

Appendix 2 –Budget Monitoring 2021/22 – September Q2

Children and Families Overview and Scrutiny Panel

12 November 2021

Dedicated Schools Grant September (Period 6) Budget Monitoring Position

DSG year-end position is a forecast overspend of £6m with a forecast deficit of £15.7m at the end of 2021/22:

2021/22 Budget Monitoring Period 06 - September 2021	Current Budget	Forecast Outturn	Overspends	
			Variance	Variance
	£000	£000	£000	%
Schools DSG Block	124,528	124,528	0	0.0%
High Needs DSG Block	59,275	65,309	6,034	10.1%
Early Years DSG Block	36,476	36,476	0	0.0%
Central DSG Block	3,377	3,424	47	1.4%
DSG	223,656	229,737	6,081	

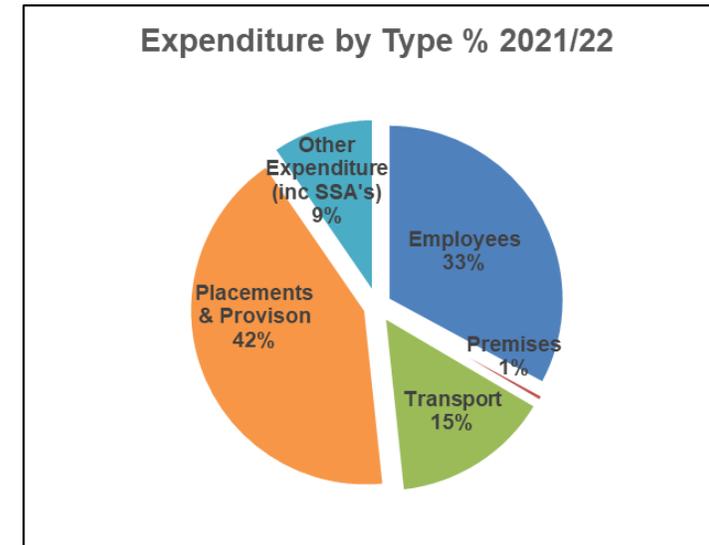
Summary Position for Dedicated Schools Grant	
	£m
Accumulated Deficit 1 April 2021	6.5
Catch-up on School and EY Blocks	3.2
Projected High Needs Deficit 2021/22	6.0
Projected Saving on Other Blocks	0.0
School Funding Position	0.0
Projected Accumulated Deficit 31 March 2022	15.7
Projected High Needs Shortfall 2022/23	4.0
Projected Accumulated Deficit 31 March 2023	19.7

- Key pressures remain as previously reported to panel – specifically Out of County provision and Post-16 provision in the High Needs block. Worcestershire High Needs pressures are in line with known national picture.
- This deficit will sit on the WCC balance sheet as an unusable reserve and carried forward against future DSG income. In October 2019, the DfE introduced legislation to stop local authorities contributing to the DSG budgets, in effect allowing a negative balance to be carried forward. WCC will not be required or able, without the express permission of the government, to underpin the overspend on the DSG, however this legislation expires at the end of 2022/23 where this deficit will revert to the County Council.

Budget Overview 2021/22

- The full-year WCF budget is currently £128m of which over half is the 'demand led' budgets of Placements and Home to School Transport.

WCF Budget 2021/22	£000's
Employees	42,318
Premises	748
Transport	19,092
Placements & Provison	54,123
Other Expenditure (inc SSA's)	12,317
Gross Expenditure	128,598
Sales, Fees and Charges	-2,162
WCF Budget / Contract Price	126,437



- When we set the budget, we highlighted the inherent risk on placements could exceed the budget for 2021/22 of up to £2m and this will be mitigated by the £1.9m 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.

Forecast Outturn at Qtr 2 2021/22 - £0.8m overspend or 0.6%

As at P6, WCF is forecast to have an in-year deficit of £0.8m, which is 0.6% of the contract sum. At the same point last year, the forecast was for a £0.8m deficit, which was eventually turned around by the Company to a small surplus position at year-end.

