

# Appendix 2 - Budget Monitoring 2022/23 – Outturn Period 12

## Children and Families Overview and Scrutiny Panel

7<sup>th</sup> July 2023

# Overview of Council Outturn 2022/23

- Cabinet was presented with the provisional financial results for the Council on 29 June 2023.
- Position was a net overspend of £7.3m on a £373.2m budget.
- Overspends were in all our demand led areas, Adult Social Care, Children’s Social Care and Home to School Transport were mitigated by underspends in other service areas and in central budgets.
- For context the wider economy CPI inflation in the UK has created some of these pressures since the budget was set in February 2022.
- The £7.3m will be funded by a planned transfer from specific reserves, our general fund balances are unaffected and stand at £14.3m.

Service Area at March 2023	Net Budget £m	Forecast £m	Variance £m	%
People – Adults	138.909	145.350	6.441	4.6%
People – Communities	20.601	20.138	-0.463	-2.2%
Children’s Services/WCF *	109.108	115.652	6.544	6.0%
Economy & Infrastructure	59.225	58.508	-0.717	-1.2%
Commercial & Change	7.686	7.161	-0.525	-6.8%
Chief Executive	3.382	2.470	-0.912	-27.0%
Public Health	0.124	0.124	0.000	0.0%
<b>Total: Service excl DSG</b>	<b>339.035</b>	<b>349.403</b>	<b>10.368</b>	<b>3.1%</b>
Finance/Corporate Items	34.662	31.110	-3.552	-10.2%
Non-assigned items	-0.500	0.000	0.500	-100.0%
<b>TOTAL</b>	<b>373.197</b>	<b>380.513</b>	<b>7.316</b>	<b>2.0%</b>

*Children's / WCF Budget figure of £109.1m is the net budget to pay the net contract price to WCF*

# Dedicated Schools Grant Outturn 2022/23

DSG year-end position is an overspend of £8.9m with a cumulative deficit of £20.3m at the end of 2022/23, the deficit position at the end of 2023/24 is predicted to be around £28m:

<u>Overspends/ Underspends (-)</u>	
R	Over 5%
A	1% to 5%
G	0 to 1%

2022/23 Budget Monitoring Outturn - March 2023	Current Budget	Outturn	Variance	Variance
DSG Blocks	£000	£000	£000	%
Schools	127,359	126,324	(1,035)	-0.8%
High Needs	68,405	79,480	11,075	16.2%
Early Years	35,418	34,929	(489)	-1.4%
Central	3,325	3,019	(306)	-9.2%
Other School Grants	0	185	185	0.0%
<b>DSG</b>	<b>234,507</b>	<b>243,937</b>	<b>9,430</b>	
DSG Grant	(234,507)	(234,941)	(434)	0.2%
DSG Transfer from Reserves	0	(8,996)	(8,996)	0.0%
<b>DSG including Grant Income</b>	<b>0</b>	<b>0</b>	<b>0</b>	

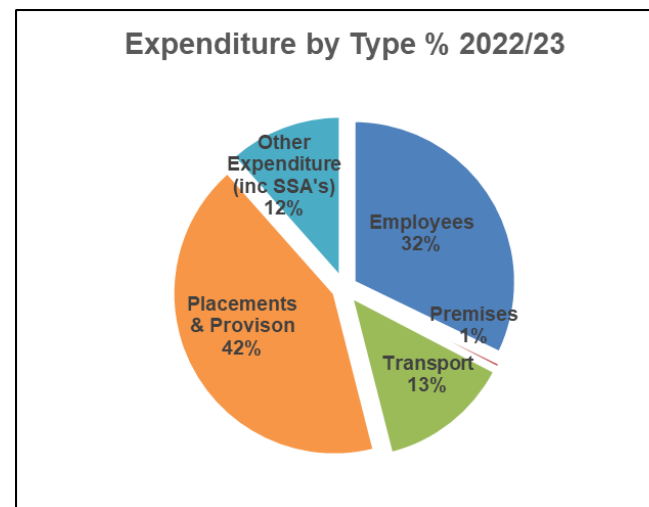
Summary Position for Dedicated Schools Grant	
	£m
Accumulated Deficit 1 April 2022	11.3
High Needs Deficit 2022/23	11.1
Savings on Other Blocks	-2.1
<b>Accumulated Deficit 31 March 2023</b>	<b>20.3</b>
Projected Early Years and Schools Block	-0.5
Projected High Needs Shortfall 2023/24	8.0
<b>Projected Accumulated Deficit 31 March 2024</b>	<b>27.8</b>

- 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.

# WCF Budget Overview 2022/23

- The full-year WCF budget was currently £138m of which over half was the 'demand led' budgets of Placements and Home to School Transport. WCF was overspend by £6.5m which includes a net overspend of £5.3m for Home to School Transport.

