

Appendix 2 - Budget Monitoring 2022/23 – Forecast Outturn Period 9

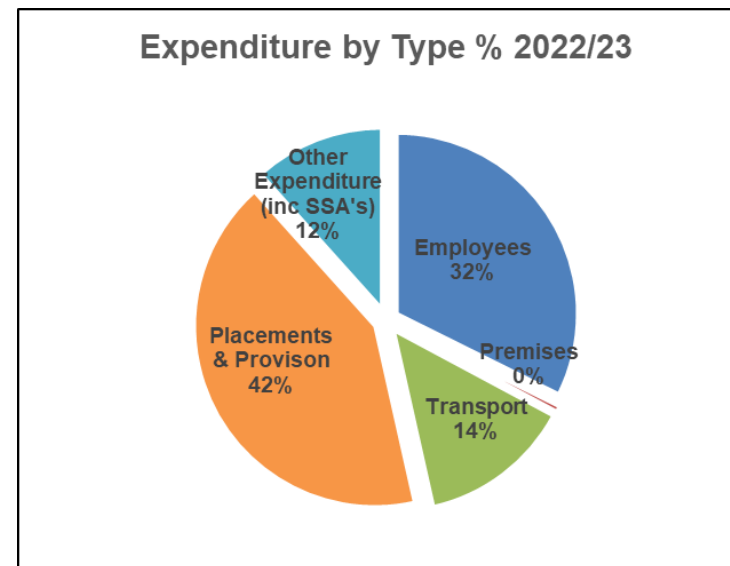
Children and Families Overview and Scrutiny Panel

22nd March 2023

WCF Budget Overview 2022/23

- The full-year WCF budget is currently £138m of which over half is the 'demand led' budgets of Placements and Home to School Transport.

WCF Budget 2022/23	£000's
Employees	44,733
Premises	665
Transport	18,902
Placements & Provison	57,918
Other Expenditure (inc SSA's)	16,105
Gross Expenditure	138,322
Sales, Fees and Charges	-2,508
WCF Budget / Contract Price	135,814



- At budget setting 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.
- This financial year continues to be an extremely challenging time for local government and WCC / WCF are no exception. Inflation and demand pressures are impacting on both income and expenditure particularly within Adults and Children's Social Care and Home to School Transport which is a concern in terms of the Council's / WCF's ability to manage its budgetary position. This position is not unique to Worcestershire.

Forecast Outturn 2022/23 - £8.4m forecast overspend at Period 9

	Latest Budget £000	YTD £000	Full-year Projection £000	Variance £000	Variance %	Change since last month £000
WCF Management & Board	948	642	867	- 81	-8.57%	-20
Training	183	60	153	- 30	-16.36%	-10
Resources Teams	7,039	4,251	6,116	- 923	-13.11%	-155
Support Service Payments	7,479	3,739	7,479	-	0.00%	0
Resources	15,650	8,692	14,615	- 1,034	-6.61%	-185
CSC Safeguarding Services	6,735	5,135	7,440	705	10.46%	83
Integrated Family Front Door	5,218	3,603	5,106	- 113	-2.16%	74
Placements & Provision	60,290	49,144	65,774	5,485	9.10%	270
Worcestershire Safeguarding Children Board	93	34	93	-	0.00%	0
CSC Through Care	5,817	4,134	5,787	- 31	-0.53%	-52
CSC Targeted Family Support	5,693	3,414	4,789	- 904	-15.89%	-143
Social Care	83,847	65,464	88,989	5,142	6.13%	232
AAD Staffing	6,079	4,685	6,724	645	10.61%	-24
AAD Short Breaks	2,665	1,133	2,941	276	10.35%	-22
AAD Placements & Packages	2,128	2,206	2,412	285	13.38%	348
All Age Disability	10,872	8,024	12,077	1,206	11.09%	302
Sufficiency & Safeguarding	681	339	648	- 33	-4.89%	-34
Quality and Improvement	1,882	1,160	1,781	- 102	-5.40%	-71
Vulnerable learners	3,878	1,975	3,480	- 398	-10.26%	-238
Education, Early Years, Inclusion and Place Planning	6,441	3,474	5,909	- 533	-8.27%	-343
Home to School Transport	18,498	15,296	22,111	3,614	19.54%	0
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Youth Offending Services	507	381	507	-	0.00%	0
Youth Offending Services	507	381	507	-	0.00%	0
TOTAL	135,814	101,331	144,208	8,394	6.18%	6
Contract Income	134,143	111,399	134,143	-	0.00%	0
Projected Surplus/(Deficit) before Corporation Tax	0	11,739	-8,394	- 8,394		-6

