

Children and Families Overview and Scrutiny Panel

Wednesday, 10 January 2024, 2.00 pm, County Hall, Worcester

Membership

Councillors:

Cllr David Chambers (Chairman), Cllr David Ross (Vice Chairman), Cllr Mel Allcott, Cllr Kyle Daisley, Cllr Nathan Desmond, Cllr Matt Jenkins, Cllr Jo Monk and Cllr Tony Muir

Co-opted Church Representatives (for education matters)

Mr Tim Reid

Parent Governor Representatives (for education matters)

Agenda Supplement

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All the above reports and supporting information can be accessed via the Council's website [here](#)

Date of Issue: Wednesday, 3 January 2024

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CHILDREN AND FAMILIES OVERVIEW AND SCRUTINY PANEL 10 JANUARY 2024

BUDGET SCRUTINY 2024/25

Summary

1. The Panel will consider the draft Budget for 2024/25 for services relating to Children and Families.
2. The Cabinet Members with Responsibility (CMRs) for Children and Families, and for Education and the Director of Children's Services/Chief Executive of Worcestershire Children First (WCF) have been invited to attend the meeting.

Background

3. Members of the Panel are reminded that they have had the benefit of quarterly performance and financial monitoring throughout the year as part of the Scrutiny Panels' role in maintaining oversight of service provision, identifying trends, budget pressures and challenges.
4. In addition, the Leader and Chief Executive attended the Overview and Scrutiny Performance Board (OSPB) on 26 July to discuss the role of Scrutiny in the 2024/25 budget setting process and this Panel was requested by the OSPB to review cost pressures relating to children's social care placements and home to school transport (comments attached at Appendix 1).

Budget Scrutiny 2024/25

5. As part of the Budget Scrutiny process for 2024/25, the Director of Children's Services/Chief Executive of WCF has been asked to identify the main messages from the draft 2024/25 Budget for areas within the remit of the Panel. These are set out in Appendix 2.
6. The draft Council Budget 2024/25 is being presented to Cabinet on 10 January 2024 and is also available to the Panel at Appendix 3.
7. The Panel's discussions on the draft Council Budget 2024/25 will be reported to the OSPB on 29 January 2024, when the Board will formulate its comments to Cabinet for its meeting on 1 February 2024.

Purpose of the meeting

8. Following discussion of the information provided, the Panel is asked to determine any comments on the draft 2024/25 Budget for the Chairman to report back to the OSPB at its meeting on 29 January 2024.

Supporting Information

Appendix 1 - Feedback to the OSPB from the Panel on children's social care placements and home to school transport

Appendix 2 - Main messages from draft 2024/25 Budget for areas within the remit of the Panel (presentation slides)

Appendix 3 - Draft Council budget 2024-25 to be discussed by Cabinet on 10 January 2024. [Agenda for Cabinet on Wednesday, 10th January, 2024, 10.00 am - Worcestershire County Council \(moderngov.co.uk\)](#)

Contact Points

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Email: scrutiny@worcestershire.gov.uk

Background Papers

In the opinion of the proper officer (in this case the Chief Financial Officer), the following are the background papers relating to the subject matter of this report:

[All agendas and minutes are available on the Council's website here](#)

[The Council's Budget Books are available on the website here](#)

**Feedback to the Overview and Scrutiny Performance Board
from the Children and Families Overview and Scrutiny Panel**

Children and Families Overview and Scrutiny Panel – Children’s Social Care
Placements (27 September 2023)

The Panel recognised the considerable pressures on the budget for Children’s Social Care Placements and welcomed the opportunity to scrutinise this area in greater detail. Members noted the reasons for the forecast overspend including inflationary pressures leading to more expensive placements and a rise in demand which was outstripping capacity. The Panel noted that all Local Authorities nationally were experiencing similar budget pressures and acknowledged the initiatives which are already underway to reduce spend and demand such as focused support for families who were experiencing difficulties, ensuring that only those children who needed to be looked after by the local authority were taken into care and work to prevent placement breakdown and recruit more specialist foster carers.

