

Appendix 3 – Period 8 Budget Monitoring Update 2020/21

Children and Families Overview and Scrutiny Panel

29th January 2021

As at Period 8, the forecast expenditure on Dedicated Schools Grant budget is £224m – a forecast overspend of £4.63m

Overspends	
R	Over 5%
A	1% to 5%
G	0 to 1%

2020/21 Budget Monitoring Period 8 - November 2020	Budget	Forecast Outturn	Variance	Variance
	£000	£000	£000	%
Schools DSG Block	128,344	128,344	0	0.0%
High Needs DSG Block	51,863	56,492	4,629	8.9%
Early Years DSG Block	35,963	35,963	0	0.0%
Central DSG Block	3,515	3,515	0	0.0%
DSG	219,685	224,314	4,629	

- 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 – at the current forecast, the deficit at year-end will be around £10.5m. A statutory instrument is 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 goes towards our pressures but as the forecast position shows, is not enough to keep ahead of our growing demand.
- High needs funding is increasing by a further £730m, or 10%, in 2021-22 – for Worcestershire this represents an increase of £7.8m which will help to keep pace with demand as it continues to rise. This is detailed in the 2021/22 Budget slides.

Remaining CFC Budgets in the County Council

Service	2020/21 Net Budget (£)	2020/21 Forecast (£)	Variance After Adjustments (£)	Variance (%)
SENDIASS	95,083	95,288	205	0.2%
Children's Commissioning & Partnership	348,957	348,310	-647	-0.2%
Historic ChS	379,751	356,993	-22,758	-6.0%
Children's S75	1,511,989	1,511,989	0	0.0%
Total	2,335,780	2,312,580	-23,200	-1.0%

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

All areas are broadly forecasting to spend to budget as at P8. The underspend in 'Historic ChS' relates to inherited pension liabilities. This is a budget that will underspend (and subsequently decrease) a little year-on-year until such a time as it is no longer required.

At the end of June, WCF is forecasting a overspend of £0.35m or 0.3% – 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 OLA’s are experiencing significant demand increases and pressures on budgets.

Worcestershire Children First Budget Monitoring Statement - by Expenditure Type

	Latest Budget £000	YTD £000	Full-year Projection £000	Variance £000	Variance %	Change since last month £000
Contract Income	119,598	99,156	119,598	0	0.00%	0
Government Grants	0	479	0	0	0.00%	0
Interest	0	0	0	0	0.00%	0
Covid-19 Costs from WCC	0	636	636	636	0.00%	0
Sales, Fees and Charges	1,324	1,357	1,606	282	21.26%	-86
Total Income	120,922	101,627	121,839	917	0.76%	-87
<i>less expenditure</i>						
Employees	42,019	24,908	40,366	-1,653	-3.93%	-641
Premises	737	237	619	-118	-16.06%	37
Transport	15,999	7,725	16,096	97	0.61%	-31
Supplies & Services	16,423	7,817	16,010	-413	-2.52%	-243
Third Party Payments	45,744	28,735	49,096	3,353	7.33%	772
Transfer Payments	0	0	0	0	0.00%	0
Education Payments	0	0	0	0	0.00%	0
Reserves	0	0	0	0	0.00%	0
Support Services	0	0	0	0	0.00%	0
Total Expenditure	120,922	69,422	122,187	1,265	1.05%	-107
Projected Surplus/(Deficit) before Corporation Tax	0	32,205	-348	-348		20

November Monitoring by Service WCF

	Latest Budget £000	YTD £000	Full-year Projection £000	Variance £000	Variance %	Change since last month £000
WCF Management & Board	692	400	660	-33	-4.69%	-5
Training	178	19	178	0	0.00%	0
Resources Teams	4,399	1,913	4,349	-50	-1.14%	-5
Support Service Payments	7,324	3,662	7,324	0	0.00%	0
Resources	12,593	5,995	12,510	-83	-0.66%	-10
CSC Safeguarding Services	14,679	8,568	14,010	-669	-4.56%	-129
Integrated Family Front Door	4,430	2,680	4,233	-198	-4.47%	155
Placements & Provision	50,821	31,925	53,418	2,596	5.11%	89
Worcestershire Safeguarding Children Board	86	-24	86	0	0.00%	0
CSC Through Care	4,034	2,505	3,911	-123	-3.05%	17
CSC Targeted Family Support	1,734	964	1,554	-180	-10.38%	-7
Social Care	75,784	46,618	77,211	1,427	1.88%	126
Quality and Improvement	1,871	807	1,764	-107	-5.72%	-55
Early Help & Partnership	3,875	2,026	3,748	-128	-3.30%	-40
SEND & Vulnerable learners	7,553	3,616	7,427	-126	-1.67%	-39
Education and Early Help	13,299	6,449	12,938	-361	-2.72%	-134
Home to School Transport	17,415	8,426	17,415	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	119,598	67,614	120,581	983	0.82%	-20
Contract Income	119,598	99,156	119,598	0	0.00%	0
Covid Costs from Council	0	636	636	636	0.00%	0
Projected Surplus/(Deficit) before Corporation Tax	0	32,177	-348	-348		20

Since P2, potential in-year savings on staffing and non-staffing have been identified this has brought the Resources Directorate to a small underspend position. Following P8 monitoring, HMRC have agreed with WCF/WCC on the trading relationship between the two entities. The result is that WCF Corporation Tax for 2019/20 has reduced from £122k to £41k. This £81k saving will be reflected in the P9 forecast for the Resources Directorate.

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, largely due to vacancies being held where possible. 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. COVID-related additional costs and lost income in are estimated at up to £3.1 million in 2020/21. WCC has received a specific grant to support these costs (£1.025m), alongside the general COVID-19 Grant. Therefore the forecast position in WCF is on budget.

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?