

CHILDREN, YOUNG PEOPLE & EDUCATION COMMITTEE**Wednesday, 29 November 2023**

REPORT TITLE:	2023-24 REVENUE & CAPITAL BUDGET MONITORING FOR QUARTER TWO (1 APR – 30 SEP)
REPORT OF:	DIRECTOR OF CHILDREN, FAMILIES AND EDUCATION

REPORT SUMMARY

This report sets out the financial monitoring information for the Children, Families and Education Committee as at Quarter 2 (1 Apr – 30 Sep) 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.

At the end of Quarter 2, there is a forecast adverse position of £0.351m on the Committees net revenue budget of £86,748m. This position is based on activity to date, projected trends in income and expenditure and potential mitigation to offset areas of adverse/favourable variance.

This is not a key decision and affects all wards.

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 2.
2. Note the progress on delivery of the 2023-24 savings programme at Quarter 2.
3. Note the forecast level of reserves at Quarter 2
4. Note the forecast capital position presented at Quarter 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 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 As at the end of September 2023 (Quarter 2), the financial forecast year end position for Children, Families and Education Committee is £86,748m, an adverse variance of £0.351m on the Committees net revenue budget.

3.2 There have been no significant movement in the overall forecast position since the last report for Quarter 1. There has been a slight upward move in Children Looked After (CLA) numbers whilst this is currently mitigated by underspends elsewhere.

TABLE 1: 2023/24 Children, Families & Education-Service Budget & Forecast Outturn

	Budget	Forecast Outturn	Variance		Adverse/ Favourable
			(+ Adv / - Fav)		
	£000	£000	£000	%	
Children and Families	55,576	56,572	996	2%	Adverse
Early Help and Prevention	10,395	9,922	-473	-5%	Favourable
Modernisation and Support	4,332	4,042	-290	-7%	Favourable
Schools - Core	16,093	16,211	118	1%	Adverse
Net Committee Expenditure	86,397	86,748	351	0%	Adverse

3.3 **Children and Families:** The service is forecasting an adverse variance of £0.996m. The forecasted expenditure for this service includes £29.739m on care costs. The number of CLA has been slightly increased since the beginning of the year, however it is expected to continue to be stable and shows reduction in numbers in 2022/23 with post covid impact. The cost of living is impacting the service resulting in the increase in CLA rate and pressures in costs. These pressures are partially mitigated in year by the one-off use of £1m of the social care reserve. This service also includes expenditure to support unaccompanied asylum seekers with grant income covering the associated costs.

TABLE 2: Number of Children in Care

Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23
814	795	786	770	789	804	766	769	780

- 3.4 **Early Help & Prevention:** A favourable forecast variance of £0.473m is reported for 2023/24. The Family Matters service expects to claim the additional income from the Supporting Families grant and invest this in preventative services. This will be also invested and contribute to social care activities during the course of the year.
- 3.5 **Modernisation and Support:** A favourable variance of £0.290m is reported for 2023/24. It is mainly due to staff being appointed to lower range of salary scale and vacancies which is above the staff salary savings target. The variance contributes as a mitigation to balance the overall budget. Commissioned services are being reviewed to release efficiencies.
- 3.6 **Schools – core:** An adverse variance of £0.118m against a budget of £16.093m is reported for 2023/24. The pressures have arisen from the Children’s Assisted Travel and special education needs and disabilities (SEND) due to increases in Education Health and Care Plans (EHCPs) and the need to transport the pupils to school. These pressures have been mitigated by the additional revenue budget allocated in Quarter 1. An additional pressure from demand increase in the new academic year from September 23 is anticipated and it requires a close monitoring. The forecast reflecting the new academic year’s demand will be reported in the Q3 report.

Budget Virements

- 3.7 The staff salary saving target of £1.649m which was included in Modernisation and Support in Quarter 1 but it is now reallocated to each area proportionally.

