



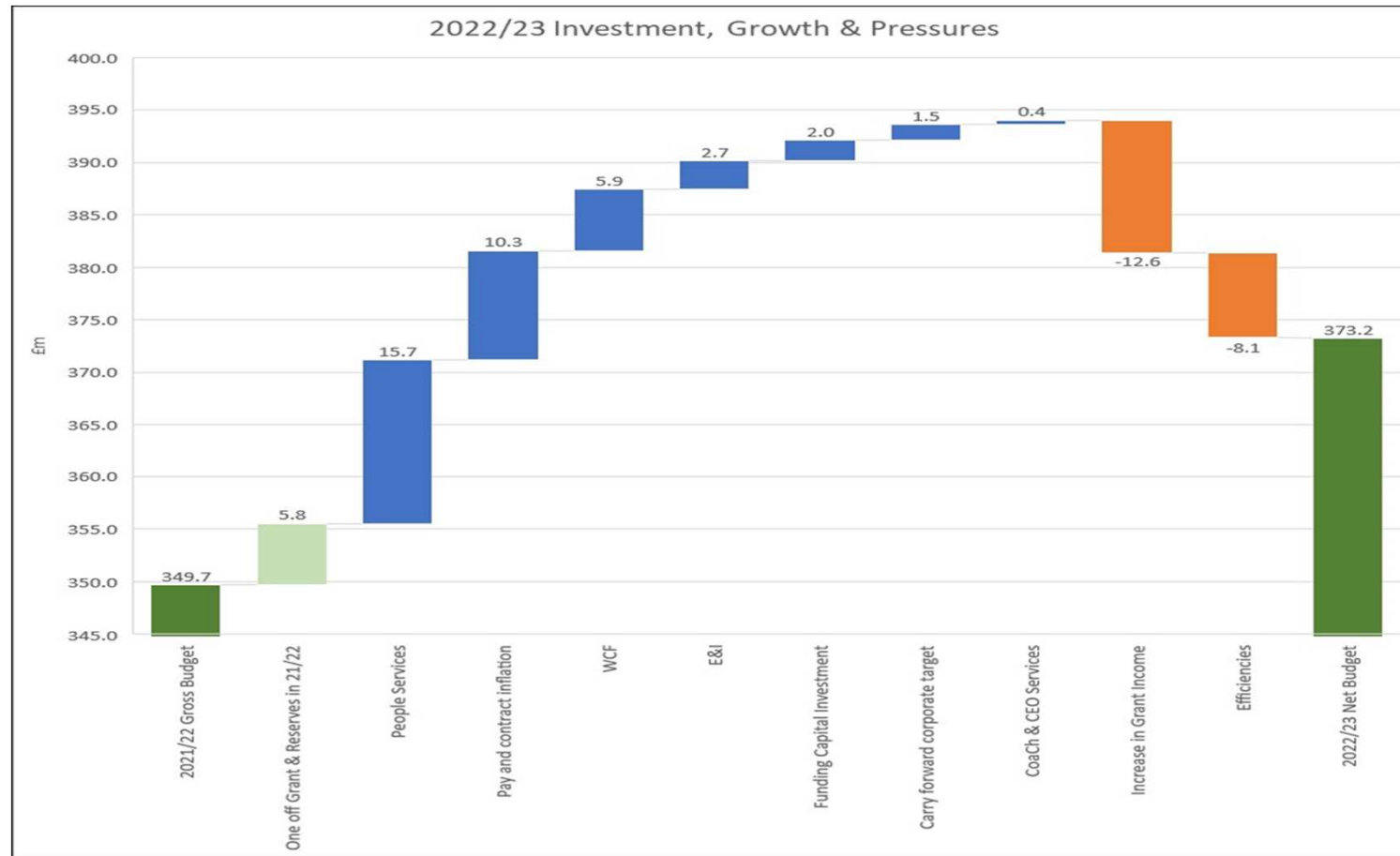
Appendix 1 – 2022/23 Draft Budget and MTFP update

**Children and Families Overview and
Scrutiny Panel**

11th January 2022

- Budget Report to Cabinet on 6 January 2022 summarises the financial position for Council and each of the service areas.
- Local Government Settlement announced on 16 December was slightly better, a one-year settlement, however funding contains several of one-off grants in 2022/23.
 - Further funding of £6.1m to recognise pressure in Adults and Children's Social Care.
 - A new one-off Services Grant of £4.1m – note this grant needs to be discounted by £1.4m to reflect that this grant in part is to fund the Council's liability as an employer in relation to the new National Insurance levy giving a net one-off increase of £3m.
 - A new grant of £1.6m for Market Sustainability and Fair Cost of Care for Adult Social Care providers.
- Funding Review anticipated for 2023/24.
- Council Tax increase of 0.94%, plus a 1% Adult Social Care Levy and 2% Adult Social Care Levy that was carried forward from 2021/22 (Total 3.94%).

