

Appendix 2 – Budget Monitoring 2021/22 – December Q3

Children and Families Overview and Scrutiny Panel

10th March 2022

Dedicated Schools Grant December (Period 9) Budget Monitoring Position

DSG year-end position is a forecast overspend of £5.4m with a forecast deficit of £12m at the end of 2021/22:

		Overspends		
		R	Over 5%	
		A	1% to 5%	
		G	0 to 1%	
2021/22 Budget Monitoring Period 09 - December 2021	Current Budget	Forecast Outturn	Variance	Variance
	£000	£000	£000	%
Schools DSG Block	124,528	124,528	0	0.0%
High Needs DSG Block	59,275	64,804	5,529	9.2%
Early Years DSG Block	36,476	36,476	0	0.0%
Central DSG Block	3,377	3,230	(147)	-4.4%
DSG	223,656	229,038	5,382	

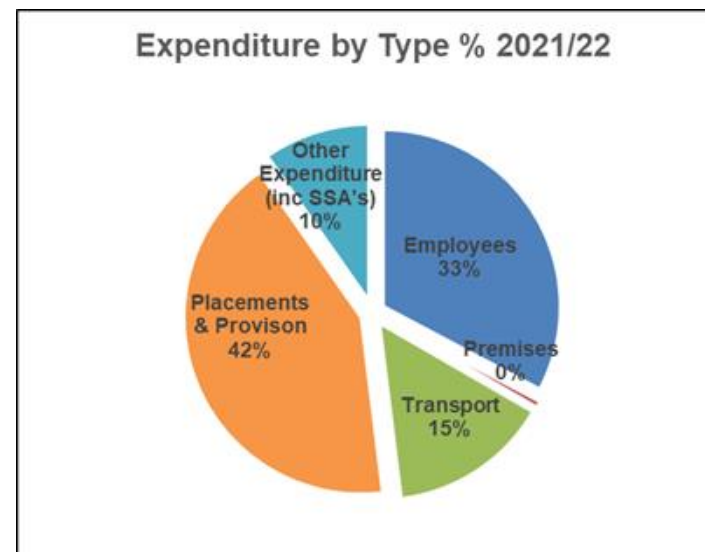
Summary Position for Dedicated Schools Grant	
	£m
Accumulated Deficit 1 April 2021	6.5
Projected High Needs Deficit 2021/22	5.5
Projected Saving on Other Blocks	-0.1
School Funding Position	0.0
Projected Accumulated Deficit 31 March 2022	11.9
Potential Future call on Early Years and Schools Block Pupil Growth	3.1
Projected High Needs Shortfall 2022/23	4.0
Projected Accumulated Deficit 31 March 2023	19.0

- 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	42,567
Premises	748
Transport	19,122
Placements & Provison	54,863
Other Expenditure (inc SSA's)	12,643
Gross Expenditure	129,943
Sales, Fees and Charges	-2,162
WCF Budget / Contract Price	127,781



- 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 3 2021/22 - £0.45m overspend or 0.4%

As at P9, WCF is forecast to have an in-year deficit of £0.45m, which is 0.4% of the contract sum. At the same point last year, the forecast was for a £0.2m 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 £000	YTD £000	Full-year Projection £000	Variance £000	Variance %	Change since last month £000
Contract Income	127,781	105,983	127,781	0	0.00%	0
Government Grants	0	0	0	0	0.00%	0
Interest	0	0	2	2	0.00%	1
CCG Income	0	-750	0	0	0.00%	0
Sales, Fees and Charges	2,162	1,809	2,279	118	5.44%	73
Total Income	129,943	107,042	130,063	120	0.09%	73
<i>less expenditure</i>						
Employees	42,567	29,473	40,480	-2,087	-4.90%	-191
Premises	748	146	646	-103	-13.71%	-112
Transport	19,122	10,577	19,000	-122	-0.64%	-5
Supplies & Services	16,640	11,426	17,921	1,281	7.70%	254
Third Party Payments	50,848	40,655	53,069	2,221	4.37%	-201
Transfer Payments	4	0	3	-2	-40.91%	0
Education Payments	0	0	0	0	0.00%	0
Reserves	0	0	0	0	0.00%	0
Support Services	14	33	14	0	0.00%	0
Total Expenditure	129,943	92,309	131,131	1,188	0.91%	-256
Projected Surplus/(Deficit) before Corporation Tax	0	14,733	-1,069	-1,069		328

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 3 2021/22 - £0.45m overspend or 0.4%

