

# Appendix 2 - Budget Monitoring 2023/24 – Forecast Outturn Period 6

## Children and Families Overview and Scrutiny Panel

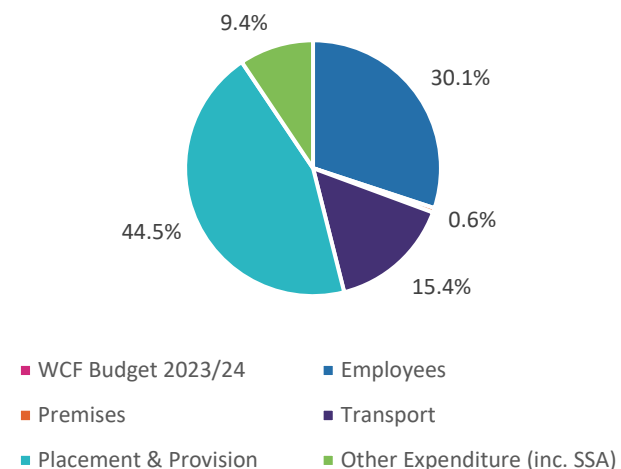
**06<sup>th</sup> December 2023**

# WCF Budget Overview 2023/24

- The full-year WCF expenditure budget at P6 was £148m of which over half is the 'demand led' budgets of Placements and Home to School Transport.

WCF Budget 2023/24	£m
Employees	44.602
Premises	0.848
Transport	22.920
Placement & Provision	66.036
Other Expenditure (inc. SSA)	13.966
<b>Gross Expenditure</b>	<b>148.372</b>
Sales, Fees and Charges	-2.570
<b>Contract Price</b>	<b>145.802</b>

WCF Budget Expenditure by Type 2023/24



- 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 - £28.6m forecast overspend

WCF Budget Monitoring 2023/24 Period 6	Latest Budget	YTD	Full-year Projection	Variance	Variance
	£000	£000	£000	£000	%
WCF Management & Board	935	433	891	-44	-4.71%
Training	184	34	164	-20	-10.87%
Resources Teams	4,003	1,506	3,475	-528	-13.19%
Support Service Payments	7,479	1,870	7,479	0	0.00%
<b>Resources Total</b>	<b>12,601</b>	<b>3,842</b>	<b>12,009</b>	<b>-592</b>	<b>-4.70%</b>
CSC Safeguarding Services	10,003	4,595	10,776	773	7.73%
Integrated Family Front Door	4,666	2,254	4,578	-88	-1.89%
Placements & Provision	66,036	42,609	84,803	18,767	28.42%
Worcestershire Safeguarding Children Board	94	17	94	0	0.00%
CSC Through Care	5,979	2,728	6,222	243	4.06%
Early Interventions (ex. Targeted Family Supp)	5,434	2,312	5,039	-395	-7.27%
<b>Social Care Total</b>	<b>92,212</b>	<b>54,514</b>	<b>111,512</b>	<b>19,300</b>	<b>20.93%</b>
AAD Staffing	7,091	3,354	7,025	-66	-0.93%
AAD Short Breaks	3,092	1,038	3,265	173	5.60%
AAD Placements & Packages	2,311	1,367	2,649	338	14.63%
<b>All Age Disability Total</b>	<b>12,494</b>	<b>5,759</b>	<b>12,939</b>	<b>445</b>	<b>3.56%</b>
Sufficiency & Safeguarding	550	151	540	-10	-1.82%
Quality and Improvement	1,337	459	1,164	-173	-12.94%
Vulnerable learners	3,624	1,410	3,732	108	2.98%
<b>Education, Early Years, Inclusion and Place Planning Total</b>	<b>5,511</b>	<b>2,020</b>	<b>5,436</b>	<b>-75</b>	<b>-1.36%</b>
Home to School Transport	22,477	10,930	31,977	9,500	42.27%
<b>Home to School Transport Total</b>	<b>22,477</b>	<b>10,930</b>	<b>31,977</b>	<b>9,500</b>	<b>42.27%</b>
Youth Offending Services	507	127	507	0	0.00%
<b>Youth Offending Services Total</b>	<b>507</b>	<b>127</b>	<b>507</b>	<b>0</b>	<b>0.00%</b>
<b>WCF TOTAL</b>	<b>145,802</b>	<b>77,191</b>	<b>174,380</b>	<b>28,578</b>	<b>19.60%</b>

Resources Directorate is projecting increased banking interest income due to current rates of interest, which is £540k of the £592k variance. The remaining variance is due to holding staffing vacancies where possible.

Social Care placements are forecast to be overspent by £18.8, due to increases in both numbers and costs since budget setting. The current number of placements is 1,049, an 5.6% rise from the 993 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 25% since the same period last year. 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., although there are underspends emerging in some teams due to vacancy holding.

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, and an increase in requests for Short Breaks.

There is a small forecast underspend in EEYIPP due to holding vacancies and amending forecast use of specific grant income.