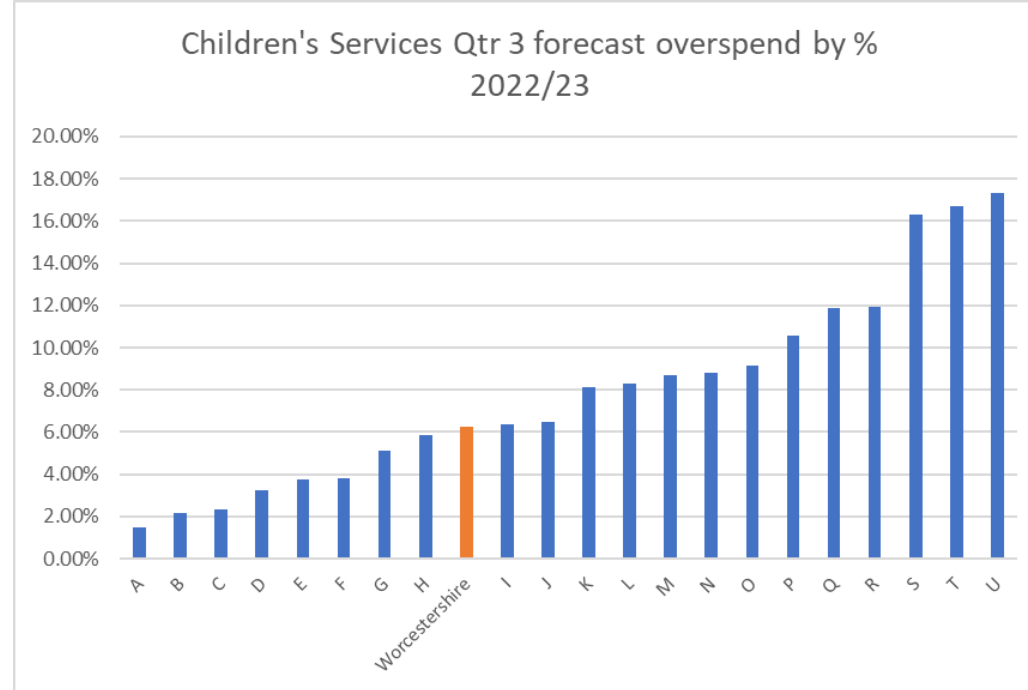
Resources Directorate's underspend mainly relates to vacant posts which were being held in mitigation of a challenging financial position. Further restructuring of the management of teams within the Directorate has released further savings and assist with the overall financial position of the company in 2022/23 which has contributed £0.245m (and an additional £0.25m from Social Care) towards with the Council's Corporate Savings Target of £5.1m. Interest income currently forecast at £265k due to the rise in interest rates has helped the overall position.

Social Care Service placements are forecast to be overspent due to increase in demand and complexity. The current number of placements is 1,026, an increase from the figure of 993 from September, in the last quarter the increase has been 3.3%, 11.6% in the last 12 months. 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 will be a need to call upon this in 2022/23. There are some mitigations 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 and SEND Service which forecasts additional costs of £0.6 million (some one off) for associates in order to manage demand/caseloads and backlog. Significant pressures in HTST £3.6m which will be partly offset by Covid Grant and Reserves in 2022/23.

Comparison with Other Local Authorities Children's Services

- In comparison with OLA's WCF are managing well the pressures of these demand led budgets. (Includes HST overspend of £3.6m)
- The chart below set out a range of LA's / Trusts forecast at Quarter 3.
- WCF are not out of line in a challenging sector against OLA's including statistical neighbours. Data anonymised as taken from published Cabinet reports.



Dedicated Schools Grant Outturn 2022/23

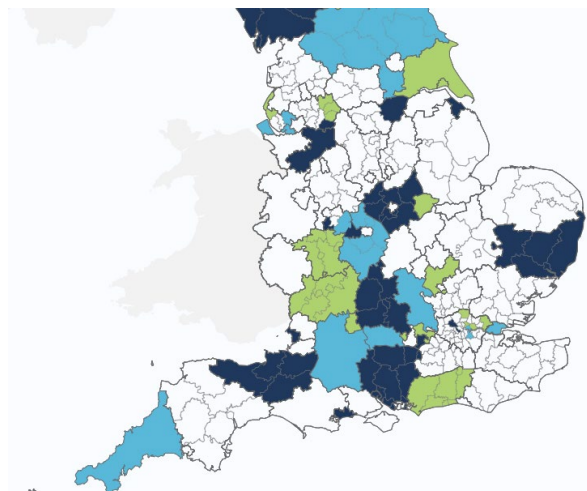
DSG year-end position is an overspend of £3.7m with a cumulative deficit of £15m at the end of 2022/23, the deficit position at the end of 2023/24 is predicted to be around £20m:

2022/23 Budget Monitoring Period 9 - December 2022	Current Budget	Forecast Outturn	<u>Overspends/ Underspends (-)</u>	
			R	A
				Over 5%
				1% to 5%
				0 to 1%
			Variance	Variance
DSG Blocks	£000	£000	£000	%
Schools	127,760	126,499	(1,261)	-1.0%
High Needs	68,405	73,905	5,500	8.0%
Early Years	35,418	34,914	(504)	-1.4%
Central	3,325	3,325	0	0.0%
DSG	234,908	238,643	3,735	

Summary Position for Dedicated Schools Grant	
	£m
Accumulated Deficit 1 April 2022	11.3
High Needs Deficit 2022/23	5.5
Savings on Other Blocks	-1.8
Accumulated Deficit 31 March 2023	15.0
Projected Early Years and Schools Block	-0.5
Projected High Needs Shortfall 2022/23	5.6
Projected Accumulated Deficit 31 March 2024	20.1

- 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 9.9% (including the share of £400m and announced in the Autumn Statement. 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. It is worth noting that this is not a Worcestershire County Council issue in isolation and is a major concern amongst local authorities nationally.
- 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 Department for Education acknowledges the current challenges which local systems are experiencing in delivering special educational needs and disability services (SEND). The Delivering Better Value in SEND programme (DBV in SEND) is aiming to support local authorities and their local area partners to improve the delivery of SEND services for children and young people whilst working towards financial sustainability.



Local areas participating in DBV in SEND

The 55 local areas taking part the Delivering Better Value in SEND programme have been split into three groups, known as 'tranches'.

Tranche 1 (diagnostic underway)

- Bournemouth, Christchurch & Poole
- Bracknell Forest
- Brent
- Bristol
- Cheshire East
- Cumbria
- Doncaster
- Dudley
- Hampshire
- Kensington & Chelsea
- Leicestershire
- North East Lincolnshire
- Oxfordshire
- Somerset
- Solihull
- Southampton
- South Tyneside
- Stockport
- Stockton-on-Tees
- Suffolk

Tranche 2 (diagnostic started Jan 2023)

- Central Bedfordshire
- County Durham
- East Riding of Yorkshire
- Enfield
- Gloucestershire
- Hackney
- Havering
- Kingston upon Hull
- Middlesbrough
- Newham
- Oldham
- Reading
- Redcar and Cleveland
- Rochdale
- Rutland
- Sefton
- Swindon
- Tameside
- West Sussex
- Windsor & Maidenhead
- Worcestershire

Tranche 3 (diagnostic provisionally starting August 2023)

- Birmingham
- Buckinghamshire
- Cornwall
- Borough of Halton
- Lewisham
- Tower Hamlets
- North Yorkshire
- St Helens
- Sunderland
- Thurrock
- Warwickshire
- West Berkshire
- Wiltshire
- Wirral

- The 55 local areas which have opted to participate in the initiative are being supported to identify the highest impact changes that can be made to improve outcomes for children and young people with SEND, and to optimise the use of finances. In Phase One, each local authority receives dedicated technical support and funding to help identify opportunities for improvement with their partners. They will then create a plan to deliver the improvements across their local system.

In addition to Phase 1 the programme will:

- Collate good practice in delivering services for children and young people with SEND. It is envisaged that all local areas nationally will be able to access these learnings.
- Aggregate data and evidence across all local areas in the programme to understand consistent themes and challenges and inform future policy.
- The £1m Grant will support this development and WCC have put aside funding a reserve to help facilitate the improvement and a more sustainable system.

31 Mar	Insight from DBV in SEND Tranche 1 - CEO & FD session	Chief Executives and Directors of Finance from all DBV local authorities
20 Mar	Insight from DBV in SEND Tranche 1 – DCS/SEND lead session	DCSs and SEND leads from all DBV local authorities
15 Nov	Delivering Better Value in SEND: Emerging Findings to CCN	County Councils Network Conference
15 Nov	Delivering Better Value in SEND: Emerging Findings to SLT	Society of London Treasurers
2 Nov	Delivering Better Value in SEND: Emerging Findings to NCAS	National Child & Adult Services Conference
26 Sep	Post-Planning Conversation Briefing	DBV in SEND programme event



Any questions?