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	786	411	586	-200	-25.42%	-2
Training	191	55	164	-27	-14.02%	0
Resources Teams	4,331	2,225	4,082	-249	-5.74%	-7
Support Service Payments	7,531	5,661	7,507	-25	-0.33%	-25
Resources	12,839	8,351	12,339	-500	-3.89%	-33
CSC Safeguarding Services	12,410	9,154	13,211	801	6.45%	-46
Integrated Family Front Door	5,156	3,232	4,892	-264	-5.12%	-20
Placements & Provision	58,158	44,240	58,718	560	0.96%	-120
Worcestershire Safeguarding Children Board	0	-9	0	0	0.00%	0
CSC Through Care	5,562	3,970	5,752	190	3.42%	-7
CSC Targeted Family Support	4,362	2,874	4,407	46	1.05%	-1
Social Care	85,649	63,462	86,981	1,333	1.56%	-193
Sufficiency & Safeguarding	681	300	628	-54	-7.85%	-50
Quality and Improvement	1,867	1,021	1,875	8	0.43%	-79
SEND & Vulnerable learners	8,032	5,271	8,314	282	3.50%	27
Education and Early Help	10,580	6,592	10,816	236	2.23%	-102
Home to School Transport	18,206	11,057	18,206	0	0.00%	0
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Youth Offending Services	507	254	507	0	0.00%	0
Youth Offending Services	507	254	507	0	0.00%	0
TOTAL	127,781	89,716	128,850	1,069	0.84%	-328
Contract Income	127,781	105,983	127,781	0	0.00%	0
Covid Costs from Council	0	0	614	614	0.00%	0
Projected Surplus/(Deficit) before Corporation Tax	0	16,267	-455	-455		328

Resources Directorate is forecast to be underspent due to several posts held vacant and not expecting to be filled until the new Financial Year. Directorate restructure completed and £0.65m savings delivered. Takes account of savings from revised Senior Leadership Structure that went live on 1 October 2021.

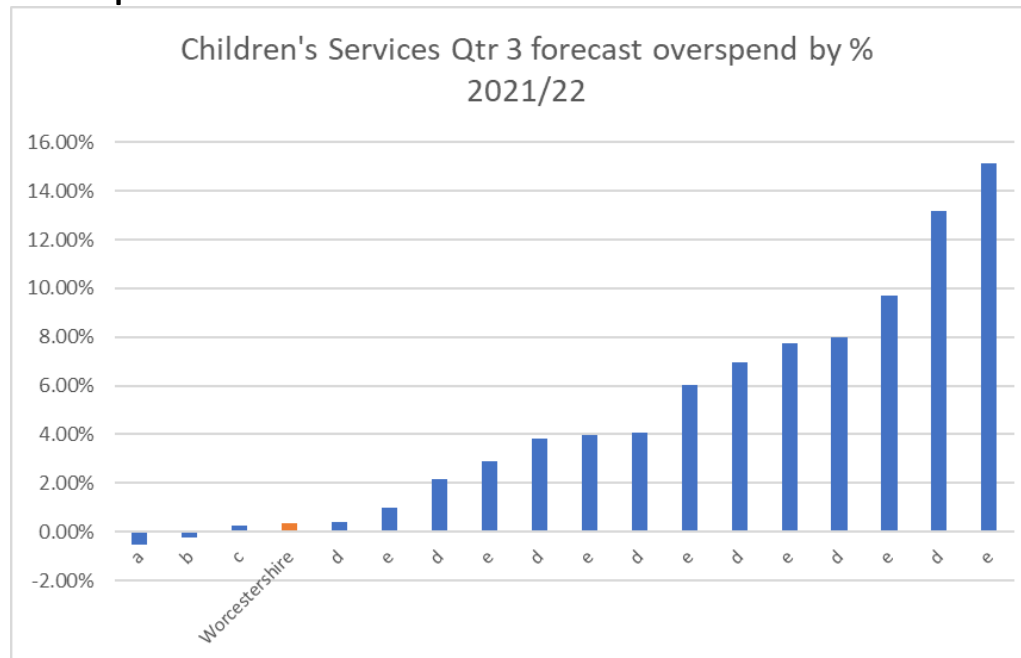
Social Care Service placements forecast overspent due to being demand led and to the high cost of some of these places. The success of other Social Care areas in terms of budgetary control (by holding vacancies where possible) continues. Whilst the external placement numbers are increasing locally and 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 by 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 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 3.
- WCF show a positive outcome (£m forecast overspend at P9) against all below including statistical neighbours. Data anonymized as taken from Cabinet reports as all Council's report differently.
- WCF attended Staffordshire MTFS working group to share examples of our financial management and specifically our approach to placements and Children in Care.





Any questions?