WCF Budget 2022/23	£000's
Employees	45,467
Premises	665
Transport	18,902
Placements & Provison	59,953
Other Expenditure (inc SSA's)	16,290
<b>Gross Expenditure</b>	<b>141,277</b>
Sales, Fees and Charges	-2,508
Fuunding for Pay Award	-1,671
WCF Budget / Contract Price	<b>137,098</b>



- At budget setting there was a risk on placements could exceed the budget for 2022/23 of around £2m - £3m and the mitigation was the £1.9m risk reserve which was used to fund part of the overspend. This has already been replaced in 2023/24 and stands at £2m.
- This financial year was 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 was a concern in terms of the Council's / WCF's ability to manage its budgetary position. These pressures are not unique to Worcestershire.

# Outturn 2022/23 - £6.6m overspend funded by reserves

	Latest Budget £000	YTD £000	Variance £000	Variance %	Change since last month £000
WCF Management & Board	948	852	-97	-10.20%	4
Training	183	136	-47	-25.84%	-17
Resources Teams	4,015	2,854	-1,161	-28.91%	-287
Support Service Payments	7,479	7,454	-25	-0.33%	-25
<b>Resources</b>	<b>12,625</b>	<b>11,296</b>	<b>-1,329</b>	<b>-10.53%</b>	<b>-325</b>
CSC Safeguarding Services	9,553	10,020	468	4.90%	-89
Integrated Family Front Door	4,977	4,786	-191	-3.83%	-61
Placements & Provision	62,312	67,301	4,988	8.01%	90
Worcestershire Safeguarding Children Board	93	93	0	0.00%	0
CSC Through Care	6,089	5,834	-255	-4.18%	-69
CSC Targeted Family Support	5,692	4,635	-1,057	-18.58%	-74
<b>Social Care</b>	<b>88,715</b>	<b>92,668</b>	<b>3,953</b>	<b>4.46%</b>	<b>-203</b>
AAD Staffing	6,637	6,456	-181	-2.73%	-178
AAD Short Breaks	2,665	2,566	-99	-3.73%	-48
AAD Placements & Packages	2,129	2,687	558	26.23%	48
<b>All Age Disability</b>	<b>11,431</b>	<b>11,708</b>	<b>278</b>	<b>2.43%</b>	<b>-178</b>
Sufficiency & Safeguarding	681	553	-128	-18.74%	-97
Quality and Improvement	2,387	1,695	-691	-28.97%	-34
Vulnerable learners	3,926	3,143	-782	-19.93%	-385
<b>Education, Early Years, Inclusion and Place Planning</b>	<b>6,993</b>	<b>5,392</b>	<b>-1,601</b>	<b>-22.90%</b>	<b>-515</b>
Home to School Transport	18,498	24,844	6,347	34.31%	1,401
<b>Home to School Transport</b>	<b>18,498</b>	<b>24,844</b>	<b>6,347</b>	<b>34.31%</b>	<b>1,401</b>
Youth Offending Services	507	507	0	-0.01%	0
<b>Youth Offending Services</b>	<b>507</b>	<b>507</b>	<b>0</b>	<b>-0.01%</b>	<b>0</b>
<b>TOTAL</b>	<b>138,769</b>	<b>146,416</b>	<b>7,647</b>	<b>5.51%</b>	<b>179</b>
Contract Income	137,098	137,098	0	0.00%	0
Additional funding to cover overspend	0	6,602	6,602	0.00%	6,602
HTST agreed contribution in September 2022	0	1,045	1,045	0.00%	1,045
Pay award above contract from WCC	1,671	1,671	0	0.00%	0
<b>Projected Surplus/(Deficit) before Corporation Tax</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>7,467</b>

Resources Directorate's underspend mainly relates to vacant posts which were being held in mitigation of a challenging financial position in 2023/24. 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. Income of £379k due to the rise in interest rates has helped the overall position.

Social Care Service placements were £4.9m overspent due to increase in demand and complexity. The number of placements at the end of the year was 1,042, an increase from the figure of 1,026 from December in the last quarter the increase has been 1.6%, 15% in the last 12 months and average costs have increased by 17.1%. As part of managing risk and volatility in Children's placements, there was earmarked reserve of £1.9 million set aside in the council, which was used in 2022/23. There have been some mitigations in other Social Care areas in terms of budgetary control (by holding vacancies) to mitigate the overall position. 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.

Home to School Transport (HTST) overspend was mainly due to current inflationary pressures on providers and increased demand for mainstream and SEND transport for pupils. This has resulted in increased prices for the service – primarily the impact of fuel and staffing costs. This is also impacted by increased demand with more parents seeking use of transport and more children receiving a transport package as part of their Education, Health and Care Plans.

- WCF external audit was commenced in 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 mid July.
- Anticipated Unmodified audit opinion – clean bill of health.
- Included as part of council’s group financial statements that were presented to Cabinet on 29 June 2023.



- 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.