The Panel was reassured that the focus of Worcestershire Children First’s work remained on the safety and well-being of children and, despite the budget difficulties, there would be no change in this ethos, an approach which was supported by the Cabinet Member with Responsibility for Children and Families and the Board of WCF.

Children and Families Overview and Scrutiny Panel - Home to School Transport (HTST)
Budget– (6 December 2023)

The Panel received details of the significant cost pressures facing the Council on HTST, with a current forecast overspend of £9.5m, which would see a 29% increase in spend from the previous year. The increased demand for the HTST service had seen a 45% increase in mainstream pupils using the service in the past 4 years and a 49% increase in pupils with an Education Health and Care Plan (EHCP) in the same period. The scale of this challenge was how to make the service more cost effective, whilst still maintaining an appropriate service for children. It was clarified for Members that HTST spend resulted from duties set out in both statute and policy.

The Panel acknowledged the national context of this issue, with the same predicament being faced by many local authorities across the country. The Panel was keen to learn what measures were being put in place in terms of a long-term, sustainable solution. Members discussed the importance of ensuring that joined up thinking took place from an early stage, so that for instance, when new housing developments were built, the access to primary and secondary schools and safe walking routes, were key considerations. The Cabinet Member for Highways and Transport and the Assistant Director for Highways and Transport Operations assured Members that these types of considerations were already in place, but that safe walking routes to schools needed to be developed further. The Director for All Age Disability also confirmed that when an extension of school places was being considered for SEN provision, close liaison with planning colleagues ensured that these matters were taken into account at an early stage in the process.

The Panel was informed that given the demand pressures on the service, the HTST Review would focus on the supply side, including commissioning and contract management arrangements. All aspects of operations were being reviewed, including route optimisation of the fleet, discussions with private operators on viable options, as well as consideration of the Council's in-house fleet and drivers. The importance of a more holistic approach was highlighted, with innovative solutions being required. The Council was currently networking with other authorities, and it was highlighted that there could be opportunities to make savings through, for example, cross border collaboration whereby the scale of operations would be increased across a wider rural area.

It was noted that the budgetary responsibility for this area had been transferred to the Environment and Infrastructure Directorate.

Appendix 2 – 2024/25 Draft Budget

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**Children and Families Overview and
Scrutiny Panel**

