

Appendix 2 – September – Quarter 2 Budget Monitoring Update 2020/21

Children and Families Overview and Scrutiny Panel

13 November 2020

As at Period 6, the forecast expenditure on Dedicated Schools Grant budget is £224m – a forecast overspend of £1.96m

		Overspends		
		R	Over 5%	
		A	1% to 5%	
		G	0 to 1%	
2020/21 Budget Monitoring Period 6 - September 2020	Budget	Forecast Outturn	Variance	Variance
	£000	£000	£000	%
Schools DSG Block	130,365	130,365	0	0.0%
High Needs DSG Block	52,136	54,096	1,960	3.8%
Early Years DSG Block	35,886	35,886	0	0.0%
Central DSG Block	3,515	3,515	0	0.0%
DSG	221,903	223,863	1,960	

- Key pressures remain as previously reported to panel – specifically Out of County provision and Post-16 provision in the High Needs block.
- Overspend is ‘carried forward’, against future DSG income. The overall deficit at the start of the year was £6.2m. High Needs overspend end of 2019/20 - £7.9m- Worcestershire total deficit is £6.2m and will be carried forward against future DSG income. A statutory instrument being laid to ensure all deficits are in a unusable reserve to 2022-23 for local government accounting purposes.
- Worcestershire High Needs pressures are in line with known national picture as a significant number of LA’s experienced an overspend at the end of 2019/20, ours was £8.7m. In 2020/21 we received £8.7m towards High Needs which will keep pace with spending but not address the historical deficit. Due Covid-19 High Needs Spend suppressed and demand is starting to increase.
- High needs funding is increasing by a further £730m, or 10%, in 2021-22 – that follows the £780m increase this year this represents an increase of £7.8m which will help to keep pace with demand led budget but will not address the current deficit of £8.1m.

Remaining CFC Budgets in the County Council

Service	2020/21 Gross Budget	2020/21 Net Budget	2020/21 Forecast	Variance After Adj's	Variance After Adj's
	£000	£000	£000	£000	%
SENDIASS	160	95	95	0	0.0%
Children's Commissioning & Partnership	349	349	349	0	0.0%
Historic Chs	11,690	380	357	(23)	-6.0%
Childrens S75	19,505	1,604	1,604	0	0.0%
Total	31,704	2,428	2,405	(23)	-0.9%

No issues are being seen from a financial perspective relating to areas within the County Council relating to CFC budgets

All areas are forecasting to spend to budget as at the end of Quarter 2 apart from a very minor variance within Historic Pension Liabilities.

At the end of June, WCF is forecasting a deficit of £0.8m or 0.6% – this is shown below by both expenditure type and by service

The forecast deficit is due to an increased number of external placements since April 2020 which is consistent across the country where other Local Authorities are experiencing significant demand increases and pressures on budgets.

Worcestershire Children First Budget Monitoring Statement - by Expenditure Type

	Latest Budget	YTD	Full-year Projection	Variance	Variance
	£000	£000	£000	£000	%
Contract Income	119,148	78,713	119,471	323	0.27%
Government Grants	0	55	0	0	0.00%
Interest	0	0	0	0	0.00%
Sales, Fees and Charges	1,260	937	1,561	301	23.88%
Total Income	120,408	79,705	121,033	624	0.52%
<i>less expenditure</i>					
Employees	41,586	17,937	40,228	-1,358	-3.27%
Premises	734	158	741	7	0.93%
Transport	15,983	5,141	15,787	-196	-1.23%
Supplies & Services	16,146	6,379	16,328	182	1.12%
Third Party Payments	45,961	20,176	48,745	2,784	6.06%
Transfer Payments	-2	0	0	1	-75.00%
Education Payments	0	0	0	0	0.00%
Reserves	0	0	0	0	0.00%
Support Services	0	0	0	0	0.00%
Total Expenditure	120,408	49,791	121,827	1,419	1.18%
Projected Surplus/(Deficit) before Corporation Tax	0	29,914	-795	-795	

September Monitoring by Service WCF

Worcestershire Children First Budget Monitoring Statement - by Service Heading

	Latest Budget £000	YTD £000	Full-year Projection £000	Variance £000	Variance %	Change since last month £000
WCF Management & Board	692	300	665	-27	-3.97%	-5
Training	178	17	178	0	0.00%	0
Resources Teams	4,884	1,652	4,758	-126	-2.58%	-74
Support Service Payments	7,324	3,662	7,324	0	0.00%	0
Resources	13,078	5,631	12,924	-154	-1.17%	-79
CSC Safeguarding Services	14,511	6,079	13,913	-598	-4.12%	263
Integrated Family Front Door	4,430	1,840	4,110	-320	-7.23%	-2
Placements & Provision	50,421	22,572	52,962	2,541	5.04%	-299
Worcestershire Safeguarding Children Board	86	-125	86	0	0.00%	0
CSC Through Care	3,926	1,852	3,862	-64	-1.63%	18
CSC Targeted Family Support	1,734	738	1,529	-205	-11.83%	-3
Social Care	75,108	32,957	76,462	1,354	1.80%	-24
Quality and Improvement	1,713	516	1,662	-51	-2.98%	0
Early Help & Partnership	3,875	1,463	3,885	10	0.25%	-38
SEND & Vulnerable learners	7,469	2,097	7,428	-41	-0.54%	-7
Education and Early Help	13,057	4,076	12,975	-82	-0.63%	-45
Home to School Transport	17,398	5,583	17,398	0	0.00%	0
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Youth Offending Services	507	127	507	0	0.00%	0
Youth Offending Services	507	127	507	0	0.00%	0
TOTAL	119,148	48,374	120,266	1,118	0.94%	-150
Contract Income	119,148	78,713	119,471	323	0.27%	-23
Projected Surplus/(Deficit) before Corporation Tax	0	30,339	-795	-795		-173

In Resources, one-off in-year savings on staffing and non-staffing have been identified, this has brought the Directorate to a small underspend position.

Social Care - Placements numbers and average costs are the most volatile and high-risk area of the Social Care budget. There has been a Covid-19 impact on our ability to move children and young people onto permanent arrangements which has contributed to increased costs as well as an increase in external placements. The overspend in placements is partially offset by other underspends across the Social Care service e.g. turnover, vacant posts, or where there are active efforts to reduce non-staffing spend.

Education and Early Help is forecasting a small underspend. The budget include the transfer of Learning and Achievement Services from Babcock which happened on 1 June 2020. £5.1m net and 133 staff.

Home to School Transport is forecast to budget. Additional costs and lost income in are estimated at £3.5 million in 2020/21. The current forecast assumes that increased pressures on Home to School Transport expenditure will be met by the COVID-19 grant received by Government and this position is being reviewed regularly Grant of £503k to support Autumn Term has been announced in August and a further £86k in October.

Risk Management – To mitigate the risk and volatility on placements a specific reserve of £1.1m was set up as part of the 2019/20 Budget process.



Any questions?