

WORCESTERSHIRE
CHILDREN FIRST



Appendix 1 – 2021/22 Draft Budget and MTFP update

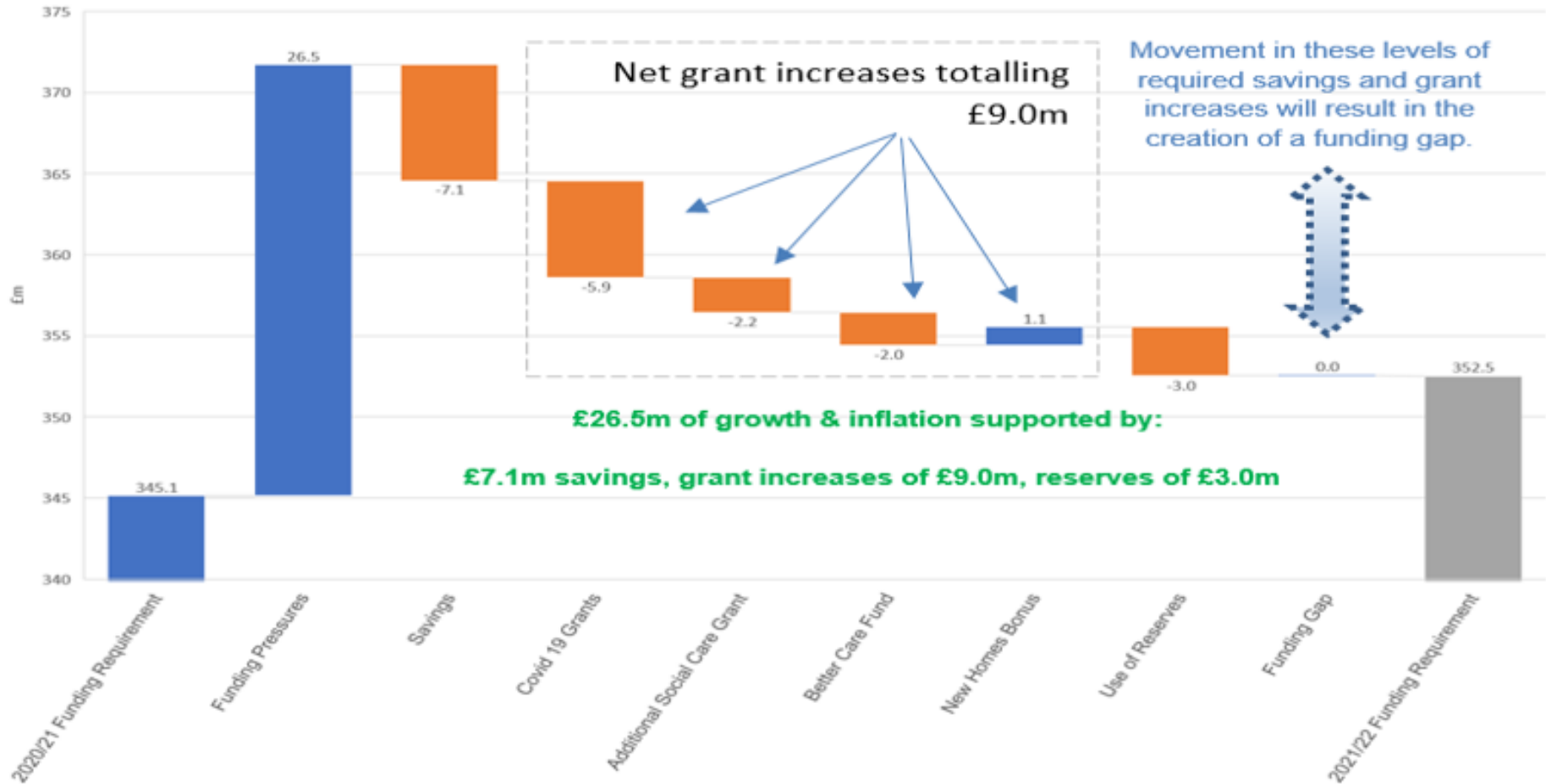
**Children and Families Overview and
Scrutiny Panel**

