

# Appendix 2 - Budget Monitoring 2021/22 - Outturn

## Children and Families Overview and Scrutiny Panel

7<sup>th</sup> July 2022

# Overview of Council Outturn 2021/22

- Cabinet was presented with the provisional financial results for the Council on 1 July 2022.
- Position was a net underspend of £1.3m on a £355.5m budget.
- The £1.3m will be added to general fund balances which stand at £14.3m.
- In addition to the base budget the council had £70.4m of Covid related grant income (£46.9m received in 2021/22 and £23.5m brought forward from 2020/21).

Service area	Budget £m	Outturn £m	Variance £m
People – Adults	133.691	133.702	0.011
People – Communities	20.131	19.409	(0.722)
People – Public Health	(2.389)	(2.375)	0.014
Children’s Services/WCF	106.791	106.791	0.000
Economy & Infrastructure	55.349	55.104	(0.245)
Commercial & Change	7.465	6.672	(0.793)
Chief Executive/HR	1.098	0.850	(0.248)
<b>Sub Total: Services</b>	<b>322.136</b>	<b>320.153</b>	<b>(1.983)</b>
Corporate Savings Target	(1.500)	0.000	1.500
Finance /Corporate Items	34.895	34.042	(0.853)
<b>Total</b>	<b>355.531</b>	<b>354.195</b>	<b>(1.336)</b>

*Children's / WCF Budget figure of £106.7m is the net budget to pay the net contract price to WCF*

# Dedicated Schools Grant Outturn 2021/22

DSG year-end position is an overspend of £4.8m with a cumulative deficit of £11.3m at the end of 2021/22, the deficit position at the end of 2022/23 is predicted to be around £19m:

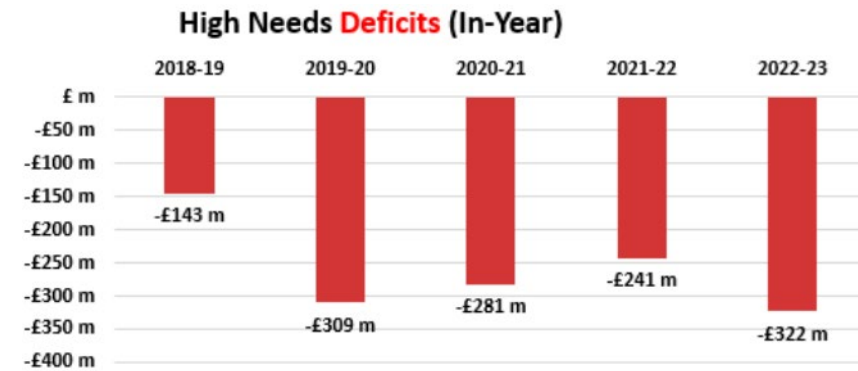
Overspends	
<b>R</b>	Over 5%
<b>A</b>	1% to 5%
<b>G</b>	0 to 1%

2021/22 Budget Monitoring Outturn - March 2022	Current Budget	Outturn	Variance	Variance
	£000	£000	£000	%
Schools DSG Block	124,528	123,178	(1,350)	-1.0%
High Needs DSG Block	59,353	65,649	6,296	10.5%
Early Years DSG Block	32,480	31,794	(686)	-1.9%
Central DSG Block	3,377	3,203	(174)	-5.2%
Other School Grants	0	(263)	(263)	0.0%
<b>DSG</b>	<b>219,738</b>	<b>223,561</b>	<b>3,823</b>	
DSG Grant	(219,738)	(218,751)	987	-0.4%
DSG transfer from Reserves	0	(4,810)	(4,810)	0.0%
<b>DSG including Grant Income</b>	<b>0</b>	<b>0</b>	<b>0</b>	

