation rose to 2.6% (up from 2.3% in the previous month), driven largely by an increase in the energy price cap. While falling fuel prices exerted some downward pressure, a spike in transport and recreational inflation contributed to the increase. The rise in inflation means that the Bank of England may be more cautious at upcoming meetings, with further rate cuts not now expected until February 2025.
- 3.4 The Bank of England held the Bank Rate at 4.75% at its December 2024 meeting, having reduced it to that level in November and following a previous 0.25% cut from the 5.25% peak in August. The Authority's treasury management adviser, Arlingclose, currently expects the Bank of England will continue reducing the bank rate through 2025, taking it to around 3.75% by the end of the 2025/26 financial year.
- 3.5 UK Gross Domestic Product (GDP) showed no growth between July and September 2024, following an initial estimate of 0.1% growth. The effect from the Autumn

Budget on economic growth and inflation has reduced previous expectations in terms of the pace of interest rate cuts.

- 3.6 In this context, the Council must remain 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 3 Forecast Revenue Outturn Position

- 3.7 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.
- 3.8 At the end of Quarter 3, against the Committee's revised net revenue budget of £97.297m, there is a forecast adverse variance of £9.657m.

**TABLE 1: 2024/25 REVENUE BUDGET & FORECAST OUTTURN**

	Budget	Forecast Outturn	Variance	
	£000	£000	(+ Adv / - Fav) £000	%
<b>Children Families and Education</b>				
Children and Families	61,124	69,156	8,032	13%
Early Help, Prevention & Effectiveness	14,749	13,524	-1,225	-8%
Education – Core	17,276	19,825	2,549	15%
SEND – Statutory	4,148	4,449	301	7%
<b>Children Families and Education Net Expenditure</b>	<b>97,297</b>	<b>106,954</b>	<b>9,657</b>	<b>10%</b>

- 3.9 The main pressures within the Directorate continue to be in relation to Children Looked After, specifically children in residential placements and home to school transport.

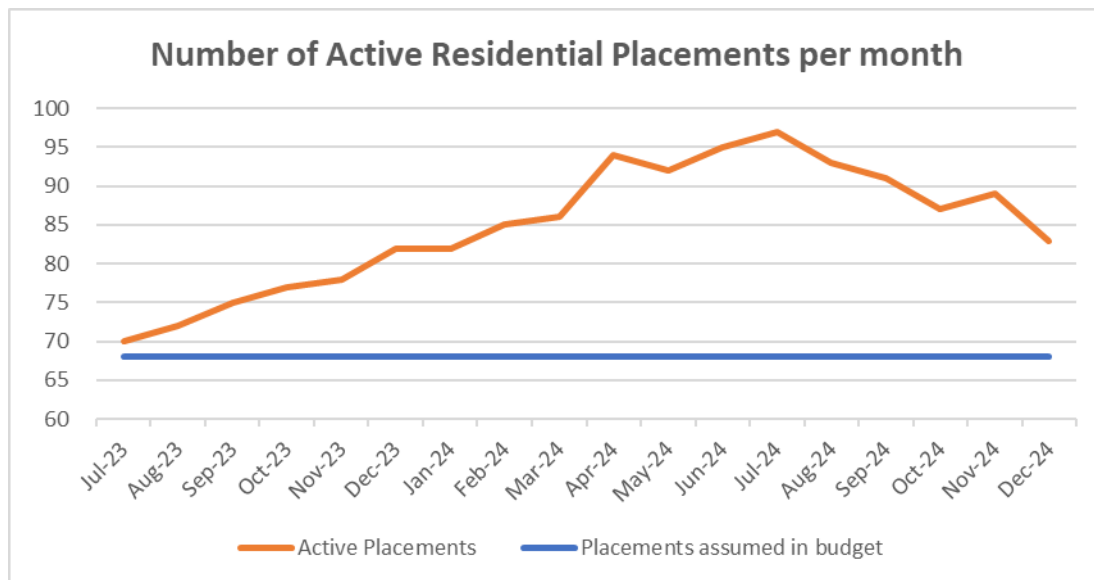
### Children and Families: forecast adverse variance of £8.032m

- 3.10 Wirral has continued to see a reduction in the number of children who are looked after. There was a spike of 834 children in 2018 which reduced to 772 in 2023. As at the end of December 2024 the figure is 708.