10 January 2024

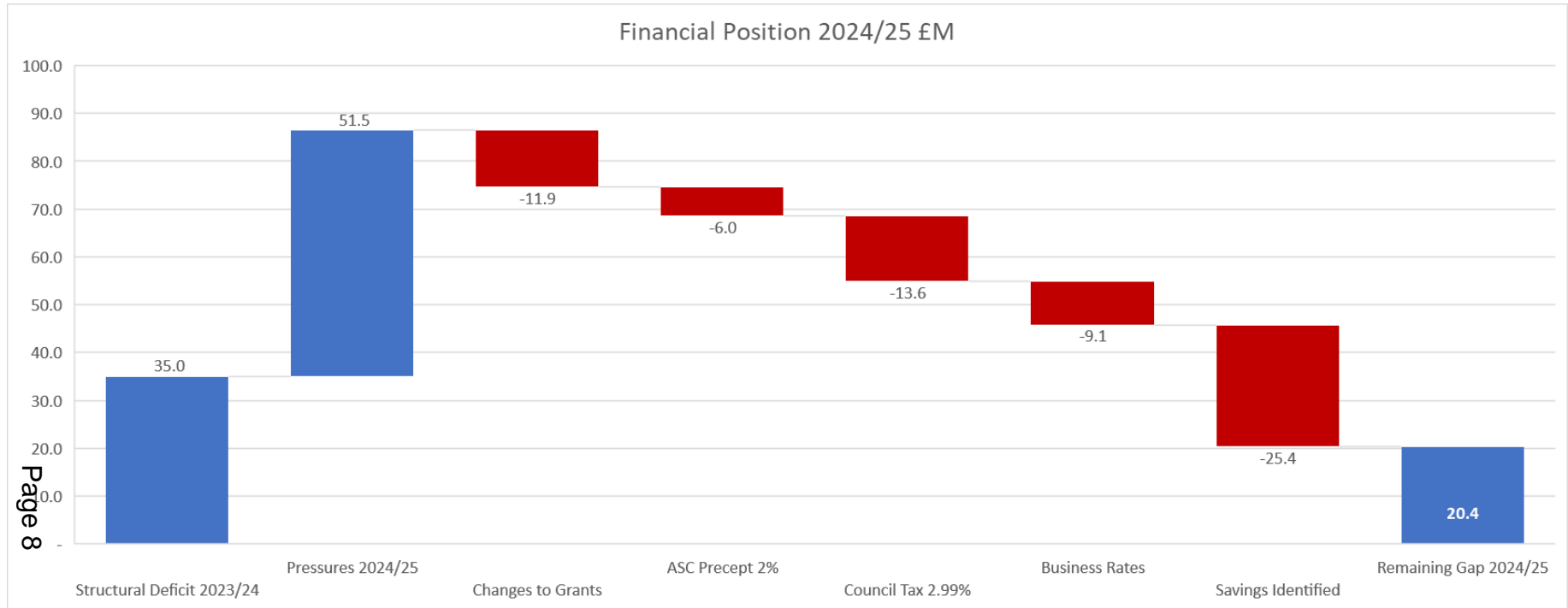
- Nationally, Local Government is under severe financial pressure due to inflationary and demand pressures in three main areas - Children's Social Care, Home to School Transport and Adults Social Care. These overspends reflect the continuing costs in these sectors which show no sign of abating.
- At the end October, our net overspend was at **£22.2m** on a £401m net budget – this was **after** using one off monies from additional income from business rates (£4.1m), £9m additional use of reserves (on top of £5.5m used to balance the budget approved before the start of this year) that were set aside in the budget to manage. Our structural deficit (*a budget deficit due to our ongoing expenditure greater than our income*) is c£35m.

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Our overspend position is not because of poor control, oversight or policy decisions. It is simply an exceptionally large increase in our costs for demand-led services, set against our constrained ability to raise additional income.

- Worcestershire County Council and Worcestershire Children First have a strong record of good financial management, constantly adapting to operate in a more cost-effective way, whilst continuing to deliver frontline services
- We are continuing to make savings and are on course to make around £20 million of savings in the financial year.

- Budget Report to Cabinet on 10 January 2024 summarises the financial position for Council and each of the service areas.
- Additional Funding of £21m however this is not keeping pace with demand and pressures we are facing.
- Local Government Settlement announced on 18 December and was a one-year settlement, there was a net £1.6m reduction on the expected funding which was built into our MTFP.
 - Core spending power increased to upper tier Authorities to recognise significant demand pressures which included an increase to our Settlement Funding assessment by £9.1m.
 - Further funding of £12.9m to recognise significant pressures within Adults and Children's Social Care.
 - Reduction in services grant of £2.2m.
- No fundamental reforms to funding system anticipated.
- Government included statement in settlement around Council's using reserves in this difficult period which is not sustainable in longer term.
- Proposed Council Tax increase of 2.99%, plus a 2% Adult Social Care Levy - Total 4.99%



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- At this point there is a gap of £20.4m that needs to be addressed
- Cabinet Members continue to work with their respective Strategic Directors to identify options to reduce the current reported gap by either additional savings or agree strategies to reduce the current growth and demand assumptions prior to the final budget report.