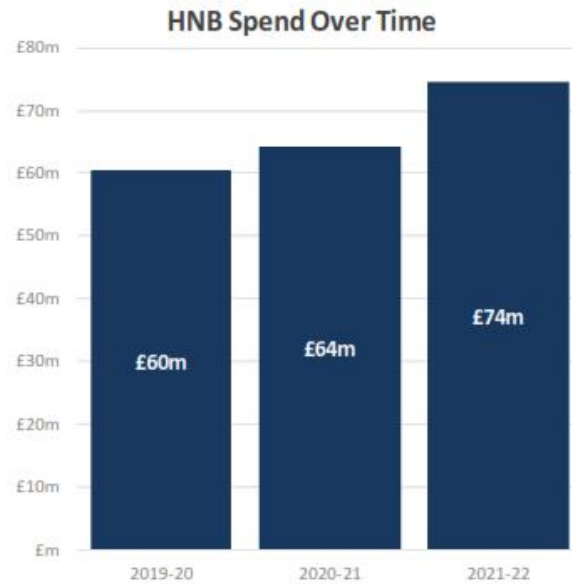
## In addition to Phase 1 the programme will:

- 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.

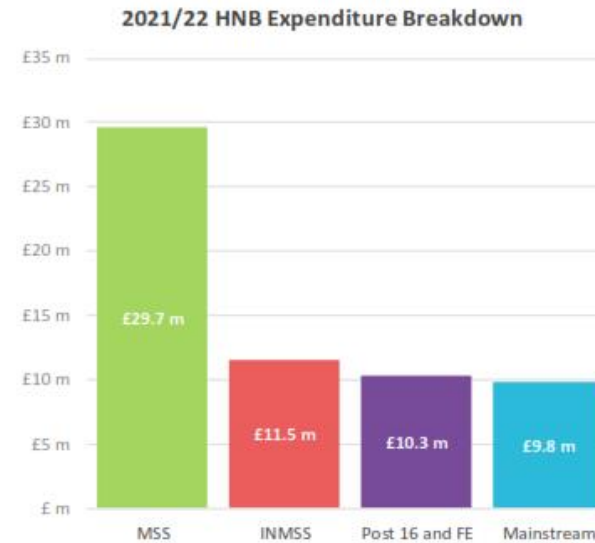
31 Mar	Insight from DBV in SEND Tranche 1 - CEO & FD session	Chief Executives and Directors of Finance from all DBV local authorities
20 Mar	Insight from DBV in SEND Tranche 1 – DCS/SEND lead session	DCSs and SEND leads from all DBV local authorities
15 Nov	Delivering Better Value in SEND: Emerging Findings 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

- 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.

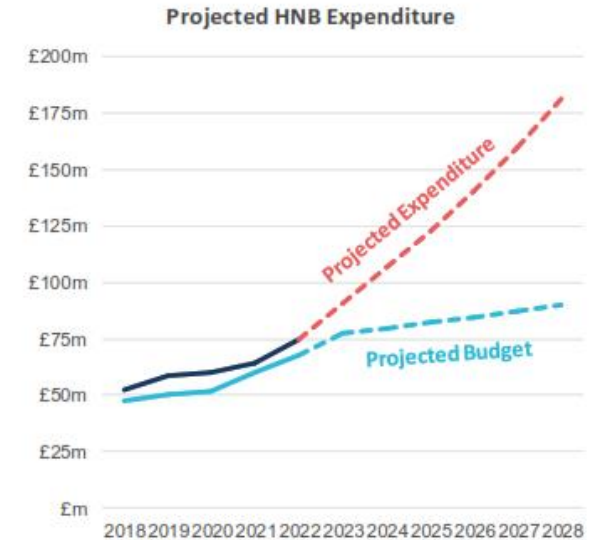
## In Module 1 we identified the areas to prioritise to effect the greatest change in Worcestershire.



HNB expenditure has grown 23% in Worcestershire since FY 19/20 with growth primarily driven by caseload rather than cost.



MSSA, INMSS, Post 16 & FE and Mainstream account for 82% of expenditure.



Unmitigated expenditure is forecast to grow to £180m in 2028.



- The diagnostic activity has been co-produced with partners from across the system



## Case Reviews



**41 CYP**

Cases were reviewed in case reviews to understand if we delivered an ideal outcome

**12 Practitioners**

across education, health and social care took part

## Listening Forums



**12 MDT Practitioners**

Collaborated to build a map of PreSchool Forum



**7 Special School Heads**

Discussed how we can foster integration between settings



**6 Secondary School pupils**

Shared their experiences of learning in Worcestershire



**15 WCF colleagues**

Discussed how we can improve the quality of EHCPs



**9 Parents & Carers**

Shared their experiences of the Post 16 pathway

## Surveys



**166 Parents & Carers**

with children at every phase of education responded to a survey



**119 Education providers**

across roles and settings responded to a survey

## Data Analysis



**400,000+ data points**

of CYP level data were analysed to better understand variation



# Any questions?