29th January 2021

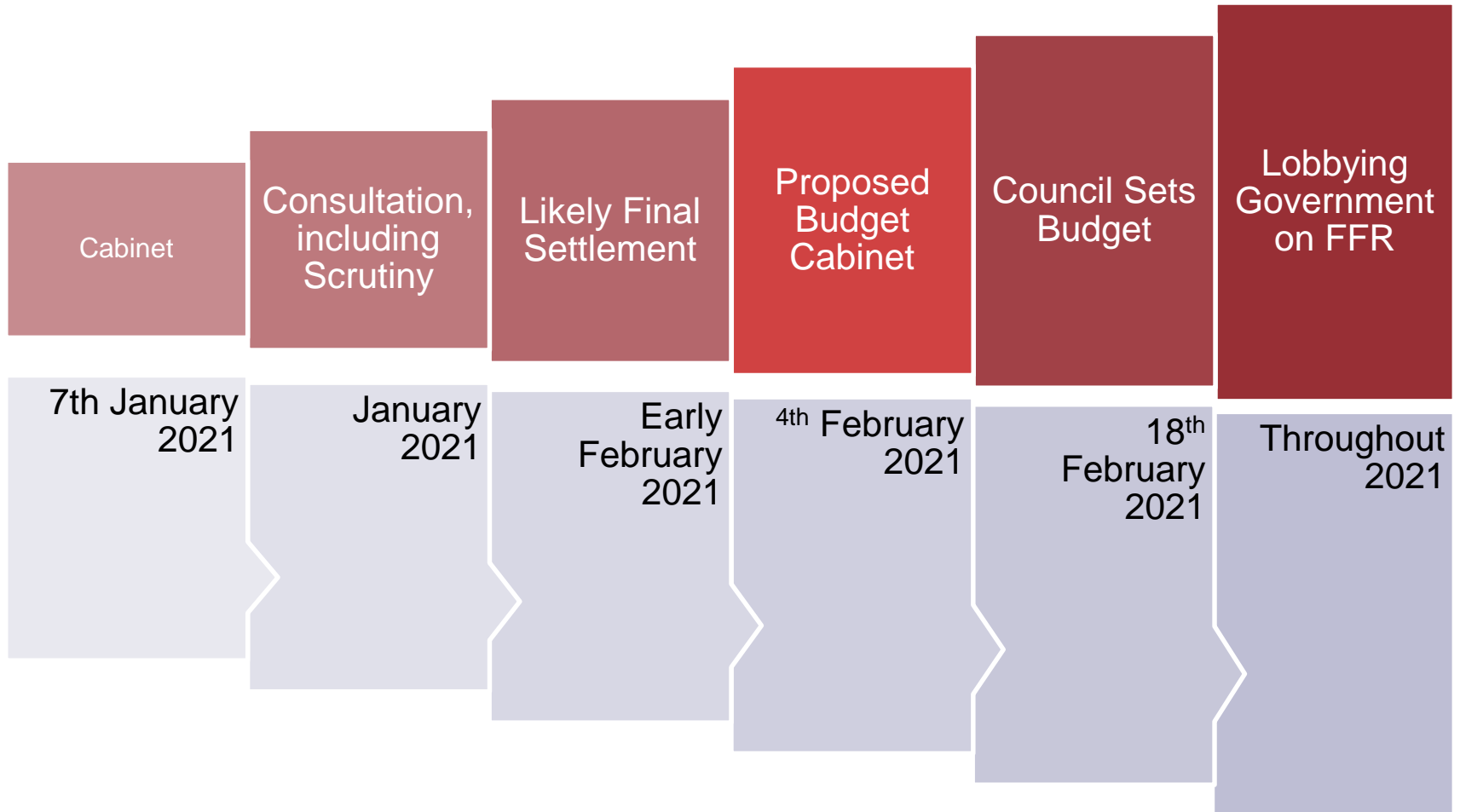


Overall Change 2020/21 – 2021/22

2021/22 Net Expenditure Budget Reliance on Savings and Grant Income Increases



Budget Planning Timeline for 2021/22



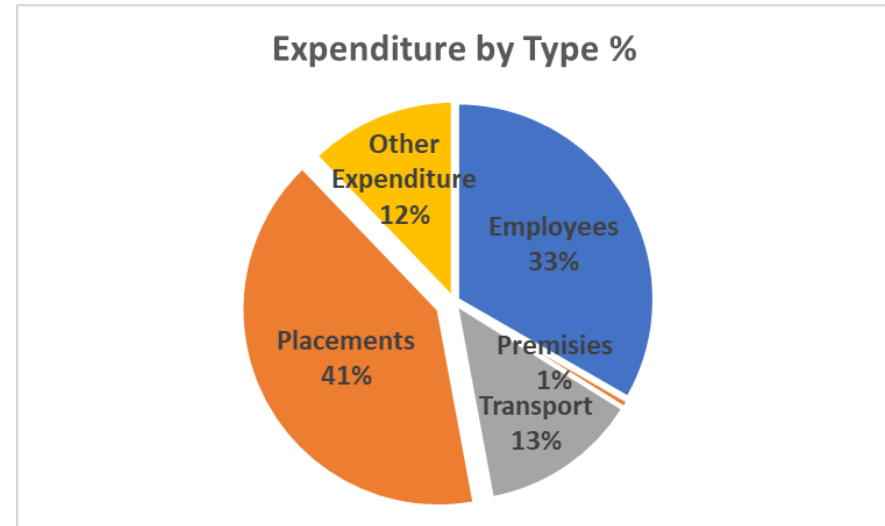
SPECIFIC 2021/22 BUDGET INFORMATION – CHILDREN AND FAMILIES

- 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).
- WCF Board met on 28 July and agreed with the high level options to reduce expenditure to meet indicative cash target for 2021-22.
- 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 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 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.
- The WCF Risk, Governance and Audit Board reviewed the budget on 15 January 2021 and WCF Board agreed the budget on 19 January 2021.
- DfE have consultation rights on budget as part of Governance Side Agreement.

	2021/22 £m	Comments
Funding ongoing safeguarding pressures	6.8	includes £2.6 million for 2020/21 pressures, and reflects a 5% increase in numbers and inflation
SEND and Home to School Transport	0.6	Includes £0.6m for demand increases
Pay inflation	0.1	Whilst a pay freeze was announced by the Chancellor there are still additional costs for staff paid less than £24,000 who receive £250 increases, as well as pay increment changes.
Prices Inflation	0.2	Contracts inflation
Gross Total	7.7	
<i>Less</i>		
Savings	(3.0)	A review of back office posts and vacancies is forecast to yield £0.650m. Ongoing consultations with staff to be carried out in accordance with our HR policies; The in-sourcing of school improvement has enabled us to grow our traded element and we forecast to seek an additional £0.6m in 2021/22. Finally, a range of service reviews have begun to seek efficiencies, and this will focus on removing £1.75m.
