

WORCESTERSHIRE
CHILDREN FIRST



Appendix 1 – 2023/24 Draft Budget

**Children and Families Overview and
Scrutiny Panel**

17th January 2023



- Budget Report to Cabinet on 5 January 2023 summarises the financial position for Council and each of the service areas.
- Local Government Settlement announced on 19 December was a one-year settlement, however funding contains net additional grant funding of £26.3m which is extremely welcome.
 - Core spending power increased to upper tier Authorities to recognise significant demand pressures which included an increase to our Settlement Funding assessment by £8.4m.
 - Further funding of £19.5m to recognise significant pressures within Adults and Children's Social Care.
 - Reduction in new homes bonus of £1.1m and £0.5m in Services Grant.
 - Policy statement suggests core funding grants will increase by inflation in 2024/25.
- Funding Review anticipated for 2025/26
- Proposed Council Tax increase of 2.94%, plus a 2% Adult Social Care Levy - Total 4.94%

WCC Budget Changes 2022/23 to 2023/24



Budget Pressures	£m
Pay Inflation as set nationally	11.6
Contract Inflation	17.0
Rebase budget and Waste Financing	8.7
Service demand – see below	30.6
Total	67.9

- People Services - **£18.5m**
- WCF - **£4.9m**
- E&I - **£0.9m**
- COACH - **£0.8m**
- Capital Programme - **£5.5m**

£30.6m

Provisional Budget 2023/24	£m
Investment and Pressures to Fund	67.9
<i>Funded From:</i>	
Government Funding - Section 6	-26.3
Council Tax - Section 10	-14.0
Increase in use of Earmarked Reserves Above MTFP - Section 8	-5.2
Savings and Efficiencies Required - Section 7	-22.4

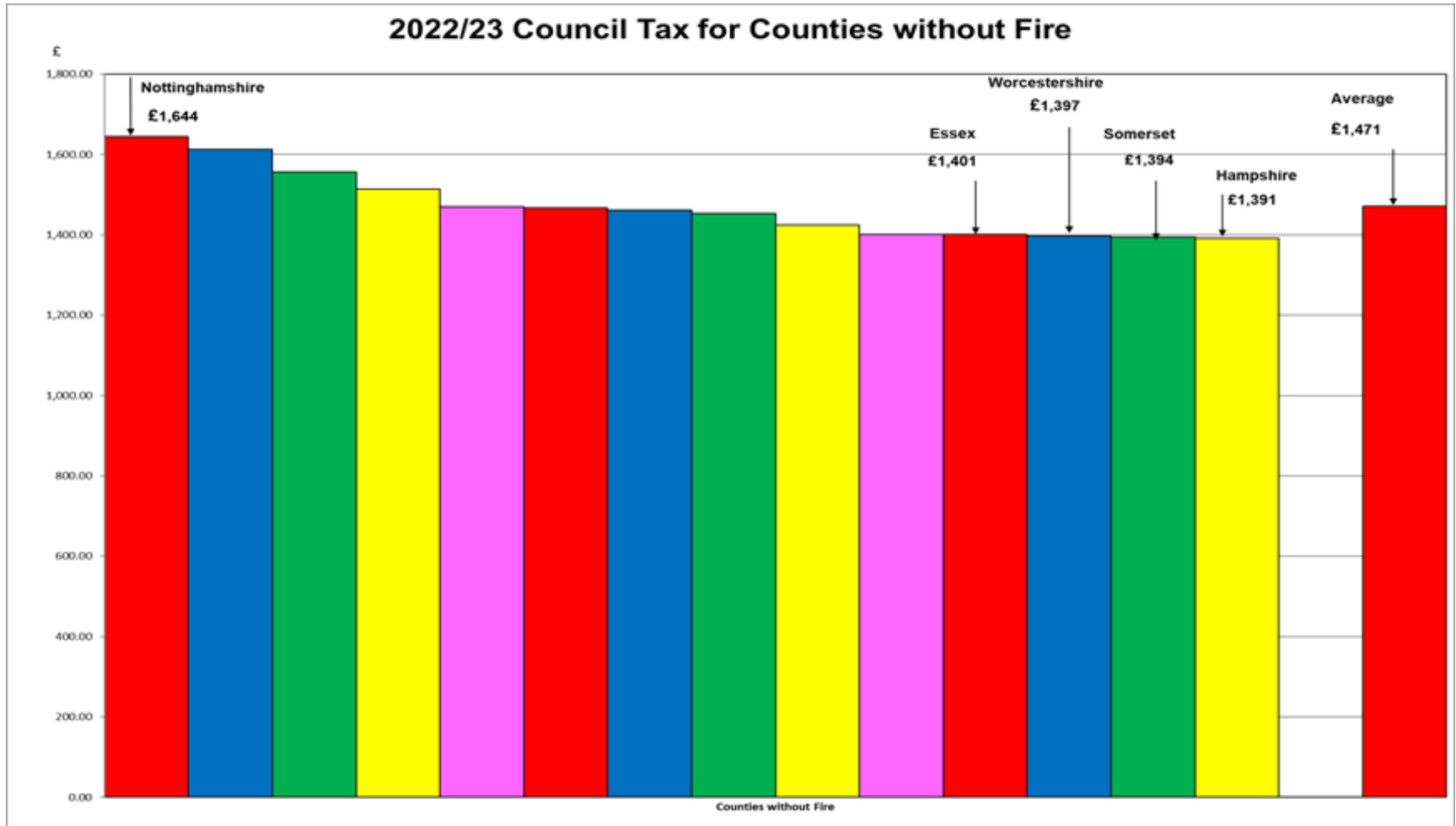
Section numbers relate to the information contained within the Budget Report to Cabinet dated 5 January 2023.