- The table below show the indicative pressures including the structural deficit of £35m which has been addressed.
- Demand for services continues to increase, particularly across Adults and Children’s Social Care as well as Home to School Transport. Growth figures have been obtained from the services split across inflation, demand, investment and removal one-off funding sources, along with the impact of the structural deficit

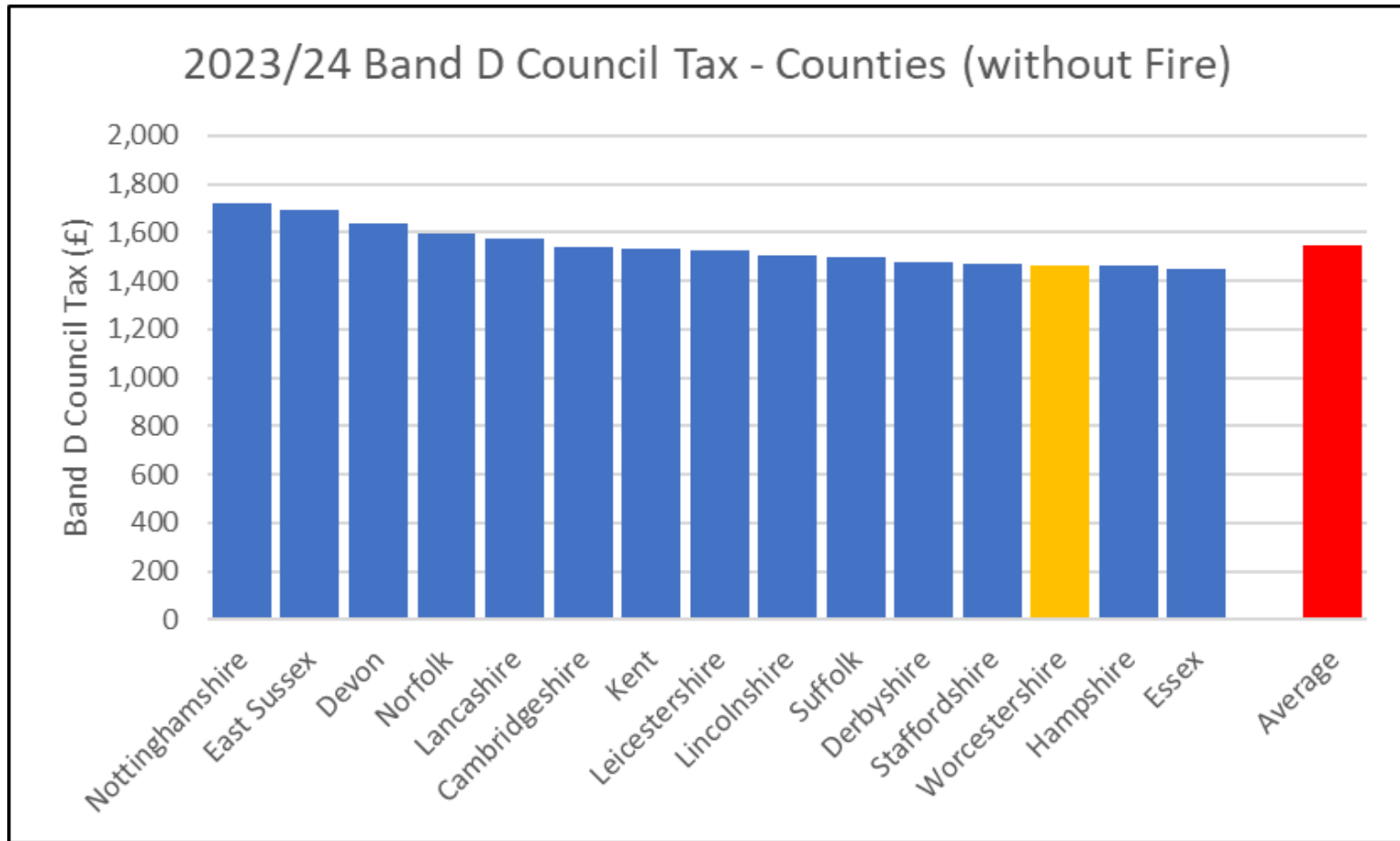
2024/25 Pressures and Funding (Including Structural Deficit)	Adults (£m)	HTST (£m)	Childrens (£m)	Other (£m)	Total (£m)
Rebase	2.4	0.0	0.3	3.2	6.0
Pay Inflation	1.2	0.0	2.6	4.0	7.8
Contract Inflation	6.2	2.1	4.7	5.5	18.5
Demand	3.5	4.1	2.9	0.6	11.1
Investment	0.0	0.0	0.0	2.9	2.9
Capital	0.0	0.0	0.0	5.2	5.2
Additional Pressures for 2024/25	13.4	6.2	10.5	21.4	51.5
Structural Deficit	5.9	9.5	19.1	0.5	35.0
Total Pressures	19.3	15.7	29.6	21.9	86.5

