

**Minutes Extract - Performance, Budget Monitoring and MTFS item
Strong Families, Children and Young People Scrutiny Panel
11 January 2023**

The Chair invited Emma Bennett, Executive Director of Families, to introduce the presentation.

The Executive Director advised the panel about the changes to the presentation of budget and performance information into a single report, rather than separately. The aim is to present the information in a way which makes it clear the budget expenditure, the impact on performance of Council services, and the link to specific performance against local and national data sets.

The report focuses on services to children and young people, and highlights information which was previously included in the 2022-2023 Performance and Budget monitoring update – Quarter 2.

The Executive Director advised the panel that the presentation would provide an update on the in- year performance and budget position and a summary of the draft budget for 2023 – 2024 and Medium-Term Financial Strategy (MTFS). The panel comments would be included in a consolidated report and presented to Scrutiny Board. A further report would then be presented to the Cabinet as part of the budget consultation process.

The Executive Director advised the panel that an integrated performance and budget monitoring report is presented to Cabinet on a quarterly basis. The recent report presented to Cabinet on 16 November 2022 predicted a forecast budget overspend across the Council of £1.5 million, which was mainly due to the 2022-2023 pay award.

The Executive Director gave a summary of the Quarter 2 performance of the Council against 56 KPIs in the Our City: Our Plan performance framework document. The Executive Director advised the panel that 33 of the KPIs have shown improvement or have seen similar performance, 17 are yet to be updated and 6 have seen a decrease in performance compared to the previous quarter.

The Executive Director gave further details of the performance of the service in Quarter 2 in the following areas, children's social care, education, and NEET.

The Executive Director commented on the summary forecast budget position for the families and children service areas and invited James Barlow, Finance Business Partner, to present the detailed budget report.

The Finance Business Partner advised the panel about efforts to improve the budget scrutiny process and welcomed comments on the approach and the 2023-2024 Draft Budget and MTFS 2023-2024 to 2025-2026 overview report.

The Finance Business Partner commented that overall Children's and Education Services is projected to have an underspend of £1.1 million. The Finance Business Partner advised that the main areas of underspend were in speciality support and

the closure of internal residential childcare provision, and the budget is being maintained while the new provision is being prepared.

The Finance Business Partner gave an overview of the key highlights of the 2022-2023 budget and MTFs report that was approved by Council on 2 March 2022. The Council is required to set a balanced budget and regular updates are presented to Cabinet to advise them of changes. The reported forecast budget deficit of £12.6 million in 2023 – 2024 and is predicted to rise to £25.8 million over the medium term to 2025 – 2026. The Finance Business Partner advised the panel that work will continue to bring forward proposals to set a balanced budget for 2023-2024.

The Finance Business Partner commented on the earmarked reserves within the remit of the panel and provided a web link with further details.

The Executive Director commented on the strategic risks report presented to Cabinet on 16 November 2022 and gave details about those risks within the remit of the panel. The Executive Director highlighted that a key risk to the service is the underspend on staffing due to challenges in recruiting social workers.

The Executive Director added that there is a national shortage of social workers generally and specifically in child protection and commented on the challenges this presents to the service.

The Executive Director updated the panel on progress of a plan to create peripatetic team that would help to fill vacancies in social work team, at a lower cost to the Council than using agency workers. The Executive Director commented on the challenges in recruiting experienced social workers to work in the peripatetic team and highlighted other initiatives being considered to mitigate against this and other risks outlined in the report.

The Executive Director commented on the work being done to manage the demand on the service and gave examples of areas contributing to the increase and areas of success which has led to an underspend on the budget.

The Executive Director commented on the strategic risks relevant to the panel that was reported to Cabinet on 16 November 2022.

The panel were invited to comment on the report and presentation.

The panel congratulated the Executive Director on the continued good management of Council finances.

The panel commented on the importance of maintaining earmarked reserves referred to the report at an appropriate level.