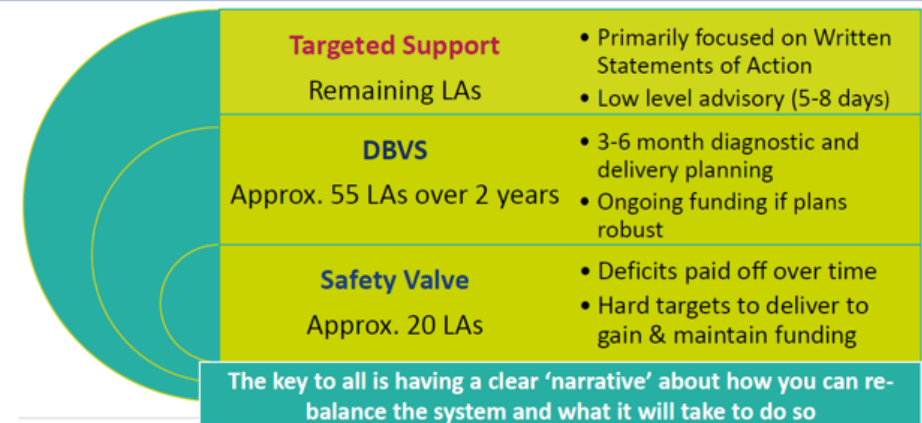
Summary Position for Dedicated Schools Grant	
	£m
Accumulated Deficit 1 April 2021	6.5
High Needs Deficit 2021/22	6.3
Savings on Other Blocks	-1.5
School Funding Position	0.0
<b>Projected Accumulated Deficit 31 March 2022</b>	<b>11.3</b>
Potential Future call on Early Years and Schools Block Pupil Growth	3.1
Projected High Needs Shortfall 2022/23	5.0
<b>Projected Accumulated Deficit 31 March 2023</b>	<b>19.4</b>

- 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.

- DSG deficits have been increasing over the last few years with some LA's with a deficits of over £40m to £60m+
- Some LA's having are part of safety valve programme - 9 LA's receiving £300m additional funding (£127m upfront in 2021/22) the remainder reserved for future years.
- Delivering Better Value in SEND support programme to support up to 55 local authorities to reform their high needs systems, addressing the underlying issues that lead to increased pressure, and putting them on a more sustainable footing. £85m one off funding has been set aside for this Worcestershire are included.
- Deficit's will impact on our financial sustainability with a cliff edge at the end 2022/23 the point at which the statutory override ends, the deficits return to councils' balance sheets with the requirement to offset the deficits with other reserves.
- Even if the SEND Review is able to solve the existing structural challenges and ensure costs stop rising, the deficits will remain and must be addressed if local authorities are to be on a sustainable footing. Limited Capital funding for SEND £5m in 2022/23.
- In cumulative terms, High Needs deficits have increased or are forecasted to increase throughout the surveyed period; currently at almost £750m this is forecasted to almost double to over £1.31bn by March 2023.



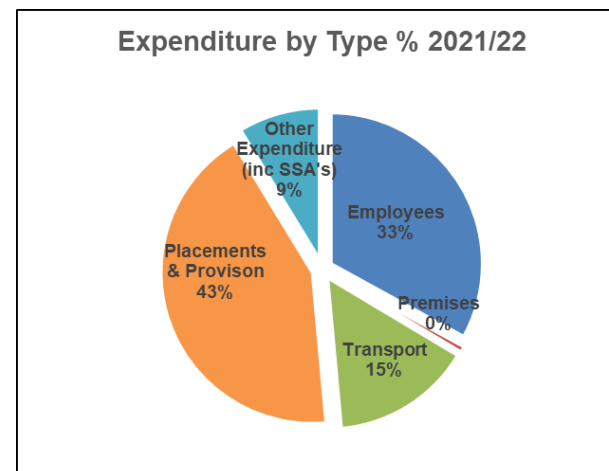
## 3 new layers of DfE 'intervention' are coming



# WCF 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	42,073
Premises	748
Transport	19,103
Placements & Provison	54,514
Other Expenditure (inc SSA's)	11,099
<b>Gross Expenditure</b>	<b>127,537</b>
Sales, Fees and Charges	-2,162
WCF Budget / Contract Price	<b>125,375</b>



- 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, this wasn't needed only due to very careful management and corrective action taken throughout the year.
- As part of the Council's budget setting process, the Company was required to find £2.950m of savings to contribute to an overall balanced position, these were delivered. Resources Restructuring £650k, the in-sourcing of school improvement has enabled us to grow our traded element and by an additional £0.6m and various service reviews and targeted specific budget reductions were identified and worked through with service leads across the business.

# Outturn 2021/22 - £51k underspend, so breakeven

As at P9, WCF is forecast to have an in-year deficit of £0.45m, which was 0.4% of the contract sum. This has been eventually turned around by the Company to a small surplus position at year-end.

