

Appendix 2 - Budget Monitoring 2022/23 – Forecast Outturn Period 4

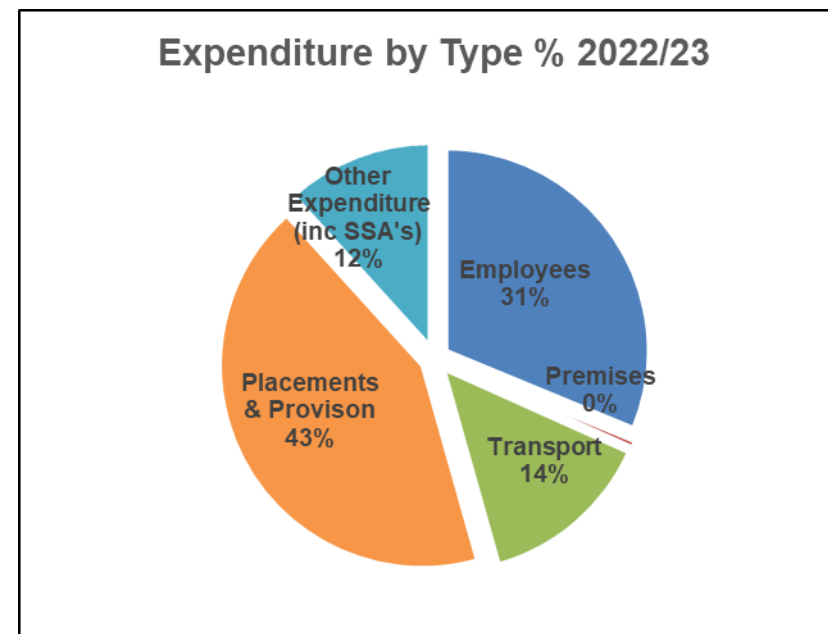
Children and Families Overview and Scrutiny Panel

20th September 2022

WCF Budget Overview 2022/23

- The full-year WCF budget is currently £136m of which over half is the 'demand led' budgets of Placements and Home to School Transport.

WCF Budget 2022/23	£000's
Employees	42,399
Premises	657
Transport	18,896
Placements & Provison	57,912
Other Expenditure (inc SSA's)	15,914
Gross Expenditure	135,777
Sales, Fees and Charges	-2,533
WCF Budget / Contract Price	133,244



- 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

Forecast Outturn 2022/23 - £1.8m forecast overspend

	Latest Budget £000	YTD £000	Full-year Projection £000	Variance £000	Variance %
WCF Management & Board	967	308	934	-33	-3.44%
Training	177	14	165	-12	-6.80%
Resources Teams	7,070	1,847	6,807	-263	-3.71%
Support Service Payments	7,479	1,870	7,479	0	0.00%
Resources	15,692	4,039	15,384	-308	-1.96%
CSC Safeguarding Services	6,827	1,843	7,272	445	6.52%
Integrated Family Front Door	4,860	1,354	4,632	-229	-4.71%
Placements & Provision	60,020	15,949	61,839	1,818	3.03%
Worcestershire Safeguarding Children Board	91	-18	91	0	0.00%
CSC Through Care	5,579	1,566	5,669	90	1.61%
CSC Targeted Family Support	5,341	1,393	4,810	-531	-9.93%
Social Care	82,719	22,088	84,313	1,594	1.93%
AAD Staffing	5,494	1,937	6,014	520	9.46%
AAD Short Breaks	2,611	49	2,646	35	1.35%
AAD Placements & Packages	2,098	1,130	1,961	-137	-6.52%
All Age Disability	10,202	3,116	10,620	418	4.10%
Sufficiency & Safeguarding	647	122	660	13	1.95%
Quality and Improvement	1,236	351	1,236	0	0.00%
Vulnerable learners	3,742	698	3,809	67	1.78%
Education, Early Years, Inclusion and Place Planning	5,626	1,171	5,705	79	1.41%
Home to School Transport	18,498	6,070	18,498	0	0.00%
Home to School Transport	18,498	6,070	18,498	0	0.00%
Youth Offending Services	507	127	507	0	0.00%
Youth Offending Services	507	127	507	0	0.00%
TOTAL	133,244	36,610	135,027	1,783	1.34%
Contract Income	133,244	55,851	133,244	0	0.00%
Projected Surplus/(Deficit) before Corporation Tax	0	19,241	-1,783	-1,783	
Corporation Tax Liability				0	
Surplus /(Deficit) to transfer to retained earnings				-1,783	

Resources Directorate underspend mainly relates to vacant posts which were being held in mitigation of a challenging financial position. Further restructuring of the management of teams within the Directorate will release further savings and assist with the overall financial position of the company in 2022/23 and will assist with the Council's Corporate Savings Target.