The panel queried if the projected underspend of £1.1 million in the overall Children's and Education Services budget was ringfenced for Children's Services purposes or would it be used to reduce the reported budget deficit.

The Finance Business Manager commented that at the end of the year any budget underspends would be go back into the corporate budget for next year's budget. There would however be discussions with the service areas about retaining any

underspend for future years as part of the budget planning process. The details of changes would be included in the budget out-turn report. The proposal would be included in a future report to Cabinet to consider and approve.

The panel supported the view that the budget underspend should be used to support children and families.

The panel requested a briefing paper on the outcome of the decision.

The panel requested a briefing paper to provide an update on the budget underspend position in March 2023 following the meeting of Cabinet.

The panel expressed concerns about the impact of the cost-of-living crisis on residents and queried what extra support would be provided to support families, in addition to the Supporting Families Grant.

The Finance Business Partner commented that previous underspends in Children Services have been built up over the years offset future pressures on the service. The overall budget for the service has been well managed and the level of demand in some specialist services has reduced, which has allowed these funds to be built up over time.

The Finance Business Partner commented that in response to the larger than expected pay award the plan will be to use £1 m of the supporting families to help offset budget pressures across the service in the current financial year. This is one off grant payment.

The panel commented that in view of the challenges of the rising inflation and the cost-of-living crisis whether the Children's and Education Services budget was sufficient and if there were other plans to respond the issue.

The Finance Business Partner advised the panel that the Council is allocated grants by Government and some of the payments are ring fenced and those that are not ring fenced can be used without restrictions. There have been underspends on the children services in the last few years, especially on the recruitment and funds have been added to the Children's and Education Services budget to offset budget pressures in the future. The Finance Business Partner commented on the example of the impact of the pay award which was larger than forecast. The plan is use £1 million of the underspend on to Children's and Education Services budget to support the Council budget in this financial year. The plan would be to add the funds back into the budget in the following year.

Alison Hinds, Deputy Director Social Care, commented on the work being done with other partners to support families with the challenge of the cost-of-living crisis. The Deputy Director Social Care advised the panel that this work is supported by a financial wellbeing strategy which helps ensure available resources and external grants are being used to support residents across the City feeling the impact of the cost-of-living crisis.

The panel queried the rationale for calculations presented for the increase in the forecast budget deficit of £12.6m (2023-2024) to £25.8m over the medium term to

2025-2026. The panel asked for details of the financial pressures which have contributed to the estimates detailed in the presentation.

The Finance Business Partner commented that the estimates given are like those given in previous budget forecasts and further details are available in the October 2022 finance report presented to Cabinet. The Finance Business Partner commented on the challenges when calculating estimates from the number of one year funding settlements, and the impact of the recent pay awards and significant increase in inflationary costs as examples of the funding pressures.

The Finance Business Partner reassured the panel that the Council has a good track record of forecasting budget estimates, and a prudent approach is taken when considering the level of grant income that is expected as it cannot be assumed that previous grant awards will be increased in line with inflation or indeed if the grant will continue. The figures in the report are based on current assumptions and estimates of future funding levels and expenditure. The aim of presenting the budget deficit estimates is to make Councillors aware of the budgetary challenges.

The Finance Business Partner reassured the panel about the work being done to set a balanced budget which the Council has a good track record of achieving.

The panel queried when details about grant funding would be published and if advance notice is given of the level of the award. The Finance Business Partner advised the panel the Council will sometime get an indication of the settlement figure based on the departmental budget reports. The details of the final budget settlement figures are published in January 2023.

The panel thanked the presenters for the presentation.

Resolved:

1. The panel comments on the draft budget and its alignment to the priorities of the Council to be noted.
2. The panel comments on the Draft Budget and MTFs 2023-2024 to 2025-26 to be noted and included in the feedback report on budget consultation response when presented to Scrutiny Board.
3. The Finance Business Manager to advise the panel of the outcome of discussion about the Children's and Education Services current budget underspend being taken forward to 2023- 2024.