Worcestershire Children First Budget Monitoring Statement - by Expenditure Type

	Latest Budget	YTD	Full-year Projection	Variance	Variance	Change since last month
	£000	£000	£000	£000	%	£000
Contract Income	126,437	74,375	126,437	0	0.00%	0
Government Grants	0	1	0	0	0.00%	0
Interest	0	1	1	1	0.00%	1
CCG Income	0	0	0	0	0.00%	0
Covid-19 Costs from WCC	0	0	528	528	0.00%	528
Sales, Fees and Charges	2,162	2,201	2,303	141	6.54%	88
Total Income	128,598	76,577	129,268	670	0.52%	617
<i>less expenditure</i>						
Employees	42,318	18,981	40,424	-1,894	-4.48%	-35
Premises	748	-16	757	9	1.17%	2
Transport	19,092	6,098	19,065	-27	-0.14%	-19
Supplies & Services	16,197	7,158	16,764	568	3.50%	323
Third Party Payments	50,226	25,996	53,038	2,812	5.60%	79
Transfer Payments	4	0	4	-1	-18.18%	0
Education Payments	0	0	0	0	0.00%	0
Reserves	0	0	0	0	0.00%	0
Support Services	14	0	14	0	0.00%	0
Total Expenditure	128,598	58,218	130,065	1,467	1.14%	350
Projected Surplus/(Deficit) before Corporation Tax	0	18,359	-797	-797		45

The story is very similar to last year – pressures on Placements for Looked After Children is causing an overspend in that area, which the service is attempting to mitigate by finding reductions in other areas. This is illustrated on the next page where the forecast is shown at service level.

Forecast Outturn at Qtr 2 2021/22 - £1m overspend or 0.81%

Worcestershire Children First Budget Monitoring Statement - by Service Heading

	Latest Budget	YTD	Full-year Projection	Variance	Variance	Change since last month
	£000	£000	£000	£000	%	£000
WCF Management & Board	786	214	596	-188	-23.89%	-76
Training	179	20	153	-27	-14.94%	-27
Resources Teams	3,902	1,486	3,744	-158	-4.04%	-18
Support Service Payments	7,531	3,791	7,531	0	0.00%	0
Resources	12,398	5,511	12,024	-372	-3.00%	-121
CSC Safeguarding Services	13,119	6,067	13,788	669	5.10%	496
Integrated Family Front Door	5,017	2,007	4,734	-283	-5.63%	-52
Placements & Provision	57,484	28,336	58,518	1,034	1.80%	-79
Worcestershire Safeguarding Children Board	0	-23	0	0	0.00%	0
CSC Through Care	5,587	2,526	5,586	-2	-0.03%	81
CSC Targeted Family Support	4,356	1,855	4,437	81	1.86%	149
Social Care	85,563	40,769	87,063	1,500	1.75%	596
Sufficiency & Safeguarding	429	133	425	-4	-0.91%	-4
Quality and Improvement	1,572	621	1,562	-11	-0.68%	-11
Early Help & Partnership	252	38	252	0	0.00%	0
SEND & Vulnerable learners	7,508	3,193	7,721	212	2.83%	23
Education and Early Help	9,762	3,985	9,960	198	2.03%	8
Home to School Transport	18,206	6,292	18,206	0	0.00%	0
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Youth Offending Services	507	254	507	0	0.00%	0
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TOTAL	126,437	56,810	127,760	1,325	1.05%	483
Contract Income	126,437	74,375	126,437	0	0.00%	0
Covid Costs from Council	0	0	528	528	0.00%	528
Projected Surplus/(Deficit) before Corporation Tax	0	17,565	-795	-797		45
Corporation Tax Liability				0		
Surplus /(Deficit) to transfer to retained earnings				-797		

Resources Directorate is forecast to be underspent due to several posts held vacant Directorate restructure completed and £0.65m savings delivered. Takes account of savings from revised Senior Leadership Structure that went live on 1 October 2021.