Social Care Service placements are forecast to be overspent due to increase in demand and complexity. The current number of placements is 939, a sharp increase from the figure of 921 from June, in the last year the increase has been around 3%. As part of managing risk and volatility in Children's placements, there is an earmarked reserve of £1.9 million set aside in the council, there may be a need to call upon this in 2022/23. There is some mitigation in other Social Care areas in terms of budgetary control (by holding vacancies if 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 however, this is more challenging in the current economic environment.

There is also pressure in the All-Age Disability Service mostly relating to the Educational Psychology Service which forecasts additional costs of £0.29 million for associates in order to manage demand/caseloads. This is offset by some underspends elsewhere in WCF to mitigate the pressure in the service.

Dedicated Schools Grant Outturn 2022/23

DSG year-end position is an overspend of £4.1m with a cumulative deficit of £15.4m at the end of 2022/23, the deficit position at the end of 2023/24 is predicted to be around £20m:

2022/23 Budget Monitoring Period 4 - July 2022	Current Budget	Forecast Outturn	<u>Overspends/ Underspends (-)</u>	
			R	Over 5%
			A	1% to 5%
			G	0 to 1%
	£000	£000	Variance £000	Variance %
DSG Blocks				
Schools	128,077	127,737	(340)	-0.3%
High Needs	69,060	73,960	4,900	7.1%
Early Years	35,418	34,914	(504)	-1.4%
Central	3,325	3,325	0	0.0%
DSG	235,880	239,936	4,056	

Summary Position for Dedicated Schools Grant	
	£m
Accumulated Deficit 1 April 2022	11.3
High Needs Deficit 2022/23	4.9
Savings on Other Blocks	-0.8
Accumulated Deficit 31 March 2023	15.4
Projected Early Years and Schools Block	-0.5
Projected High Needs Shortfall 2022/23	5.0
Projected Accumulated Deficit 31 March 2024	19.9

- Whilst DSG allocations are generally forecast to continue to rise but not at the rate of the last few years, the provisional 2023/24 DSG budgets have been announced and is to increase by around 5%. Worcestershire High Needs pressures continue to be in line with known national picture.
- Currently the deficit sits as a negative unusable reserve on the balance sheet permitted via a statutory instrument. There is a temporary statutory override to ringfence DSG deficits from councils' wider financial position in their statutory accounts. The Council has not set aside any of its own resources, for example as an earmarked reserve, to specifically offset this accumulating deficit at this point. The High Needs deficit will impact on the council's future financial sustainability once the override ends on 31 March 2023 c £15.4m. It is worth noting that this is not a Worcestershire County Council issue in isolation and is a major concern amongst local authorities nationally.

- Delivering Better Value in SEND support programme to support 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 (c£60m for LA's) one off funding has been set aside for this. Worcestershire are included.

Delivering Better Value: Programme Aims

Short term help

Support 55 local authorities to implement changes in their local high needs system (incl. partners such as health, schools and parents-carer forums) so they provide *effective services* for children and young people with SEND while *functioning sustainably*.

Informing long term reform

Aggregate a quantified and objective evidence base across a third of the sector, which can be used to inform future national support programmes and future policy, legislative and funding changes

Delivering Better Value: Offer to LAs

Diagnostic support to LAs delivered by the partnership of Newton, CIPFA and SEND Advisors to ensure local implementation programmes have a high quality foundation to work from

Collation of a centralised catalogue of best practice in delivering services for children with SEND that all LAs can access for further support in the short term and which can also inform future national changes

Grant funding to LAs to support the implementation of local change in the short term (c. £60m to be allocated across all 55 LAs)

Aggregation of data and evidence across all the LAs in the programme into a central asset that can be analysed to understand consistent themes and challenges across a third of the sector, helping inform future national changes



Any questions?