**TABLE 2: NUMBER OF CHILDREN IN CARE**

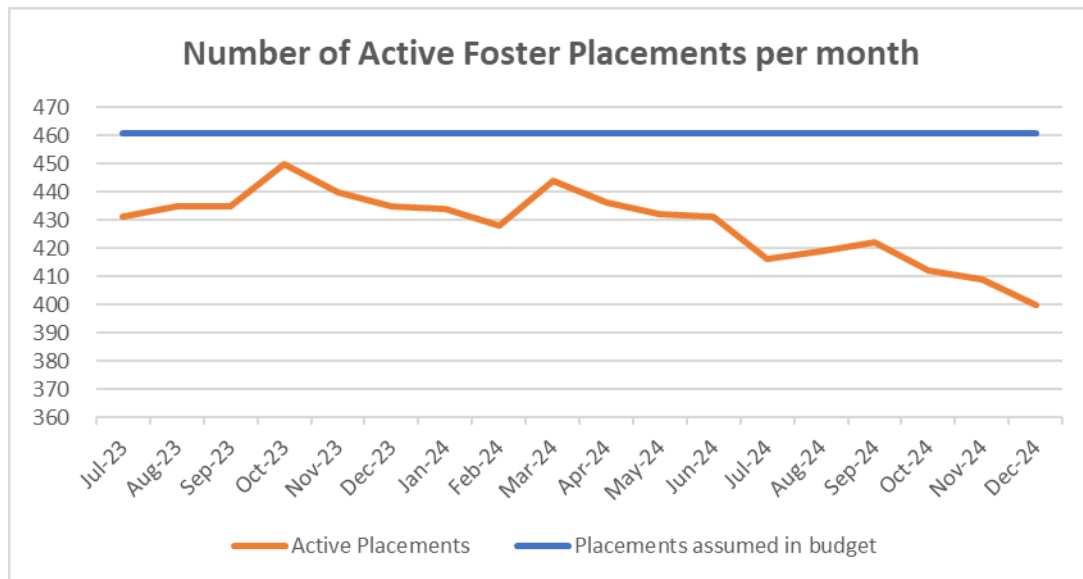
Dec 22	Mar 23	Jun 23	Sep 23	Dec 23	Mar 24	Jun 24	Sep 24	Dec 24
804	766	769	780	772	767	764	742	708

3.11 Despite an overall reduction in the numbers of children looked after (CLA), there are still significant pressures from the CLA placement costs. £6.575m of the forecast overspend for the year is in relation to placements (this is a reduction of £480k since Quarter 2). The graph below shows the number of residential placements since July 23.



3.12 Whilst the number of CLA has decreased, the number of residential placements rose from July 23 to July 24. From August 24 the numbers of children placed in a residential setting is beginning to steadily decrease as a consequence of the focus of the Care Programme. The Care Programme is a proactive step endorsed by the Children, Young People and Education Committee to mitigate the forecast overspends within Children’s care. The aim of the Care Programme is to safely reduce our reliance on residential care placement by, wherever possible, enabling children and young people to be raised by their families, within their family network, or in a family environment.

3.13 The average cost of a residential placement is currently £5,315 per week. Whilst Wirral has continued to see a reduction of children becoming looked after (whereas the national trend from England has been one of an increase), children are presenting to services with more complex mental health needs, which has presented further challenges to families trying to care for their children. In addition, placements for children in foster care have been increasingly difficult to identify, this has led to more children and young people being placed in residential placements. The graph below shows the number of active foster placements since July 23:



3.14 Whilst there has been a slight decline in the number of children in foster care placements since September 24, this is not necessarily negative, as a number of children have either successfully returned home to their family environment or to a special guardianship order.

3.15 The workstreams of the Care Programme are co-ordinated by a Programme Leader and report to the Care Programme Board. Regular reports to the Council's Senior Leadership Team and to the Children, Young People and Education Committee ensure effective monitoring and oversight. In relation to residential settings, the impact of the Programme can already be seen in the graph in section 3.16 above as a reduction in residential placements from July 2024 has been experienced. If this continues then there will be a positive impact on the budget this year and in future years. It is too early to project how material this impact will be, however there has been a positive impact of £480k in year from the Quarter 2 position

**Early Help, Prevention & Effectiveness: forecast favourable variance of £1.225m**

3.16 The main reason for the favourable variance within this service area is additional contributions and grants, over and above what was assumed at budget setting, in relation to public health, supporting families, and the youth justice board grant.