2% Adult Social Care Levy for 2023/24 in order to contribute to existing cost pressures due to Worcestershire's ageing population.

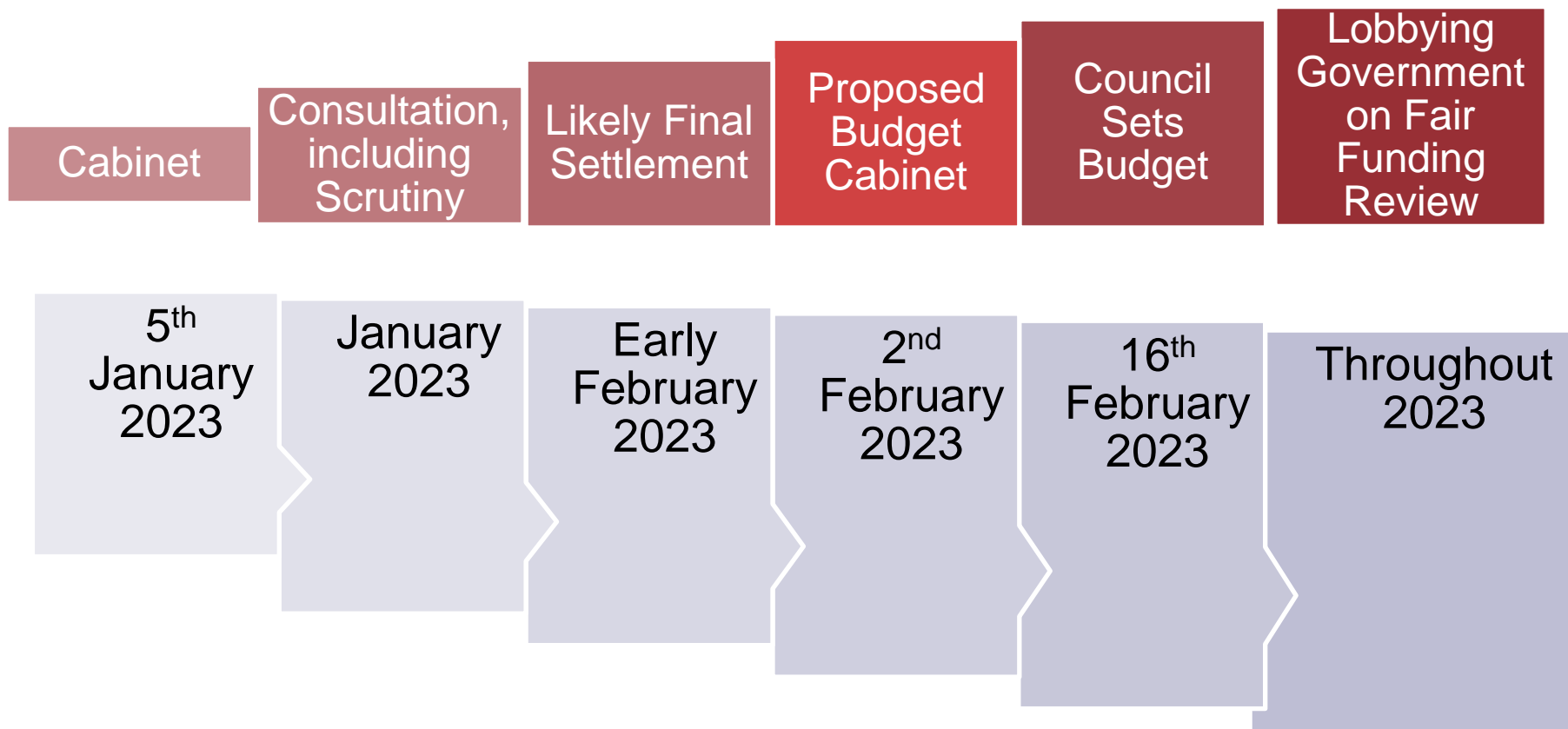
2.94% - to provide financial support to continue to fund investments in those areas that the public have consistently highlighted as important.