	Latest Budget £000	YTD £000	Full-year Projection £000	Variance £000	Variance %	Change since last month £000
Contract Income	125,375	126,101	126,101	726	0.58%	726
Government Grants	0	6	6	6	0.00%	6
Interest	0	5	5	5	0.00%	0
CCG Income	0	0	0	0	0.00%	0
Covid-19 Costs from WCC	0	569	569	569	0.00%	-45
Sales, Fees and Charges	2,162	3,200	3,200	1,038	48.03%	699
<b>Total Income</b>	<b>127,537</b>	<b>129,881</b>	<b>129,881</b>	<b>2,344</b>	<b>1.84%</b>	<b>1,386</b>
<i>less expenditure</i>						
Employees	42,073	39,494	39,494	-2,579	-6.13%	220
Premises	748	748	748	0	0.00%	54
Transport	19,103	18,503	18,503	-600	-3.14%	-447
Supplies & Services	15,230	16,542	16,542	1,312	8.62%	-588
Third Party Payments	50,365	54,504	54,504	4,139	8.22%	2,152
Transfer Payments	4	0	0	-4	-99.28%	-2
Education Payments	0	0	0	0	0.00%	0
Reserves	0	0	0	0	0.00%	0
Support Services	14	33	33	19	141.21%	19
<b>Total Expenditure</b>	<b>127,537</b>	<b>129,823</b>	<b>129,823</b>	<b>2,287</b>	<b>1.79%</b>	<b>1,408</b>
<b>Projected Surplus/(Deficit) before Corporation Tax</b>	<b>0</b>	<b>57</b>	<b>57</b>	<b>57</b>		<b>-22</b>

The story is very similar to last year – pressures on Placements for Looked After Children c £1.8m caused an overspend in that area, which the service is mitigated by finding reductions in other areas. This is illustrated on the next page where the forecast is shown at service level.

# Outturn 2021/22 - £51k underspend, so breakeven (2)

	Latest Budget	YTD	Full-year Projection	Variance	Variance	Change since last month
	£000	£000	£000	£000	%	£000
WCF Management & Board	773	595	595	-178	-23.03%	11
Training	197	137	137	-61	-30.71%	-19
Resources Teams	3,686	3,277	3,277	-410	-11.12%	32
Support Service Payments	7,531	7,506	7,506	-25	-0.33%	0
<b>Resources</b>	<b>12,188</b>	<b>11,514</b>	<b>11,514</b>	<b>-673</b>	<b>-5.52%</b>	<b>24</b>
CSC Safeguarding Services	12,838	13,520	13,520	682	5.31%	-68
Integrated Family Front Door	4,758	4,439	4,439	-319	-6.71%	-61
Placements & Provision	57,818	59,616	59,616	1,798	3.11%	954
Worcestershire Safeguarding Children Board	0	0	0	0	0.00%	0
CSC Through Care	5,589	5,563	5,563	-26	-0.46%	-135
CSC Targeted Family Support	4,362	4,008	4,008	-353	-8.10%	29
<b>Social Care</b>	<b>85,365</b>	<b>87,146</b>	<b>87,146</b>	<b>1,782</b>	<b>2.09%</b>	<b>719</b>
Sufficiency & Safeguarding	681	457	457	-224	-32.91%	-142
Quality and Improvement	1,632	1,694	1,694	62	3.79%	52
SEND & Vulnerable learners	6,796	7,126	7,126	330	4.86%	49
<b>Education and Early Help</b>	<b>9,109</b>	<b>9,277</b>	<b>9,277</b>	<b>168</b>	<b>1.84%</b>	<b>-41</b>
Home to School Transport	18,206	18,206	18,206	0	0.00%	0
<b>Home to School Transport</b>	<b>18,206</b>	<b>18,206</b>	<b>18,206</b>	<b>0</b>	<b>0.00%</b>	<b>0</b>
Youth Offending Services	507	470	470	-38	-7.47%	0
<b>Youth Offending Services</b>	<b>507</b>	<b>470</b>	<b>470</b>	<b>-38</b>	<b>-7.47%</b>	<b>0</b>
<b>TOTAL</b>	<b>125,375</b>	<b>126,613</b>	<b>126,613</b>	<b>1,238</b>	<b>0.99%</b>	<b>702</b>
Contract Income	125,375	126,101	126,101	726	0.58%	726
Costs to go back to WCC	0	0	0	0	0.00%	6
CCG Income	0	0	0	0	0.00%	6
Covid Costs from Council	0	569	569	569	0.00%	-45
<b>Projected Surplus/(Deficit) before Corporation Tax</b>	<b>0</b>	<b>57</b>	<b>57</b>	<b>57</b>		<b>-10</b>
<b>Corporation Tax Liability</b>				<b>6</b>		
<b>Surplus/(Deficit) to transfer to retained earnings</b>				<b>51</b>		