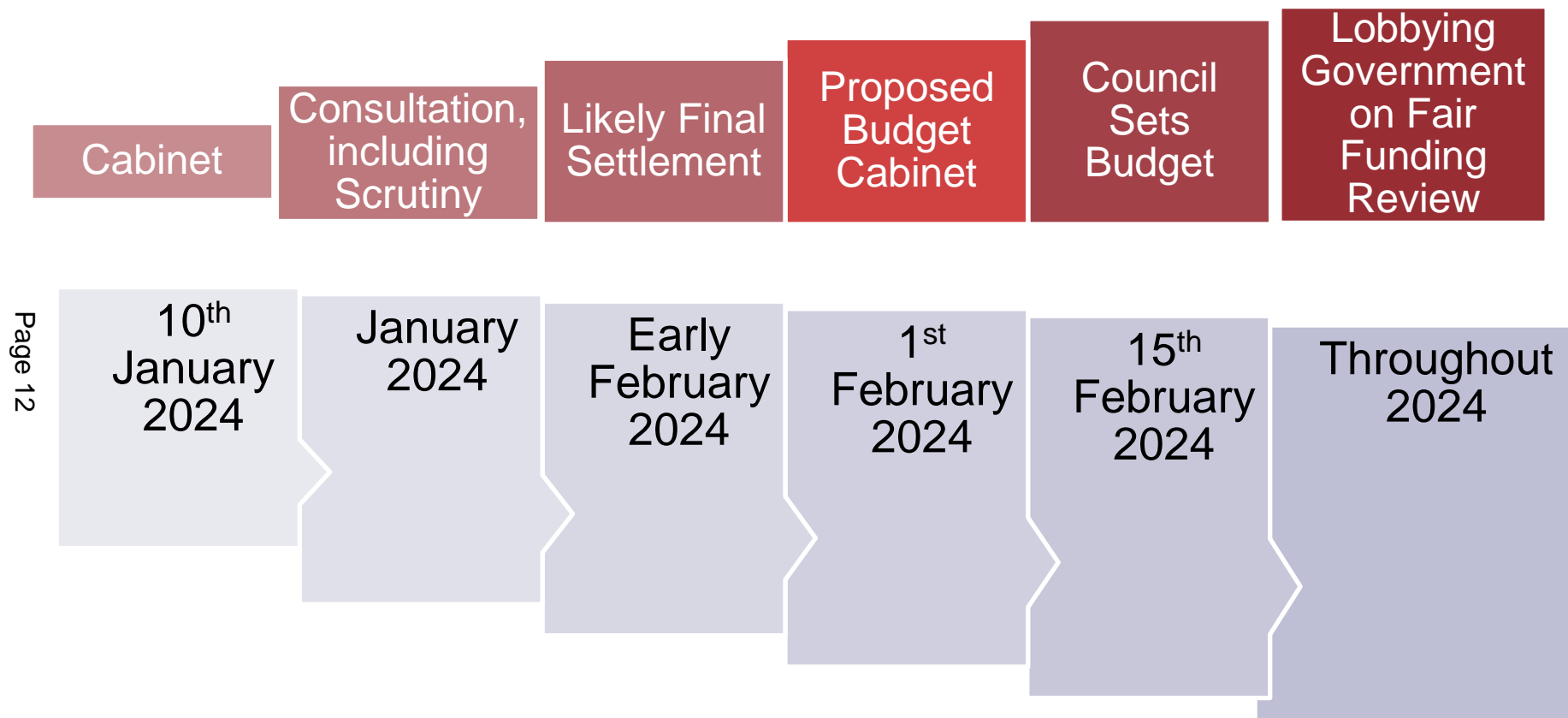
2% Adult Social Care Levy for 2024/25 to contribute to existing cost pressures due to Worcestershire's ageing population.

