

Appendix 2 - Budget Monitoring 2023/24 – Forecast Outturn Period 4

Children and Families Overview and Scrutiny Panel

27th September 2023

Budget Monitoring 2023/24 – Forecast Outturn Period 4

Corporate Budget Position

Forecast Outturn 2023/24 - Headlines

- Budget Report to Cabinet on 28 September 2023 summarises the financial position for Council and each of the service areas.
- The overall outturn forecast at Period 4 is for a net overspend of £18.2m after the use of budgeted risk reserves.
- The council has an underlying structural deficit that needs to be addressed due to demand and adults and children's social care and Home to School Transport.
- At budget setting, £7m was identified as likely to be required from reserves (£2m risk for Children's Social Care placements and £5m risk for non-delivery of savings).
- Additional business rates income of £4.1m is also forecast to be received this financial year.
- Applying these mitigations would leave a net forecast overspend of £18.2m.
- Significant pressures in Adults, Childrens and Home to School Transport – price and demand, this position is similar for other Local Authorities.

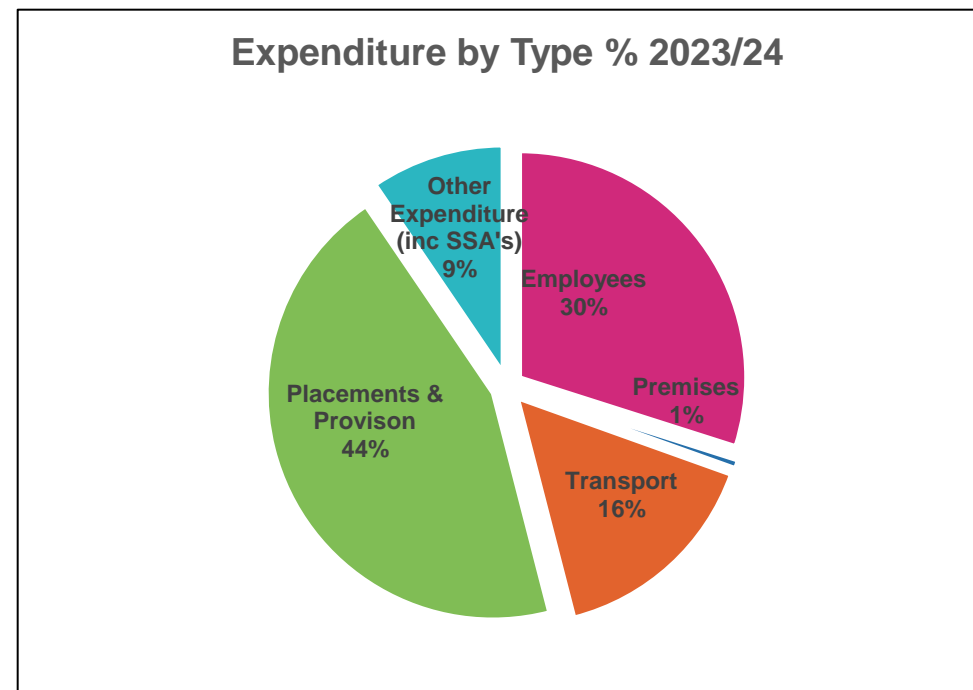
Financial Position – Period 4

FY 2023/24 P4			
Service Area	Budget £m	Forecast £m	Variance £m
People – Adults	146.417	152.299	5.882
People – Communities	21.596	22.188	0.592
Children’s Services/WCF	111.003	111.003	0.000
Economy & Infrastructure	72.072	72.733	0.661
Commercial & Change	9.690	10.707	1.017
Chief Executive / HR / Finance	3.222	3.237	0.015
Public Health	0.186	0.186	0.000
Total: Service excl DSG	364.186	372.353	8.167
Corporate Items	36.630	35.130	-1.500
Non-assigned items	0.000	0.000	0.000
WCC TOTAL	400.816	407.483	6.667
WCF Total (Including HTST)	145.277	167.956	22.679
WCC & WCF Total Services	546.093	575.439	29.346
Additional Funding:			
Business Rates			-4.100
WCC & WCF Underlying Budget Pressure			25.246
Use of Reserves agreed at Budget Setting			-7.000
Net WCC & WCF Overspend			18.246

WCF Budget Overview 2023/24

- The full-year WCF expenditure budget is currently £148m of which over half is the 'demand led' budgets of Placements and Home to School Transport.

WCF Budget 2023/24	£000's
Employees	44,220
Premises	825
Transport	22,944
Placements & Provison	65,799
Other Expenditure (inc SSA's)	14,050
Gross Expenditure	147,839
Sales, Fees and Charges	-2,561
WCF Budget / Contract Price	145,277



- At budget setting, it was acknowledged that there were risk areas within the WCF budget, particularly demand-led services such as Home to School Transport and Placements for Looked After Children.
- As a precaution, the Council assigned a £2m risk reserve to mitigate potential overspends