Resources Directorate was 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. the Directorate will release further savings and assist with the overall financial position of the company in 2022/23

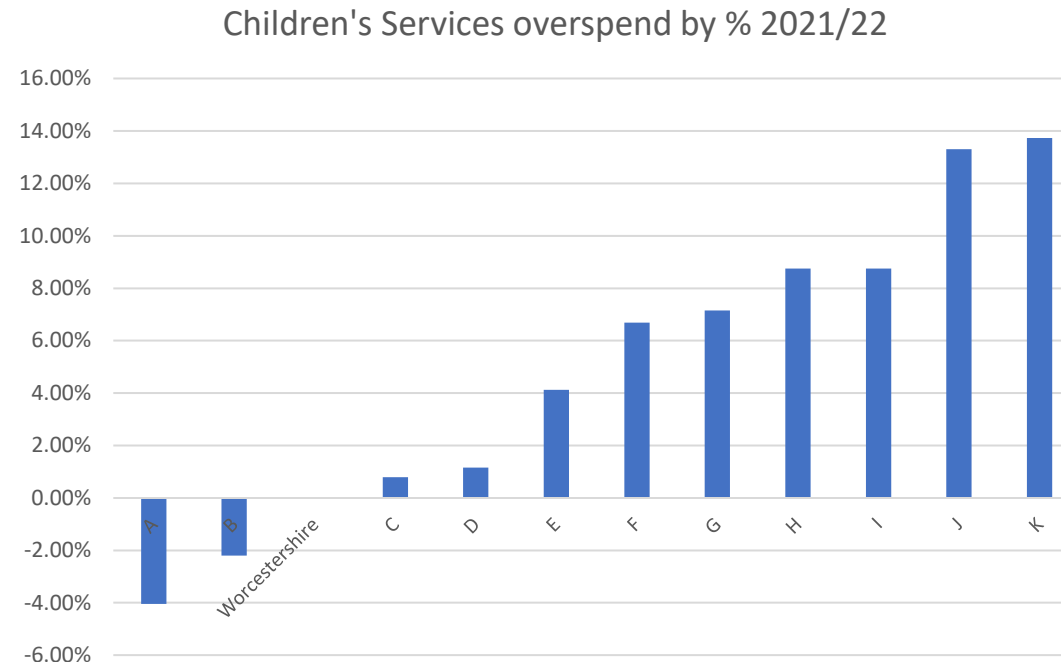
Social Care Service placements were overspent due to being demand led and to the high cost of some of these places. The success of other Social Care areas in terms of budgetary control (by holding vacancies where possible) continues. Whilst the external placement numbers are increasing locally and nationally.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

The key overspends in 2021/22 relate to the Educational Psychology Service £0.186m (who have agency arrangements in place) and SEND team - £0.120m including non-staffing budget (for legal services, tribunal and mediation). Sufficiency & Place Planning have a £0.092m underspend due to delayed recruitment to posts.

The required savings of £2.95m have been delivered for 2021/22 – the increased trading income of £0.6m has been achieved and income from schools are marginally under the 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.
- Given the timing of year end the of LA's / Trusts that have publicly published their outturn WCF show a positive outcome.
- Data anonymised as taken from Cabinet reports as all Council's report differently.





- WCF external audit was complete at the end of June – by our Auditors Grant Thornton.
- Accounts prepared under FRS102.
- WCF Risk, Governance and Audit Board will review accounts and audit report in detail in early July.
- Anticipated Unmodified audit opinion – clean bill of health.
- Included as part of council’s group financial statements that were presented to Cabinet on 1 July 2022.





# Any questions?