**Education Core: forecast adverse variance of £2.549m**

3.17 The pressure within the schools' core budget continues to be home to school transport which is forecasting a £3.379m overspend (£232k increase from Quarter 2). This is based on the current activity levels within the service and factors in a 7% increase in activity from the Spring term, based on the number of additional school places for the new academic year and the number of children with an EHCP accessing transport services. This overspend is partly offset by favourable variances against teachers' retirement costs, the attendance service, and part release of some service-related reserves.

**SEND Statutory Services: forecast adverse variance of £0.301m**

- 3.18 The SEND service area includes two budget areas, Educational Psychological Services and the SEND Assessment Team. The increasing demand for Education, Health and Care Plans (EHCP) continues and additional resources were required to progress further improvement in SEND support and services. There has been a £40k movement since Quarter 2.

### **Pressures to be managed.**

- 3.19 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.
- 3.20 A number of actions and projects have already been taken by the Senior Leadership Team to try and address the overall position. This ranges from the development of joint commissioning activities within Adults and Children's, panels reviewing high-cost placements, development of a strategy to increase foster care provision, implementation of the findings from the Home to School Transport review, a number of task and finish groups to address the outstanding issues within Leisure, Libraries and Highways and a review of the Housing Benefit subsidy issues.
- 3.21 This is in addition to the ongoing transformation programme, elements of this will be accelerated in-year including the property rationalisation and the workforce reductions planned within the agreed budget. A robust vacancy management process has been agreed by SLT and implemented, consequently, any external recruitment will be undertaken by exception.
- 3.22 In September, the Director of Finance introduced a spending freeze. The aim of this freeze is to keep the 2024/25 costs to an absolute minimum to ensure the Council is in a better position to continue to fulfil its statutory duties and take the necessary steps to deliver a balanced budget.
- 3.23 However, despite all of these measures, the latest financial projections for this year, mean the Council is still confronted with a significant risk of an in-year overspend, meaning further options need to be explored.
- 3.24 Below is a summary of the options available to help mitigate the in-year position, some of which are already in progress:
- Full utilisation of all contingency funds (fully utilised in forecast),
  - Council wide spend freeze (implemented from 9 September 24),
  - Maximising the use of capital receipts to finance transformation or revenue expenditure. (£2.5m already included in current forecast.),
  - Reallocating earmarked reserves (£4.316m of non-ringfenced reserves could be utilised),
  - Use of general fund balances (£13.8m available)
  - Work with MHCLG to identify options for financial sustainability (an application for £20m of exceptional financial support has already been submitted)
- 3.25 The severity of the adverse financial position at Q3 will require implementing most of these proposed measures. Any additional decline in the financial situation would leave the council unable to achieve a balanced budget for 2024/25. Even if we could

theoretically balance the budget using the aforementioned resources, it would place the Council in a precarious position at the start of the new financial year lacking both contingency and emergency funds. This situation is untenable which is why the Director of Finance has already submitted an application for exceptional financial support with MHCLG.

- 3.26 To further stress the critical nature of the Council's financial position, within the Council's Annual Audit Report for the year ending 31 March 2024, the external auditor made the following Statutory Recommendation, which Full Council has considered:

*“The Council is in an extremely challenging financial situation with significant financial pressures creating budget overspends combined with low levels of reserves. There is a risk that the Council will need exceptional financial support to balance the financial position in 2024/25 and to set a balanced budget in 2025/26. We (the auditors) recommend the Council take immediate action to manage the risks this should include:*

- *Identify additional savings and efficiencies to mitigate forecast overspends in 2024/25, especially in consideration of the Council's low level of reserves and the unfunded budget gap within the Council MTFS.*
- *Ensuring the Council has the necessary organisation grip to progress the Council's planned transformation programme at scale and pace to identify budget savings and wider efficiencies.*
- *Satisfying itself that social care services have the required focus, skills, and capacity to ensure efficiency of delivery.*
- *Revising the robustness and relevance of performance reports, recently introduced, and planned to be introduced, to ensure these are adequate in supporting the Council to respond to the serious financial challenges it faces.*
- *Reviewing the sufficiency of the finance team resources to the necessary capacity is in place to support the organisational responses to the critical financial position.*
- *Ensuring that member oversight of the Council's actions to address its financial challenges is optimal and reflects the significance of the situation.”*

### **Role of Policy and Service Committee**

- 3.27 As per the 'Budget Monitoring and Budget Setting Processes Report', the Committees will be 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.
- 3.28 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.



- 3.29 The upcoming Policy and Service committee meetings will receive reports detailing the current financial position for their respective areas. These reports will be accompanied by proposed measures aimed at limiting and reducing the adverse financial forecasts for the Committees consideration.