Forecast Outturn 2023/24 - £22.7m forecast overspend

	Latest Budget £000	YTD £000	Full-year Projection £000	Variance £000	Variance %	Change since last month £000
WCF Management & Board	935	306	891	-44	-4.71%	-10
Training	184	27	164	-20	-10.87%	0
Resources Teams	4,064	1,178	3,547	-517	-12.72%	-5
Support Service Payments	7,479	1,870	7,479	0	0.00%	0
Resources	12,662	3,381	12,081	-581	-4.59%	-15
CSC Safeguarding Services	10,201	2,973	10,812	611	5.99%	159
Integrated Family Front Door	4,666	1,493	4,633	-33	-0.71%	54
Placements & Provision	65,784	27,690	82,104	16,320	24.81%	1,051
Worcestershire Safeguarding Children Board	94	0	94	0	0.00%	0
CSC Through Care	5,872	1,697	6,148	276	4.70%	12
Early Interventions (ex. Targeted Family Supp)	5,385	1,567	5,119	-266	-4.94%	-15
Social Care	92,002	35,420	108,910	16,908	18.38%	1,261
AAD Staffing	6,733	1,961	6,743	10	0.15%	5
AAD Short Breaks	3,092	524	3,069	-23	-0.74%	6
AAD Placements & Packages	2,298	817	2,569	271	11.79%	10
All Age Disability	12,123	3,302	12,381	258	2.13%	0
Sufficiency & Safeguarding	478	185	657	179	37.45%	0
Quality and Improvement	1,832	406	1,572	-260	-14.19%	0
Vulnerable learners	3,196	816	3,371	175	5.48%	0
Education, Early Years, Inclusion and Place Planning	5,506	1,408	5,600	94	1.71%	0
Home to School Transport	22,477	8,279	28,477	6,000	26.69%	6,000
Home to School Transport	22,477	8,279	28,477	6,000	26.69%	6,000
Youth Offending Services	507	0	507	0	0.00%	0
Youth Offending Services	507	0	507	0	0.00%	0
TOTAL	145,277	51,790	167,956	22,679	15.61%	7,247
Contract Income	145,277	60,463	145,277	0	0.00%	0
Projected Surplus/(Deficit) before Corporation Tax	0	8,672	-22,679	-22,679		-7,247

Resources Directorate is projecting increased banking interest income due to current rates of interest, which is £540k of the £581k variance. The remaining variance is due to holding staffing vacancies where possible.

Social Care placements are forecast to be overspent by £16.3m, due to increases in both numbers and costs since budget setting. The current number of placements is 1,039, an 11% rise from the 939 this time last year. However it is inflation on placements costs that is the main driver for the current overspend, where average placement costs have increased by 19% since budget setting (less than one year ago). 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. In other Social Care areas, increased volume of Court Fees and costs of agency cover are causing a small overspend forecast.

In the All-Age Disability Service, staffing teams are broadly on budget, however there are pressures due to high placement costs of CWD Domiciliary Care Packages

There is a small forecast overspend in EEYIPP due to feasibility costs that are not currently forecast to be capitalized.

Home to School Transport is 27% overspent, due to increased provider costs. The service estimates that inflation on transport contracts is currently running at around 10%. There has also been significant increases in the number of families requesting transport.

Forecast Outturn 2023/24 - £22.7m forecast overspend (Cont'd)

WCF Board have been notified of the forecast overspend. Whilst it is the case that the market and demand pressures in the services that are driving our overspend are likely to continue for some time, the Service must make efforts to reduce the projection as much as possible. This includes (but is not limited to):

- a) Ensuring achievement of planned 2023/24 savings
- b) Holding vacancies wherever possible
- c) Additional scrutiny over use of agency staff to cover vacancies and absence
- d) Seeking to maximise external income
- e) Challenging all non-staffing spend
- f) Continuing our robust commissioning and management approach to children's placements

Dedicated Schools Grant Outturn 2023/24

DSG year-end position is an overspend of £8.1m with a cumulative deficit of £28.4m at the end of 2023/24, the deficit position at the end of 2024/25 is predicted to be around £37.9m:

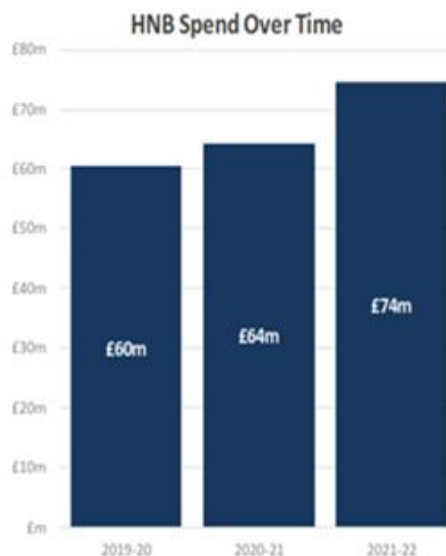
2023/24 Budget Monitoring Period 4 - July 2023	Current Budget	Forecast Outturn	Variance	Variance
DSG Blocks	£000	£000	£000	%
Schools	129,735	129,735	0	0.0%
High Needs	74,692	82,836	8,144	10.9%
Early Years	36,265	36,265	0	0.0%
Central	3,333	3,333	0	0.0%
DSG	244,025	252,169	8,144	

Summary Position for Dedicated Schools Grant	
	£m
Accumulated Deficit 1 April 2023	20.3
High Needs Deficit 2023/24	8.1
Projected Early Years and Schools Block	0.0
Savings on Other Blocks	0.0
Accumulated Deficit 31 March 2024	28.4
Projected Early Years and Schools Block	-0.5
Projected High Needs Shortfall 2024/25	10.0
Projected Accumulated Deficit 31 March 2025	37.9

- DSG allocations are forecast to continue to rise, but at a level below current growth in demand and inflation. The DfE have indicated that High Needs will increase by 4.3% for 2024/25. This would make the Worcestershire High Needs block £77.9m – far below even the current year spend.
- 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 2026. 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 – Worcestershire is one of 55 local authorities.
- We have recently had confirmation of our success for £1m of grant funding for projects that will reduce the future gap.
- The projects resourced will not close the gap – we need to keep an eye on the national picture

● 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.



Any questions?