An increase of 4.94% which is an average £1.33 per week for a Band D householder.

Worcestershire is likely to remain in the lower quartile for level of Council Tax for comparable councils.



Budget Planning Timeline for 2023/24



SPECIFIC 2023/24 BUDGET INFORMATION

CHILDREN AND FAMILIES

- On or before 1 July each year, both parties agree timetable for negotiation process starting at CSP on 12 September 2022. (Financial planning continued to be challenging this year due to uncertainty in the economy and Autumn Statement and Local Government finance Settlement and increased demand in Childrens Social Care).
- 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 will review the draft budget on 20 January 2023 and WCF Board will formally agreed the budget on 26 January 2023.
- The DfE who previously had consultation rights have fallen away since the Direction has been removed as part of our continuous improvement.

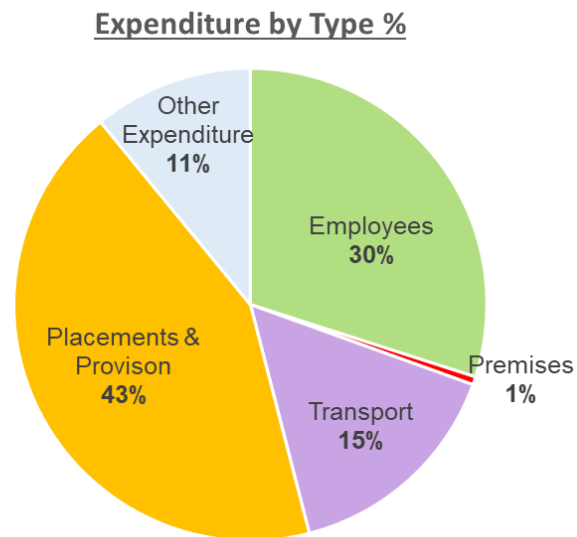
Children's Services Net Investment	£m
Growth - Demand including Home to School Transport	4.9
Pay Inflation	4.0
Contract inflation including Home to School Transport	4.8
Total Investment into Children's Services	13.7
Savings Identified relevant to Children's	-3.6
Net Investment into Children's Services	10.1
Funded by	
Social Care Grant	9.3
Council tax funding for Home to School Transport Pressures	0.8
Total Funding	10.1

- Section 7 of the Cabinet report details Savings, Efficiency and Income proposals a summary relating to Children's is set out below and details of the £1.3m are in appendix 3 to the Cabinet report.

Summary of Savings	£m
Reduction of employer's pension fund rate from 18.6% to 17.1%	0.6
Vacancy factor at 6.5% (additional 4%)	1.7
Savings proposals see Appendix 3	1.3
Total Proposed Savings and Reforms	3.6

- The full-year WCF budget is currently £147m gross, of which over half is the 'demand led' budgets of Placements and Home to School Transport.