### **Role of the Policy and Resources Committee**

- 3.30 The Policy and Resources Committee has ultimate responsibility for taking any necessary steps required to ensure a balanced budget position is delivered. The Section 151 Officer will be responsible for ensuring that any budget actions, proposals and mitigations are achievable and legal.
- 3.31 The quarter 3 position highlights £22.590m of forecast adverse variances across Directorates. This position carries a significant risk that the Council will be unable to manage in year from the available resources highlighted in paragraph 3.53. Committees and the relevant Chief Officers need to urgently identify and agree remedial action to address this adverse variance, noting that the Section 151 Officer has already engaged with SLT around deferring all non-essential spend.
- 3.32 This is a critical financial position for the Council. Considering the present levels of earmarked reserves and general fund balances (detailed in Table 3 below), any further deterioration of this position during the year will necessitate action from the Section 151 Officer. Specifically, the requirement to issue a Section 114 notice. This notice is a mandatory obligation for a Section 151 Officer if the budget is, or is likely to become, unbalanced. Before issuing such a notice, the Section 151 Officer must consult with The Head of the Paid Service (in this case, the Chief Executive) and The Monitoring Officer (Director of Law and Corporate Services). This process underscores the severity of the financial challenges facing the Council and the potential legal implications if the situation worsens.

### **Budget Virements/ Amendments**

- 3.33 Since Quarter 3, the pay award has been agreed and monies previously held corporately have now been distributed to directorates.

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

- 3.34 Table 3 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.
- 3.35 In terms of savings, £1.330m of the £2.980m savings targets are either delivered or on track to be delivered, representing 45% of the total savings target with a further 55% or £1.650m with a high risk of not being achieved within this financial year. The table below summarises the progress by saving:

**TABLE 3: SUMMARY OF PROGRESS ON DELIVERY OF 2024/25 SAVINGS**

Savings Description	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	-0.250	0.000	-0.250
<b>TOTAL</b>	<b>-2.980</b>	<b>-0.530</b>	<b>-0.800</b>	<b>-1.650</b>	<b>-0.800</b>

3.36 £1.1m of the Children, Families and Education savings is in relation to reducing high-cost residential care and £0.3m 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. £0.250m of the PFI saving is now not expected to be achieved until 2025/26.

### Reserves and Balances

3.37 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. On 1 April 24, earmarked reserves in relation to Children, Young People and Education totalled £1.951m. Of the total earmarked reserves, 57% will be spend in 2024/25. Table 4 below details the reserves which are available.

**TABLE 4: SUMMARY OF EARMARKED RESERVES**

Reserve	Opening Balance £'000	Forecast Use of Reserve £'000	Contribution to Reserves £'000	Closing Balance £'000
School Improvement	795	(150)	0	645
Schools Causing Concern	294	(225)	0	69
SEND OFSTED Inspection Improvement Action Plan	376	(301)	0	75
Children's Centre – Outdoor Play	51	(51)	0	0
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	(121)	0	0
DRIVE Safelives & Domestic Abuse Hub	50	(50)	0	0
Mersey & Cheshire ICS Pilot	20	0	0	20
<b>Total</b>	<b>1,951</b>	<b>(1,119)</b>	<b>0</b>	<b>832</b>

3.38 The Committee is currently forecast to have £0.832m of earmarked reserves at the end of the financial year 2024/25. Of this 0.688m can be considered ringfenced, with specific conditions limiting their use, £0.144m is non ring fenced but already committed for specific purposes. Details are contained in table 5 below:

**TABLE 5: ANALYSIS OF FORECAST CLOSING RESERVES BALANCES**

<b>Reserve</b>	<b>Ringfenced £'000</b>	<b>Non Ringfenced £'000</b>	<b>Closing Balance £'000</b>
School Improvement	645	0	645
Schools Causing Concern	0	69	69
SEND OFSTED Inspection Improvement Action Plan	0	75	75
Local Safeguarding Children's Board	23	0	23
Mersey & Cheshire ICS Pilot	20	0	20
<b>Total</b>	<b>688</b>	<b>144</b>	<b>832</b>

3.39 If the Council's current forecast financial position materialises at the end of the year, it will be necessary to redirect earmarked reserves to address the overall financial position. A final decision on the reallocation will be made at the conclusion of the financial year, once the actual final figures are available.