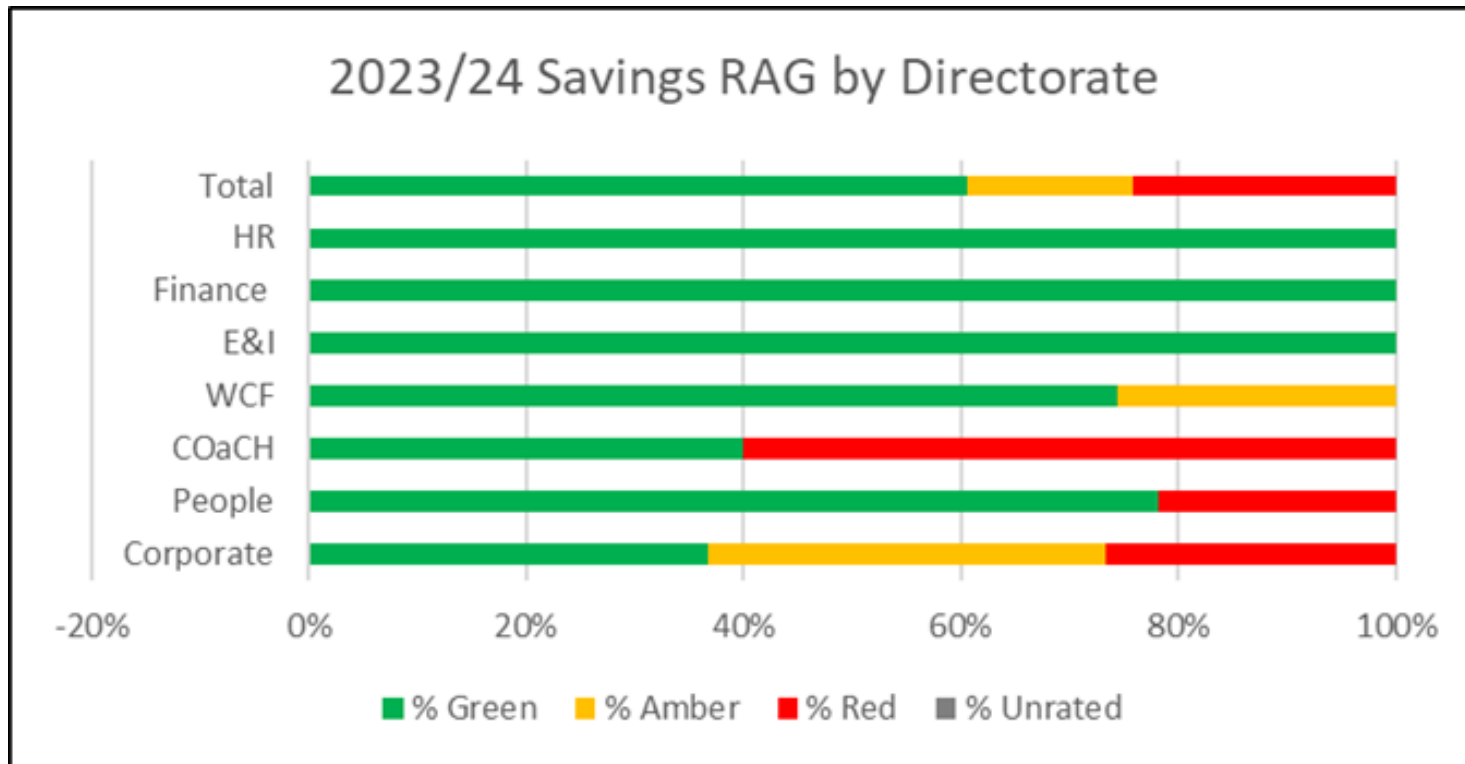
Home to School Transport is £9.5m overspent, due to increased provider costs. This is a big increase from the £6m overspend previously reported, and the change is down to new requests for the September term. From P7, the HTST budget is moving out of WCF and into WCC.

# Forecast Outturn 2023/24 – Mitigating actions

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

# Progress on Savings delivery 2023/24



WCF had directorate-specific savings of £1.3m accounted for in the 2023/24 budget. The Company is on track to deliver these savings by year-end.

On top of this, there are also the WCF allocations of the vacancy factor saving (shown here under 'Corporate', which WCF is forecasting will be fully achieved).

# Dedicated Schools Grant Outturn 2023/24

DSG year-end position as at P6 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 6 - September 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%
<b>DSG</b>	<b>244,025</b>	<b>252,169</b>	<b>8,144</b>	

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
<b>Accumulated Deficit 31 March 2024</b>	<b>28.4</b>
Projected Early Years and Schools Block	-0.5
Projected High Needs Shortfall 2024/25	10.0
<b>Projected Accumulated Deficit 31 March 2025</b>	<b>37.9</b>

- 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.



**Any questions?**