Overall Change 2021/22 – 2022/23



Budget Proposals - 2022/23

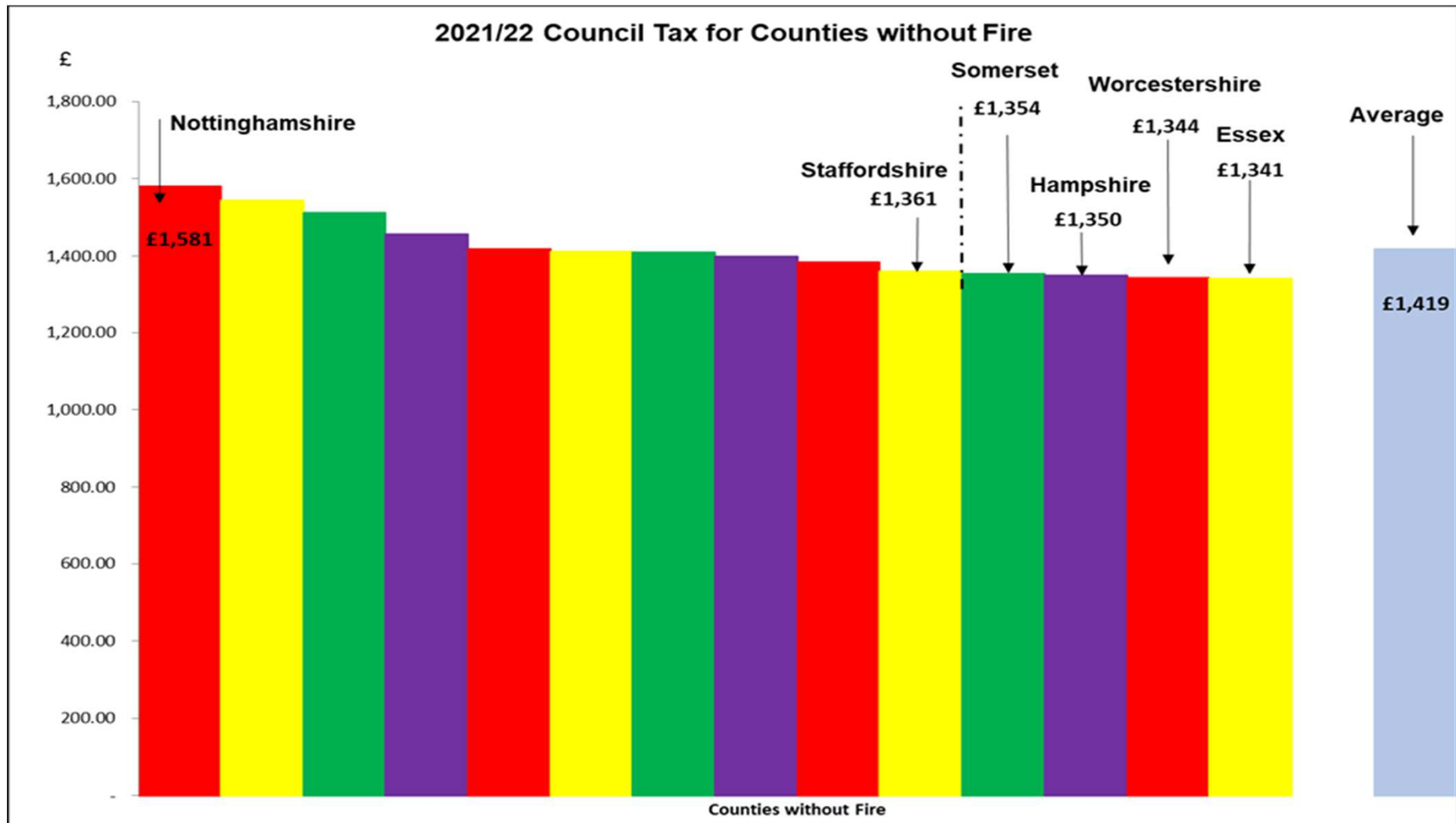
Type of pressure	£m
Pay Inflation	6.2
Contract Inflation	4.0
Addressing former years use of reserves & grants	5.8
Net Service demand – see below	28.2
Total	44.2