### **Dedicated Schools Grant (DSG)**

3.40 As at Quarter 3, the schools budget is forecast to overspend by £15.895m which is mainly due to pressures within the High Needs Block. Table 6 below summaries the forecast outturn position by funding block:

**TABLE 6: 2024/25 DEDICATED SCHOOLS GRANT (DSG)**

	<b>2024-25 Budget £</b>	<b>2024-25 Forecast £</b>	<b>2024-25 Variation -Under/Over spend £</b>
Schools Block	114,291,647	114,161,178	-130,469
Schools Block de-delegated	1,945,360	1,891,051	-54,309
Central School Services Block	4,635,230	4,588,858	-46,371
High Needs	72,275,511	77,409,111	5,133,600
Early Years	36,378,617	36,378,617	0
DSG Grant Income	-216,020,252	-215,944,097	76,155
<b>Total before contribution to/-from Reserve</b>	<b>13,506,114</b>	<b>18,484,719</b>	<b>4,978,605</b>
Movement on DSG Reserve	-10,916,561	-15,895,166	-4,978,605
<b>Total after contribution to/-from Reserve</b>	<b>2,589,553</b>	<b>2,589,553</b>	<b>0</b>
Cumulative reserve balance b/fwd from 2023-24			-12,988,739
In-year contribution to/-use of reserve			-15,895,166
Cumulative reserve balance c/fwd to 2025-26			-28,883,905

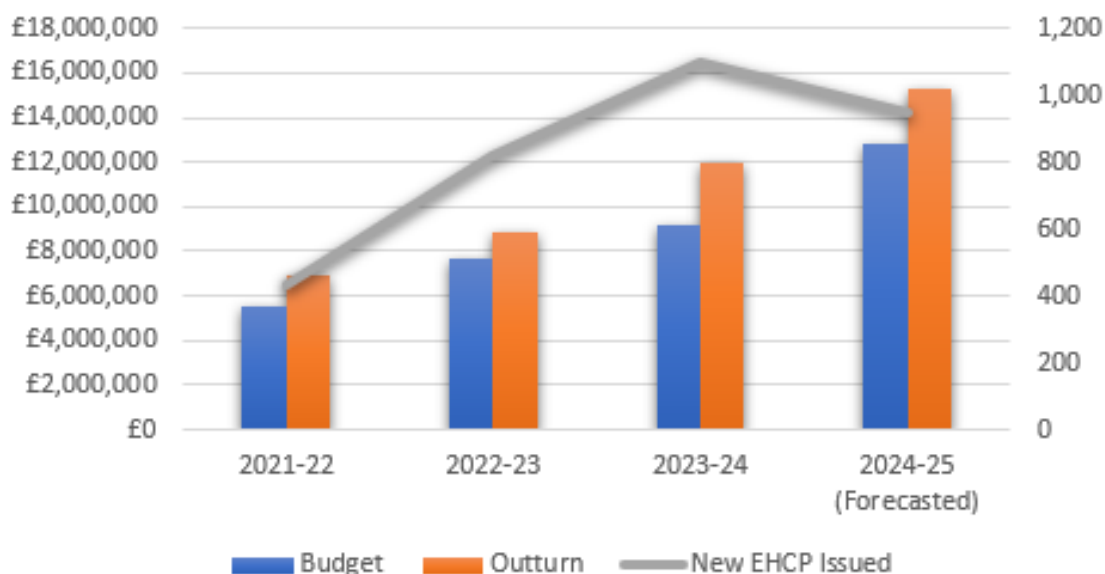
- 3.41 The 2023/24 financial year closed with a Dedicated Schools Grant (DSG) reserve cumulative deficit position of £12.989m. The current forecast outturn position means that the year-end addition to the reserve balance will be £15.895m thus delivering a cumulative £28.884m deficit position at the end of 2024/25.
- 3.42 The schools block and the de-delegated budget have been adjusted to reflect the changes due to a school academy conversion in October 2024. The EY budget has been adjusted to match the DSG EY block allocation which has been revised reflecting the actual Summer 24 hours for 2-year-old entitlement for working parents. The DSG Grant Income has been reduced by the corresponding amount.

### High Needs adverse variance of £5.133m

- 3.43 Within the high needs block, £2.837m of the adverse is in relation to additional resources. Demand on this budget is expected to grow in line with the requests for Education, Health and Care Plan (EHCP) assessments. Requests increased by around 7% in the period to October 24 compared to last year. Although the number of EHCP's to be issued in this financial year is forecasted to be less than the plans issued in 2023/24, the forecasted expenditure for the Units of Resources in 2024/25 has increased by 28% compared with the 2023/24 outturn.