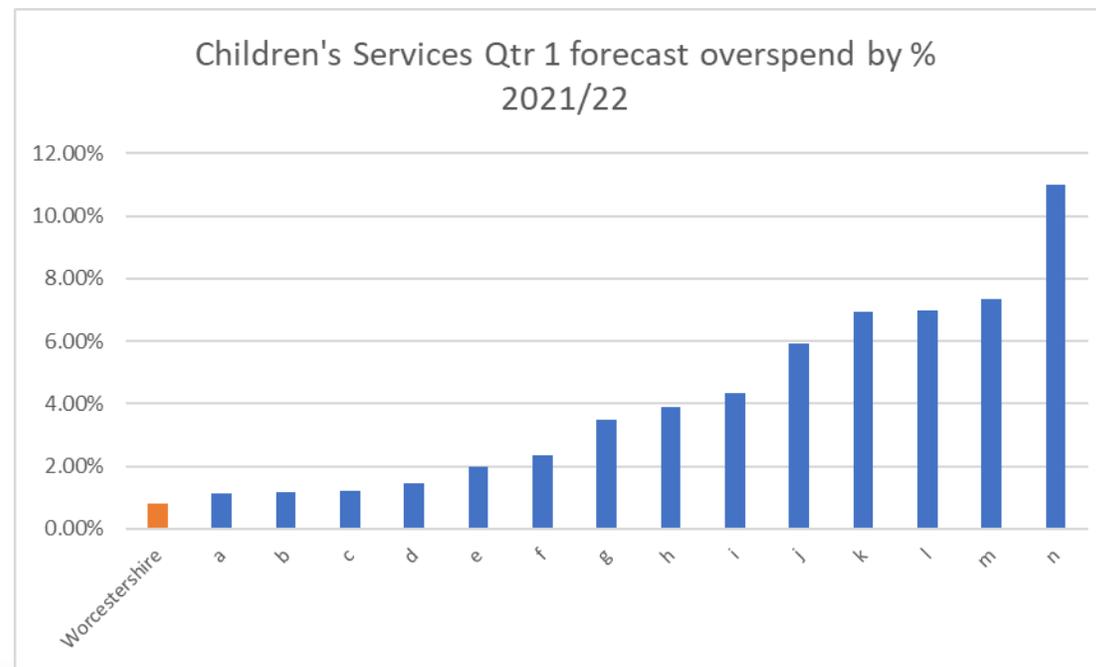
Social Care Service placements forecast overspent due to being demanded and to the high cost of some of these places. The success of other Social Care areas in terms of budgetary control (by holding vacancies where possible) continues. Whilst the external placement numbers are increasing locally and nationally. Our robust commissioning and management approach have resulted in cost avoidances which limited price increases. There are pressure on short breaks for children with disabilities, however this is avoiding some high-cost packages in place.

The forecast overspend in the Education and Early Help Directorate is driven pressure on Educational Psychology, where there is an income shortfall forecast of around £0.020m, coupled with an increase in staffing costs as the service has a number agency arrangements in place.

The required savings of £2.95m have been delivered for 2021/22 – the increased trading income of £0.6m is forecast to be achieved and orders placed from schools are slightly above target.

Comparison with Other Local Authorities Children's Services

- In comparison with OLA's WCF are managing well the pressures of this demand let budget.
- The chart below set out a range of LA's / Trusts forecast at Quarter 1.
- WCF show a positive outcome (£1m forecast overspend at P3) against all below including statistical neighbours. Data anonymized as taken from Cabinet reports and Council report differently.
- Staffordshire has asked WCF to attend their MTFS working group to share examples of our financial management and specifically our approach to placements and Children in Care.



- Turning the curve following Covid placement budget will be funded by a mix of base funding and one-off funding as the expansion Supporting Families First will have a positive impact on placement demand.
- Impact of national insurance (1.25%), pay increases and inflation have on our providers our commissioned rates.
- The ability of WCF to successfully deliver the strategy and reduce demand depends on the following factors:
 - Management and Leadership stability
 - Staffing permanency and stability
 - Success of Children in Need - Supporting Families First – Risk Management
 - No unforeseen peaks in demand : Covid impact / Child Death / Inadequate Ofsted

- An additional £1.6bn per year of new grant funding will be made available over the Spending Review (SR) period. (circa 3% pa already assumed in MTFP).
- Further, £3.6bn of the £5.4bn funding for ASC reform announced on 7 September, will be routed through local government.
- Includes £200m for supporting families and £38m for cyber security.
- Council Tax – Council tax referendum limits expected to be 2% with a 1% social care precept throughout the SR period.
- Youth Services – To support young people, SR21 invests £560 million in youth services in England.
- Public Sector Pay – The public sector pay freeze will end in 2022.

- Supporting Families – £500m to support parents and children, includes £200m to support families with complex issues; £82m to fund centres in 75 different areas to provide advice for parents; £100m for mental health support for expectant parents; and £50m for breastfeeding support.
- Continuation of the holiday activities and food programme.
- £259m over the SR21 period to maintain capacity and expand provision in secure and open residential children's homes.
- Household Support Fund – £500m of funding has already been announced, to help the most vulnerable families with the cost of living this winter.
- Schools – SR21 confirms an additional £4.7bn by 2024-25 for the core schools budget in England.
- Catch-Up Funding – £3.2 billion over the SR21 period.



Any questions?