- People Services - **£15.7m**
- WCF - **£5.9m**
- E&I - **£2.7m**
- COACH and CEU - **£0.4m**
- Corporate - **£3.5m**

£28.2m

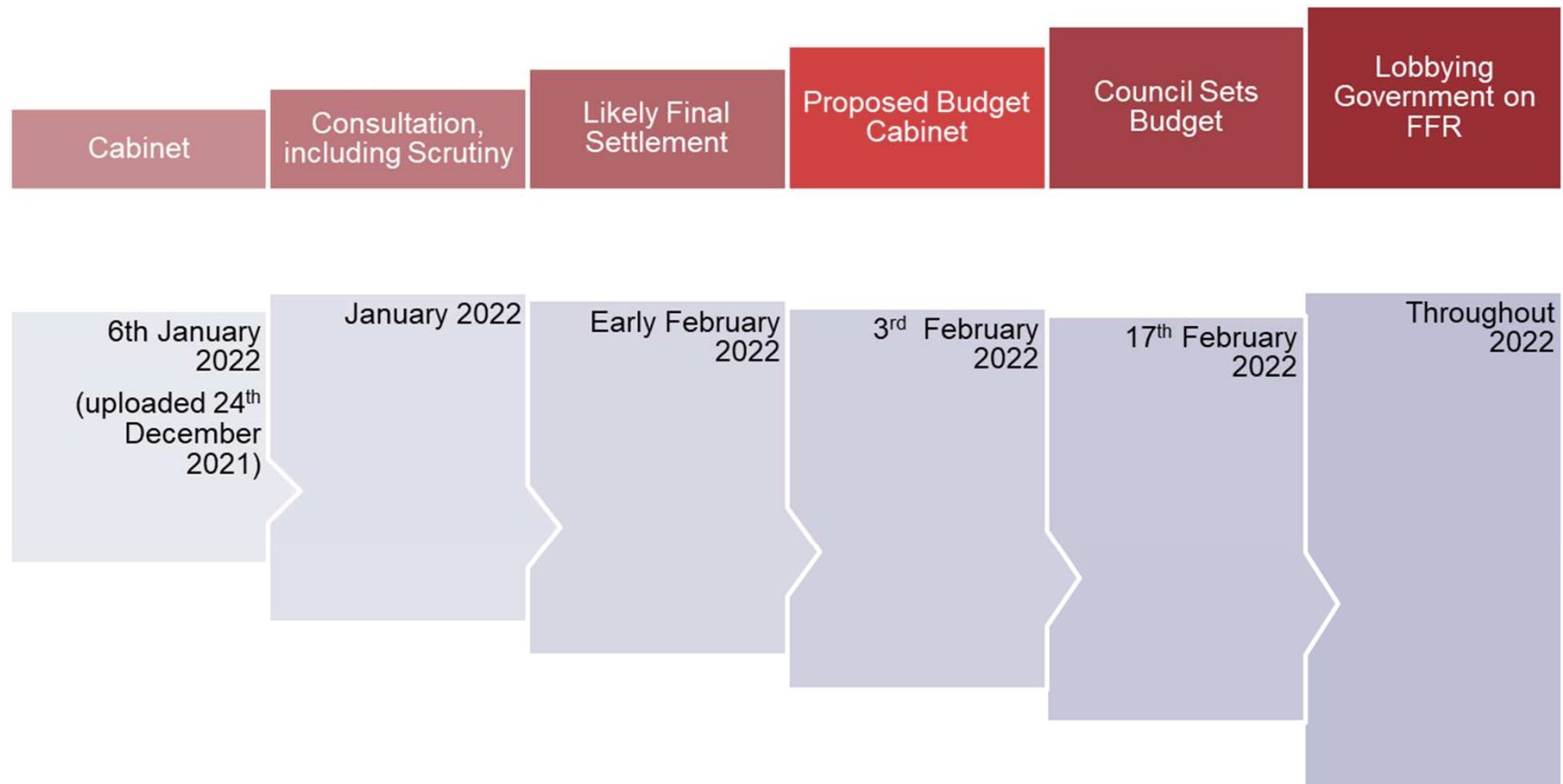
Funding the pressures - 2022/23

	£m
Council Tax / Adult Social Care Levy – (Section 10)	14.9
Settlement Funding Assessment (Section 6)	2.5
Provisional Settlement Grant announcements (Section 6)	12.6
Use of waste (£1.5m) and Covid (£1.2m) reserves (Section 11)	2.7
Directorate Specific Efficiencies (Section 9)	3.0
Corporate changes in service income and efficiencies (Section 9)	5.1
ASC external funding (Section 6)	3.4
Total	44.2



Budget Planning Timeline for 2022/23

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SPECIFIC 2022/23 BUDGET INFORMATION – CHILDREN AND FAMILIES

- On or before 1 July each year, both parties agree timetable for negotiation process starting at CSP on 13 September 2021. (Continues to be challenging this year due to uncertainty on Spending Review and local Government finance Settlement and latent demand on 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 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 12 January 2022 and WCF Board agreed the budget on 20 January 2022.
- DfE have consultation rights on budget as part of Governance Side Agreement.

Budget Headlines £7.9m gross investment

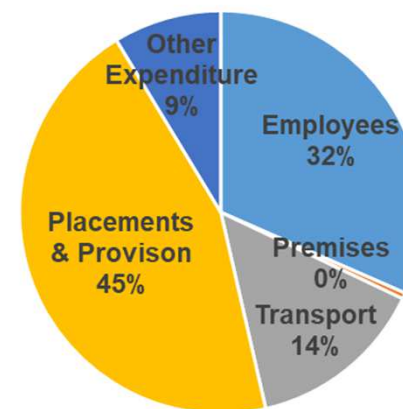
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	2022/23 £m	Comments
Funding ongoing children's social care placement pressures	5.9	Reflects gross increases in potential demand for numbers of cases and inflation for cost placements
Pay inflation	1.3	Staff inflation 3% across 2021/22 and 2022/23 noting the pay award for 2021/22 offer has been made but not agreed.
Prices Inflation	0.7	Contract inflation, including SEND and Home to School Transport costs
Total Gross	7.9	
<i>New Funding</i>		