The graph below is the comparison of the budget and outturn/forecasted outturn for the Units of Resources, and numbers of the new EHCP issued /forecasted to be issued.

## Additional Resources



The position will be monitored closely, and the forecast position re-assessed as more up-to-date information becomes available.

- 3.44 Independent Special School expenditure attributes £1.160m of the adverse variance. The demand continues to increase more than anticipated and is forecast to overspend, despite the budget being increased by £3.730m in 2024/25.
- 3.45 Special Education Needs top ups are contributing £0.898m of the adverse variance in the high needs block. There are pressures from the pupil number increase in the further education settings and the demand increase in alternative provisions for excluded pupils.
- 3.46 The statutory override that separates DSG deficits from the authority's wider finances was extended for a further 3 years in December 2022, however, is due to expire at the end of 2025/26. There is a risk that without further extension of this statutory override, the deficit may have to be included in the Council's overall reserve. Local authorities are calling for an extension to the override however, there has been no announcement from the Department of Education to date.

### Capital

3.47 Table 7 below shows the breakdown of the capital programme by scheme:

**TABLE 7: 2024/25 CHILDREN, FAMILIES & EDUCATION COMMITTEE CAPITAL BUDGETS**

Capital Scheme	2024/25 (£'000)				
	Original Budget	Revised Budget	Spend to Quarter 3	Full Year Forecast	Variance
Basic Needs	727	346	305	346	0
Child Care Capital Expansion Fund	604	422	45	422	0

Children's System Development	703	703	663	703	0
Condition/modernisation (SCA)	7,011	4,681	1,912	4,681	0
Family Hub Transformation Fund	85	85	85	85	0
Family support	157	57	0	57	0
High Needs Provision Capital	8,561	3,803	1,606	3,803	0
School Works - Department for Education Ringfenced Receipts	721	721	17	721	0
Transforming Care - Therapeutic Short Breaks	317	624	353	624	0
<b>Total</b>	<b>18,886</b>	<b>11,442</b>	<b>4,987</b>	<b>11,442</b>	<b>0</b>

3.48 At Quarter 3, the capital budget has been revised to reflect the spending for the remainder of this financial year, with the balance reprofiled into 2025/26.

3.49 **School Condition Allocation (SCA)** – this is 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 £2.952m roofing works at various schools, £0.804m for boiler installation works and £0.500m Fire Risk Assessments. Major schemes in 24/25 include Raeburn Primary and Devonshire Park Primary.

3.50 **Special Educational Needs and Disabilities (SEND) / High Needs Provision Capital** – delivers 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 3 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).

4.2 The Council currently faces a critical financial position, as detailed within the body of the report, which requires immediate action. An application for exceptional financial support has been submitted to MHCLG. At present, there is significant risk of Section 114.

## **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. For the current year this remains a significant risk.

## **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.

- 8.3 Due to the current position, engagement with MHCLG has been initiated. Further updates will be provided to the Finance Working Group, future Committee meetings and budget oversight panels.

## **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, BIODIVERSITY AND CLIMATE CHANGE 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

## TERMS OF REFERENCE

This matter is being considered by the Policy and Resources Committee in accordance with section 1.2(b) provide a co-ordinating role across all other service committees and retain a 'whole council' view of [budget monitoring].

## BACKGROUND PAPERS

Policy & Resources Committee 15 Jan 25: Exceptional Financial Support Application  
Council 14 Jan 25:  
Children, Young People & Education Committee Report 23 Jul 24: Budget Monitoring and Budget Setting Processes Report.  
Bank of England – Monetary Policy Report  
CIPFA's Financial Management Code

## SUBJECT HISTORY (last 3 years)

<b>Council Meeting</b>	<b>Date</b>
Children, Young People & Education Committee	22 January 2025
Children, Young People & Education Committee	27 November 2024
Children, Young People & Education Committee	23 July 2024
Children, Young People & Education Committee	6 March 2024
Children, Young People & Education Committee	1 February 2024
Children, Young People & Education Committee	29 November 2023
Children, Young People & Education Committee	25 September 2023
Children, Young People & Education Committee	19 July 2023
Children, Young People & Education Committee	21 June 2023
Children, Young People & Education Committee	7 March 2023
Children, Young People & Education Committee	24 January 2023
Children, Young People & Education Committee	6 December 2022
Children, Young People & Education Committee	12 October 2022
Children, Young People & Education Committee	21 June 2022
Children, Young People & Education Committee	10 March 2022