2.99% - to provide financial support to continue to fund investments in those areas that the public have consistently highlighted as important.

An increase of 4.99% which is an average £1.41 per week for a Band D householder.

Worcestershire is likely to remain in the lower quartile for level of Council Tax for comparable councils.





CHILDREN & FAMILIES SPECIFIC 2024/25 BUDGET INFORMATION

WCF Budget Setting Process

- On or before 1 July each year, both parties agree timetable for negotiation process, starting, with full WCF involvement in CSP.
- Budget-setting this year has focused on closing the projected gap in the 2024/25 budget (£20m gap remaining in the draft WCC budget).
- Pressures in demand-led services as previously reported in budget monitoring updates continue, though delivery of saving plans has still been a priority.
- Both parties meet throughout July to December each contract year to discuss in good faith and agree the factors to be taken into consideration in agreeing the Contract Sum for the draft budget - factors that impact on the budget include pay awards, demand pressures and changes in the law etc.
- The WCF board in parallel of this process must comply with all legal duties of the Companies Act and ensure that we are satisfied that the Company is a going concern and can meet its contractual and financial obligations.
- The WCF Risk, Governance and Audit Board will review the budget setting assumptions in January 2024 and make a recommendation to the Board.
- The budget reviewed by WCF will tie in with draft budget considered by WCC Cabinet in February.

Children & Families Specific Pressures

- The draft budget includes figures of total investment in HTST (£15.7m) and Children’s Social Care (£29.6m) – to reflect known and projected demand - £45.3m in total
- This can be considered as £28.6m for the structural deficit, and £16.7m new growth (£6.2m HTST, £7.6m Social Care, £0.3m Rebase, £2.6m pay)
- For Panel’s Information, growth of £9.7m was put in for these areas for 2023/24

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Children and Families - Savings

- The draft budget includes £10.2m CSP agreed savings proposals for Children and Families budget areas – specifically within WCF. Full consultation process will be followed where staff may be impacted.
- Safeguarding and SEND services have been priority areas protected from savings
- As the draft budget includes a financial gap as per previous slides, there may be further savings proposals from Children and Families areas as WCF/WCC work together to deliver a balanced budget.
- Alongside savings, there is a plan of activity to reduce Looked After Children numbers promoting permanency out of care and independence at pace designed to deliver cost avoidance and reduce future growth
- These plans require revenue and in some instances capital investment
- All plans are designed to be delivered in the best interest of Children. The area of focus are:
 - Care Prevention
 - Re-habilitation and discharge of Care Orders
 - Permanency planning conversions to Special Guardianship
 - Development of short breaks to prevent placement breakdown

Dedicated Schools Grant 2024-25

- The table to the right shows the Net DSG blocks (Prior to Academy recoupment) for 2024/25, based on the Provisional Settlement from the DfE:

DSG Block	2023/24 Allocation (£)	2024/25 Indicative Allocation (£)	% Change
Schools Block	404.288	422.418	4.5%
Early Years	36.265	59.336	63.6%
High Needs	74.680	78.629	5.3%
Central Block	3.332	3.310	-0.7%
Total DSG	518.565	563.693	8.7%

The increase in the Early Years block is due to the expansion of funded Childcare places, commencing in April 2024. The figure is based on DfE estimates of childcare places required.

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