Dedicated Schools Grant (DSG)

TABLE3: 2023/24 Children, Families and Education–Dedicated Schools Grant (DSG)

	Budget £000	Forecast Outturn £000	Variance (+ Adv / - Fav)		Adverse/ Favourable
			£000	%	
DSG Expenditure:					
Schools Block	121,681	120,929	-752	-1%	Favourable
Schools Block De-delegated	2,096	2,080	-17	-1%	Favourable
Central School Services Block	2,058	2,048	-10	0%	Favourable
High Needs	58,575	63,168	4,594	8%	Adverse
Early Years	21,880	21,880	0	0%	Balanced
Total Gross Surplus / (Deficit)	206,290	210,105	3,815	2%	Adverse
DSG Income:	-206,077	-205,127	950	0%	Adverse
Movement in DSG Reserve	-213	-4,978	-4,765		
Total Net (Surplus) / Deficit	0	0	0	0%	Balanced

- 3.8 An adverse variance position is forecasted for 2023/24 as a result of the High Needs block which shows an adverse forecast position of £4.594m. The adverse forecast variance is mainly due to an increase in demand and complexity. 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 30% in the period to August 23 compared to last year.
- 3.9. **Schools Block:** A favourable variance is largely due to the academy conversion and the DSG income has been reduced by the corresponding amount.
- 3.10 **DSG income:** An advert forecast variance of £0.950m is reported for 2023/24 due to the following grant adjustments:
- | | |
|------------------------------------|-----------|
| Academies conversion | £0.734m |
| High Needs Adjustments | £0.228m |
| Early Years 22-23 grant adjustment | -£ 0.012m |
- 3.11 The 2022-23 financial year closed with a DSG reserve cumulative deficit position of £4.763m. The 23-24 budget include an anticipated in-year deficit balance of £0.213m to be added to the reserve balance, however, the current forecast outturn position is overspend of £4.978m thus delivering a cumulative £9.741m deficit position at the end of 2023-24. This is mainly due to the pressure from High Needs block. 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, there is no announcement is made from the DfE to date.
- 3.11 From Spring 2023, the Council has been 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 2. The table below summarises the progress:

TABLE 4: 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			
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 within Children's Services	-0.250	-0.250			
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			
Children, Families & Education	-4.180	-4.180	0.000	0.000	0.000

3.13 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 £3m contingency fund set up for non-achieved savings at the end of the year.

Earmarked Reserves

3.14 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 5: SUMMARY OF 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		345
Early Help & Play Development	117			117
Children's Centre – Outdoor Play	92			92
DRIVE Safelives & Domestic Abuse Hub	50	-50		0
YOS - Remand & Mobile Youth Centre	121	-40		81
Local Safeguarding Children's Board	23			23
Children IT data system	127	-127		0
Mersey & Cheshire ICS Pilot	20			20
School Improvement	857	-135		722

Schools Causing Concern	500			500
SEND OFSTED Inspection Improvement Action Plan	880	-491		389
Help for Young People	26			26
Looked After Children Education Services	111	-78		33
SEND - High Needs	110			110
Care Leaver Accommodation Development	203	-76		127
Wirral Apprentice Programme	19			19
Children, Families & Education	3,661	-1,057	0	2,604

Capital Monitoring

3.15 The capital programs remain on target except the School Condition allocation which £8.011m has been reprofiled into future years. More details are below.

TABLE 6: 2023/24 Children, Families and Education Committee – Capital Budget & Forecast Outturn

Capital Programme	2023/24			2024/25	2025/26	2026/27
	Budget 1 April 23 £000	Q2 Forecast £000	Variance £000	Budget £000	Budget £000	Budget £000
Basic Needs	1,028	100	-928	828	427	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	1,0511	2,927	2,500

3.16 Scheme Updates:

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 £2.4m roofing works at various schools and £0.50m for boiler installation works.

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 Leasowe Early Years Centre, The Observatory School and Pensby/Elleray Park School.

4.0 FINANCIAL IMPLICATIONS

- 4.1 This is the Quarter 2 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 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 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**

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BACKGROUND PAPERS

Wirral Plan 2021-2026
Local Government Finance Act 1992
Local Government Act 2003

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Policy and Resources Committee	08 November 23
Policy and Resources Committee	04 October 23
Policy and Resources Committee	12 July 2023
Policy and Resources Committee	15 February 2023
Policy and Resources Committee	18 January 2023
Council	27 February 2023
Children's, Young People & Education Committee	25 September 23
Children's, Young People & Education Committee	19 July 2023
Children's, Young People & Education Committee	21 June 2023
Children's, Young People & Education Committee	7 March 2023