

CHILDREN, YOUNG PEOPLE & EDUCATION COMMITTEE**Monday, 25 September 2023**

REPORT TITLE:	2023-24 SEPTEMBER BUDGET UPDATE
REPORT OF:	DIRECTOR OF CHILDREN, FAMILIES AND EDUCATION

REPORT SUMMARY

The purpose of this report is to provide an update on the budgets within the remit of the Committee in respect of the in-year position and the anticipated pressures for future years that are being considered within the Medium Term Financial Plan.

The Council is required to set a balanced budget each year and sets a Medium Term Financial Plan which considers the future pressures and savings options that will be taken forward to result in a balanced budget position.

The Council faces a challenging financial outlook due to inflationary and demand pressures alongside the previous significant reductions in Government funding and uncertainty around the future financial settlements.

This report provides an update for the Committee on those budget areas within its remit, including any forecast overspends reported in the first quarter and potential pressures in both the current and future years.

The Committee is asked to note the report and endorse any proposed actions to mitigate the in-year position.

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

RECOMMENDATIONS

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

1. Note the report for review and scrutiny.

2. 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 27 February 2023, the Council agreed a net revenue budget for 2023/2024 of £366.6m to be met by government grants, council tax, and business rates. This report sets out an updated revenue financial position for the Children, Young People and Education Committee.

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 At the end of Quarter 1, there was a forecast adverse variance of £0.369m against the Committee's revised net revenue budget of £86.397m, which is equivalent to a variance of 0.43% from the annual budget.

TABLE 1: 2023/24 REVENUE BUDGET & FORECAST OUTTURN

	Budget £000	Forecast Outturn £000	Variance (+ Adv / - Fav)		Adverse/ Favourable
			£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
Net Committee Expenditure	86,397	86,766	369	0.43%	Adverse

Updates in revenue position since Quarter 1

- 3.4 Since reporting the Quarter 1 position to the committee, there have been no significant movement in the forecast position and so still expect to be around £0.370m adverse position. In the last month there has been a slight upward move in CLA numbers whilst this is currently mitigated by underspends elsewhere, if this continues this might lead to a change in the position.

Progress on delivery of the 2023/24 savings programme

- 3.5 Table 2 presents the progress on the delivery of the 2023/24 approved savings as at quarter 1. For savings rated as Amber, an equal amount of temporary in-year mitigation has been identified to cover any shortfalls which may occur. For saving rated as red, a bid will need to be made from the contingency fund set up for non-achieved savings at the end of the year.
- 3.6 In terms of savings, £4.180m savings targets are either delivered or on track to be delivered.,. The table below summarises the progress:

TABLE 2: SUMMARY OF PROGRESS ON DELIVERY OF 2023/24 SAVINGS

Directorate	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			
Redesign and restructure of the Assessment and Intervention Service	-0.655	-0.655			
Reduction in contributions to the Regional Adoption Agency in line with the average number of referrals	-0.100	-0.100			
Reduction in financial support to Kingsway High School	-0.134	-0.134			
Reduction in Teacher's pension liabilities to the council	-0.190	-0.190			
Reduction in Wirral's Looked After Children numbers	-0.410	-0.410			
Review of contracts	-0.250	-0.250			

within Children's Services					
Review of council's contribution towards European Funded Send Inclusion Programme	-0.220	-0.220			
Review of Supporting Families funding and Early Help budgets	-1.121	-1.121			
TOTAL	-4.180	-4.180	0.000	0.000	0.000

Updates in savings delivery since Quarter 1.

3.7 The position remains as reported at quarter 1.

Mitigating Measures

- 3.8 It is imperative that the Council report a balanced position at the end of the financial year.
- 3.9 As per the '2023/24 Budget and Budget Monitoring Processes Report', which was presented to P&R and all Service Committees in June, 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.
- 3.10 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 Sub-group.
- 3.11 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.
- 3.12 The quarter 1 position highlights £0.369m of forecast adverse variances for which as yet no mitigation has been identified. Committees and the relevant Chief Officers will need to agree remedial action to address these variances to ensure a balanced position can be presented at the end of the year.

Medium Term Financial Plan

- 3.13 Table 3 below identifies areas of likely pressures for the next year and the medium term.

TABLE 3: SUMMARY OF MAIN PRESSURES

Pressure	Narrative
Care Fees	Pressure on Placements due to providers pricing uplifts
Looked After Children Demographic growth	There has been an increase in the number of Children in Need and related assessments which could lead to an increase in LAC numbers. Wirral's LAC per 10,000 of the population is lower than expected when compared to other councils. This is not expected to continue long-term. A rise in the next year of 3% is possible
Looked After Children Inflation	Pressure on Placements due to providers pricing uplifts
Increase in Social Care Demand	There has been an increase in the social care referrals requiring assessments. This increase is at around 24% year on year. This will need an increase in caseworkers to do the assessments.
Assisted Travel to School Inflation	Transportation costs resulting from the application of Wirral Council's Home to School Transport are fixed for a 2 year period based on academic year. The tender process for the new contracts for the academic year 22-23 and 23-24 was undergone during the period of the high inflation and high fuel price, it

	resulted around 30% uplift on the contract price. A further review and increase will be applied from September 2024 and then again on a bi-annual basis
PFI Schools inflation	Inflation is applied at 90% of the RPI rate for the preceding December. The majority of the PFI costs are paid by schools, only the inflation element of the affordability gap (difference between the cost of PFI and the funding from PFI Grant and school contributions) is identified as a pressure.

Other potential areas that could arise over medium term include:

- Semi-independent now subject to Ofsted Registration.
- Increase in Unaccompanied Asylum Seeking Children.
- Supporting Families may end after 2024/25.
- Impact of continuing academisation of schools: This could impact the council as funding to s corporate services such as HR, Finance and IT services could be affected.
- SEND team capacity: Growth in SEND numbers continuing. Delivering better value could assist in bringing clarity to any mitigation/ risk.
- Capital required to build special schools to meet demand.
- DSG Statutory override: SEND guidance looks to change the responsibility for SEND deficits to LA by 2026.
- Preparedness for Inspections and impact: ILAC, SEND and Lifelong Learning Inspections are imminent.

4.0 FINANCIAL IMPLICATIONS

4.1 This budget report that provides information on the forecast outturn for the Council for 2023/24 and future years. 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 and for future years.

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 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 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 27 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**

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

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 Report 14 Jun 23: 2023/24 Budget and Budget Monitoring Processes Report.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Policy and Resources Committee	14 June 2023
Council	27 February 2023
Policy and Resources Committee	15 February 2023
Policy and Resources Committee	17 January 2022