Net change	4.7	

- The full-year WCF budget is currently £127.4m gross, of which over half is the 'demand led' budgets of Placements and Home to School Transport.

Budget 2021/22	£000's
Employees	42,444
Premises	752
Transport	16,797
Placements & Provison	51,937
Other Expenditure	15,513
Gross Expenditure	127,443
Sales, Fees and Charges	-1,995
WCF Budget / Contract Price	125,448



- There is a risk on placements could exceed the budget for 2021/22 of up to £2m and this will be mitigated by the £1.1m risk reserve and close monitoring will be required during the year and prompt action will be needed if performance and forecasts vary materially from budget.

It should be noted that the £106.583m budget for WCF is the Council's base budget contribution to the total running costs of WCF. The gross expenditure budget and therefore WCF contract value also includes specific funding passed through, such as grants or CFC reserves used to fund WCF activity:

	£000's	£000's
2021/22 Gross Expenditure Budget		127,443
Non-WCC Sales, Fees and Charges	1,995	
WCC Gross Contract Sum		125,448
Funded By:		
	Dedicated Schools Grant	6,745
	Public Health Ring-Fenced Grant	850
	Other Grants	7,415
	Other Income	168
	HTST Income	1,596
	Capitalised Revenue	608
	Funding from Reserves	1,484
	Total non-base budget funding passed through Council	<u>18,865</u>
Total External Funding		20,860
Council Base Budget 2021/22		106,583

Indicative WCF 2020/21 Contract Value = Council Base Budget + Other Funding passed through
 = £106.583m + £18.865m
 = £125.448m

Add the £1.995m SFC income that WCF should collect, and WCF gross expenditure budget is therefore £127.443m

The table below shows how the Company has budgeted to spend £127.443m in 2021/22:

	Employees	Premises	Transport	Other Non-staffing	Total Expenditure	SFC	Company Budget
	£000	£000	£000	£000	£000	£000	£000
WCF Board & Senior management	621	0	5	73	699	0	699
Training	32	1	0	158	191	13	178
Resources Teams	2,187	0	7	812	3,006	17	2,989
Support service payments	0	0	0	7,345	7,345	0	7,345
Bus, Comm & Traded svcs	709	0	2	193	904	39	864
Resources	3,549	1	14	8,580	12,144	69	12,075
CSC Safeguarding services	11,585	192	276	1,382	13,435	0	13,435
Integrated Family Front Door	4,805	0	142	194	5,141	124	5,017
CSC Placements & Provision	7,198	302	156	49,476	57,132	15	57,117
Worc Safeguarding Childrens Bo	120	0	2	61	183	93	90
CSC Through Care	3,331	0	100	779	4,210	156	4,054
CSC Targeted Family Support	1,687	0	34	46	1,767	0	1,767
Social Care	28,726	494	710	51,937	81,867	387	81,480
Quality & Improvement	1,967	0	23	230	2,220	648	1,571
Early Help & Partnership	1,788	257	37	1,810	3,892	0	3,892
SEND & Vulnerable learners	6,127	0	517	1,980	8,624	890	7,733
Education and Early Help	9,882	257	577	4,019	14,735	1,539	13,196
Home to School Transport	287	0	15,496	2,407	18,190	0	18,190
Home to School Transport	287	0	15,496	2,407	18,190	0	18,190
Youth Offending Services	0	0	0	507	507	0	507
Youth Offending Services	0	0	0	507	507	0	507
TOTAL	42,444	752	16,797	67,450	127,443	1,995	125,448

The table below shows the Gross DSG blocks (Prior to Academy recoupment) for 2021/22, based on the Provisional Settlement from the DfE, this reflects DfE NFF Year 4:

DSG Block	2020-21 Latest Nov 2020 £000's	2021-22 Initial December 2020 £000's	Variance 2020-21 to 2021-22 £000's
Schools	339,667	369,495	+29,828
Pupil Growth Fund	2,319	1,908	-411
Sub Total Schools	341,986	371,403	+29,417
Central Services	3,515	3,377	-138
High Needs	60,182	68,401	+8,219
Early Years	35,963	36,476	+513
TOTAL	441,646	479,657	+38,011

Schools Block

Mainstreaming of specific former grants for pay and pensions of +£16.3m.

Change in pupil numbers October 2019 to October 2020 of +199 (Primary -141.5; Secondary +340.5).

Pupil Growth Fund

Reflects DfE NFF and change in pupil numbers between October 2019 and October 2020.

Central Services

Reflects further 20% reduction in Historic Commitments (EIFS) of -£0.24m.

Mainstreaming of specific former grants for pay and pensions for centrally employed teachers of +£0.027m.

Effect of increase in pupil numbers for central block NFF +£0.075m.

High Needs

Mainstreaming of specific former grants for pay and pensions of +£2.2m.

Increase in academy recoupment of £8.319m to £8.582m – 2020-21 Gross £60.182m; Net £51.863m and 2021-22 Gross £68.401m; Net £59.819m.

Early Years

Reflects an increase to the allocated hourly rates for 2 year olds +£0.08 and 3&4 year olds +£0.06.

- The High Needs Block includes an additional allocation of £8.2m in 2021-22 (includes £2.2m for former specific grants for pay and pensions) which is Worcestershire's share of the national £730m announced in November 2020 to address pressures being experienced in all LAs.
- This will support some of the ongoing significant cost pressures in the High Needs DSG, however this will not eliminate the deficit of around £10.5m which will need to be carried forward into 2021/22.
- The Local Authorities (Capital Finance and Accounting) (England), (Amendment) Regulations 2020 prescribed accounting treatment for DSG overspends that were accruing to an increasing number of Councils. The Regulations require that the overspend be shown as a negative reserve and that this is not the responsibility of the Council. However, this is only for a time-limited period and after three years, any residual deflection the DSG overspend will revert to the Council.
- The Council with CCN / SCT / f40 continue to lobby and assess actions to address this area of spend.
- The Worcestershire Schools Forum (WSF) met on 15 September and on 5 November 2020 and endorsed the proposals for the LSFF for 2020-21 and approved as required for 2021/22, under their responsibilities in the School Forum Regulations. Cabinet approved the mainstream local funding formula for 2021-22 on 10 December 2020.
- The WSF met again on 21 January 2020 to consider the School Funding Settlement 2021/22, the LSFF for mainstream schools and the required submission of the LSFF to the Education and Skills Funding Agency (ESFA) during January 2021.