WCF will in part be funded for 2022/23 by use of Social Care Grant plus the one-off Services Grant	(5.6)	The 2022/23 budget funds the agreed potential costs faced by WCF for the coming year. The in-year budget will be monitored carefully to assess any recurrent pressure. The net budget will be uplifted in 2023/24 if the one-off grant is removed and the demand remains. This is expected to be revised base budget starting position of at least £4.1 million.
Net base budget change	2.3	

- The full-year WCF budget is currently £134.9m gross, of which over half is the 'demand led' budgets of Placements and Home to School Transport.

WCF Budget 2022/23	£000's
Employees	42,595
Premises	659
Transport	19,372
Placements & Provison	60,580
Other Expenditure	11,715
Gross Expenditure	134,921
Sales, Fees and Charges	-2,459
WCF Budget / Contract Price	132,462

Expenditure by Type %



- There is a risk on placements could exceed the budget for 2022/23 of around £2m - £3m 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.

It should be noted that the £109.143m 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:

Latest 2022/23 Contract Funding Reconciliation		£000's	£'000's
2022/23 Gross Expenditure Budget			134,921
Non-WCC Sales, Fees and Charges		2,459	
WCC Gross Contract Sum			132,462
Funded By:			
	Dedicated Schools Grant	6,437	
	One-off Services Grant 2022/23	5,600	
	Public Health Ring-Fenced Grant	850	
	Other Grants	7,440	
	Other Income	316	
	HTST Income	1,497	
	Capitalised Revenue	608	
	Funding from Reserves	571	
	Total non-base budget funding passed through Council	23,319	
Total External Funding			25,778
Council Base Budget 2022/23			109,143

Indicative WCF 2022/23 Contract Value = Council Base Budget + Other Funding passed through

= £109.143m + £23.319m

= £132.462m

Add the £2.459m SFC income that WCF should collect, and WCF gross expenditure budget is therefore £134.921m

The table below shows how the Company has budgeted to spend £134.869m in 2022/23:

WCF Contract Sum 2022/23	Employees	Premises	Transport	Other Non-staffing	Total Expenditure	SFC	Company Budget
	£000	£000	£000	£000	£000	£000	£000
WCF Board & Senior management	689	0	6	75	770	0	770
Training	32	1	0	158	191	13	177
Resources Teams	2,251	0	12	1,111	3,374	275	3,099
Support service payments	0	0	0	7,531	7,531	0	7,531
Bus, Comm & Traded svcs	1,384	0	3	195	1,582	0	1,582
Resources	4,356	1	21	9,070	13,448	288	13,159
CSC Safeguarding services	9,263	163	203	2,369	11,998	0	11,998
Integrated Family Front Door	4,760	0	122	192	5,074	124	4,950
CSC Placements & Provision	6,196	281	145	56,298	62,920	15	62,905
Worc Safeguarding Childrens Bo	120	0	2	62	184	93	91
CSC Through Care	4,060	0	132	1,472	5,664	151	5,514
Early Interventions	4,960	0	113	187	5,260	0	5,260
Social Care	29,359	444	717	60,580	91,100	382	90,718
Quality & Improvement	1,611	0	26	255	1,892	572	1,320
SEND & Vulnerable learners	6,528	0	616	1,772	8,916	1,092	7,824
Sufficiency & Safeguarding	525	214	2	27	768	124	644
Education and Early Years	8,664	214	644	2,055	11,577	1,789	9,788
Home to School Transport	216	0	17,990	83	18,289	0	18,289
Home to School Transport	216	0	17,990	83	18,289	0	18,289
Youth Offending Services	0	0	0	507	507	0	507
Youth Offending Services	0	0	0	507	507	0	507
TOTAL	42,595	659	19,372	72,295	134,921	2,459	132,462

The table below shows the Gross DSG blocks (Prior to Academy recoupment) for 2022/23, based on the Provisional Settlement from the DfE, this reflects DfE NFF Year 5:

DSG Block	2021-22 Budget £'000	2022-23 Initial December 2021 £'000	Variance 2020-21 to 2021-22 £'000
Schools	369,495	381,380	+11,885
Pupil Growth Fund	1,908	1,976	+68
Sub Total Schools	371,403	383,356	+11,953
Central Services	3,377	3,325	-52
High Needs	68,401	75,548	+7,147
Early Years	36,476	33,613	-2,863
TOTAL	479,657	495,842	+16,185

Schools Block

Reflects DfE NFF Year 5.

Change in pupil numbers October 2020 to October 2021 of +158 (Primary -263.5; Secondary +421.5).

Pupil Growth Fund

Reflects DfE NFF and change in pupil numbers between October 2020 and October 2021.

Central Services

Reflects further 20% reduction in Historic Commitments (EIFS) of -£0.19m.

Effect of increase in pupil numbers for central block NFF +£0.014m.

High Needs

Reflects DfE NFF Year 5.

Increase in academy recoupment of £8.582m to £8.886m –2022-22 Gross £75.548m; Net £66.662m.

Early Years

Reflects an increase to the allocated hourly rates for 2 year-olds and 3 & 4 year-olds. Census based on January 2021 which numbers reduced due to covid

- The High Needs Block includes an additional allocation of £7.1m in 2022-23 which is Worcestershire's share of the national £780m announced in October 2021 and a further £325m announced in the settlement to support High Needs placement and top up pressures being experienced in all local authorities.
- This will support some of the ongoing significant cost pressures in the High Needs DSG, however this will not eliminate the deficit of around £16m which will need to be carried forward into 2022/23.
- Currently the council is not required to set aside any of its own resources, for example as an earmarked reserve, to specifically offset this accumulating deficit as the statutory instrument was silent on what the position will be from 1 April 2023 onwards.
- Currently there is a key risk associated with the expectations of government once the period of the statutory instrument comes to an end, namely the position for the 2023/24 financial year that will therefore be appraised in the reserves position reported for the 2022/23 accounts.
- 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 23 September and on 18 November 2021 and endorsed the proposals for the LSFF for 2022-23 and approved as required for 2022/23, under their responsibilities in the School Forum Regulations. Cabinet approved the mainstream local funding formula for 2022-23 on 9 December 2021.
- The WSF will meet again on 20 January 2022 to consider the School Funding Settlement 2022/23, the LSFF for mainstream schools and the required submission of the LSFF to the Education and Skills Funding Agency (ESFA) during January 2021.