WCF Budget 2023/24	£000
Employees	43,939
Premises	810
Transport	22,925
Placements & Provison	63,245
Other Expenditure	16,070
Gross Expenditure	146,990
Sales, Fees and Charges	3,060
WCF Budget / Contract Price	143,930



- Despite the additional growth there is a risk on demand led placements which could exceed the budget for 2023/24 by around £2m - £3m, this will be mitigated by the £2m 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 £111.105m 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 the Social Care Grant, DSG or CFC reserves used to fund WCF activity:

Latest 2023/24 Contract Funding Reconciliation		£000	£000
Gross Expenditure Budget			146,990
Non-WCC Sales, Fees and Charges		3,060	
WCC Gross Contract Sum			143,930
Funded By:			
	Dedicated Schools Grant	6,569	
	One-off Services Grant	2,500	
	Public Health Ring-Fenced Grant	850	
	Social Care Grant	15,289	
	Other Grants	4,157	
	Other Income	336	
	HTST Income	1,597	
	Capitalised Revenue	608	
	Funding from Reserves	919	
	Total non-base budget funding passed through Council	32,825	
	Total External Funding		35,885
	Council Base Budget 2023/24		111,105

Indicative WCF 2022/23 Contract Value = Council Base Budget + Other Funding passed through
= £111.105m + £32.825m
= £143.930m

Add the £3.060m SFC income that WCF should collect, and WCF gross expenditure budget is therefore £146.990m

The table below shows the Gross DSG blocks (Prior to Academy recoupment) for 2023/24, based on the Provisional Settlement from the DfE:

DSG Block	2022-23	2023-24	Increase %	
	Budget	Initial	2022-23 to Increase	
		Dec-22	2023-24	
	£'000	£'000	£'000	
Schools	381,380	403,723	22,343	
Pupil Growth Fund	1,976	2,139	163	
Sub Total Schools	383,356	405,862	22,506	5.87%
Central Services	3,325	3,332	7	0.21%
High Needs	78,325	86,087	7,762	9.91%
Early Years	33,613	37,326	3,713	11.05%
TOTAL	498,619	532,607	33,988	6.82%

Schools Block

Change in pupil numbers October 2021 to October 2022 of +511 (Primary -64.5; Secondary +575.5), increase of 5.87% including rolling in of the supplementary grant of £11.2m.

Pupil Growth Fund

Reflects DfE NFF and change in pupil numbers between October 2021 and October 2022.

Central Services

Reflects further 20% reduction in Historic Commitments (EIFS) of -£0.154m.

Effect of increase in pupil numbers for central block NFF +£0.161m.

High Needs

Gross £86,087m; Net £75,226m. This includes included additional DSG high needs block allocations, following the Autumn Statement 2022, additional funding of £400m equates to £3.4m for Worcestershire.

Early Years

Based on based on the early years funding rates published in December 2022, this will be updated in January 2023 based on census numbers.

- The High Needs Block includes an additional allocation of £7.7m in 2023/24, which was expected, the Autumn Statement committed further additional funding of £400m nationally for this area of spend which is under severe pressure.
- This will support some of the ongoing significant cost pressures in the High Needs DSG, however this will not eliminate the deficit of around £20m by the end of 2023/24 which will need to be carried forward into 2024/25.
- On the 12 December 2022 the Government announced its intention to extend the statutory override for the Dedicated Schools Grant for the next 3 years from 2023-24 to 2025/26, which is welcome in the short term, however this essentially defers the problem of funding and how to solve the historical deficit for SEND and High Needs to the end of March 2026.
- The deficit will continue to be held as an unusable reserve where it will sit as though it did not exist, at the end of March 2024 this is forecast to be around £20m. This does mean that the council is required to cash flow the deficit and continue to prioritise the work needed to reduce the deficit through the Delivering Better Value (DBV) in Send programme.
- The Council with CCN / SCT / f40 continue to lobby and assess actions to address this area of spend which is a national issue.
- The Worcestershire Schools Forum (WSF) met on 29 September and on 23 November 2022 and endorsed the proposals for the LSFF and approved as required for 2023/24, under their responsibilities in the School Forum Regulations. Cabinet approved the mainstream local funding formula for 2023/24 on 8 December 2022.
- The WSF will meet again on 19 January 2023 to consider the School Funding Settlement 2023/24, the LSFF for mainstream schools and the required submission of the LSFF to the Education and Skills Funding Agency (ESFA) during January 2023.