

2021/22 Emerging Pressures and Challenges

Children and Families Overview and Scrutiny Panel

13 November 2020

WCF – one year on

- The company has been in operation since 1st October 2019, delivering children's services on behalf of WCC.
- Governed by Company Law with Board of Directors as well as accountable to WCC through contractual arrangement.
- WCC still under direction of DfE to support WCF to continue to improve services.
- Different construct from other services, same commitment to Worcestershire residents.
- 2019/20 Financial results – broadly on budget, including in Social Care Placements. 1% budget surplus through in-year one off underspends such as temporary vacancies. This shows good financial management as we have been very careful to manage within our resources since we went live on 1 October 2019.

Budget Process - Agreement of 2021/22 contract price

- On or before 1 July each year, both parties agree timetable for negotiation process starting at CSP on 29 July 2020. (More challenging this year due to uncertainty on Spending Review and subsequent funding announcements due to Covid-19)
- On or before 30 September, both parties consider first proposals in order that a budget for both the Company and the Council can be presented for engagement and necessary consultation by a date agreed annually in January as part of the budget setting process.
- Both parties meet through July to December each contract year at least four times to discuss in good faith and agree the factors to be taken into consideration in agreeing the Contract Sum for the Services in the next Contract Year- factors that impact on the budget include pay awards, demand pressures and changes in the law etc.
- The 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.
- WCF Board met on 28 July and agreed with the high level options to reduce expenditure to meet indicative cash target for 2021-22.
- DfE have consultation rights on budget as part of Governance Side Agreement.

Budget Pressures

The P6 monitoring position previously discussed points to the in-year budget pressures which are forecast to continue to 2021/22 – namely Social Care Placements, which are trending upwards in both number and complexity. This is also replicated regionally and nationally.

In addition to this, we have seen a shift in this year in the use of Short Breaks from groups to 1:1. This is attributable to Covid-19, however if parents continue to favour this type of provision for 2021/22, this would result in a budget pressure.

We have other expected pressures in the service for 2021/22, such as provider inflation and software licensing costs, and annual growth requirements in Home to School Transport.

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
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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

Spending Pressures and Service Reviews to reduce expenditure

- Growth will be provided in the budget for to meet inflation for pay, prices, demand and demographic increases. However for planning purposes at this point, savings will be required to balance the budget in 2021/22. This figure is around £3m or around 2% of the budget.
- **Resources functions reduction and redesign**
 - Restructure of Business System and Development and consolidation of administration following transfer of Learner and Achievement services.
 - Restructure of Finance - principles aligned with Council finance restructure.
 - Restructure of Transformation and Commissioning Teams.
- **Company-wide review of responsibilities for education and social care services, including learner and achievement staff TUPE transferred from Babcock, to identify potential overlap and efficiencies.**

Increased Income from Trading

- **Increase income from learner and achievement services**
 - Traded income reduced as part of transfer for 10 month to March 2021.
 - Detailed analysis prior to transfer review traded activity for 3 year prior to transfer
 - Systems and processes in place, trading targets agreed with all staff in WCF for 2020/21 (10 months £685k)
 - Analysis supports increase by £600k which FYE £1.4m comparable with previous actual trading income
 - Potential for growth in future years wider services to schools
 - Need to continually assess given Covid-19 and 2nd national lockdown

Further work during 2021/22

During 2021/22 reviews will be undertaken to ensure

- Early Help review at levels 2 and 3 following TUPE transfer of ContuU Trust staff from 1 October 2020. The review will also take account of funding reductions from DSG £540k, to ensure a sustainable service.
- Children with Disabilities and SEND piloted new ways of working then form part of a review of function and form.
- Business cases being developed.

Priorities for Children's Services

- Continue improvement programmes for services subject to external inspection
 - Children's social care and safeguarding services
 - Special Educational Needs and Disabilities (SEND)
- Prevention, early help and management of risk.
- Narrowing inequalities.
- Early years capacity and school readiness.
- Supporting schools to improve.
- Post 16 and move to independence and employment
- Manage Covid-19 impact on services - Increase referrals from schools from September onwards.
- Continue work on DSG recovery plan particularly High Needs.



Any questions?