

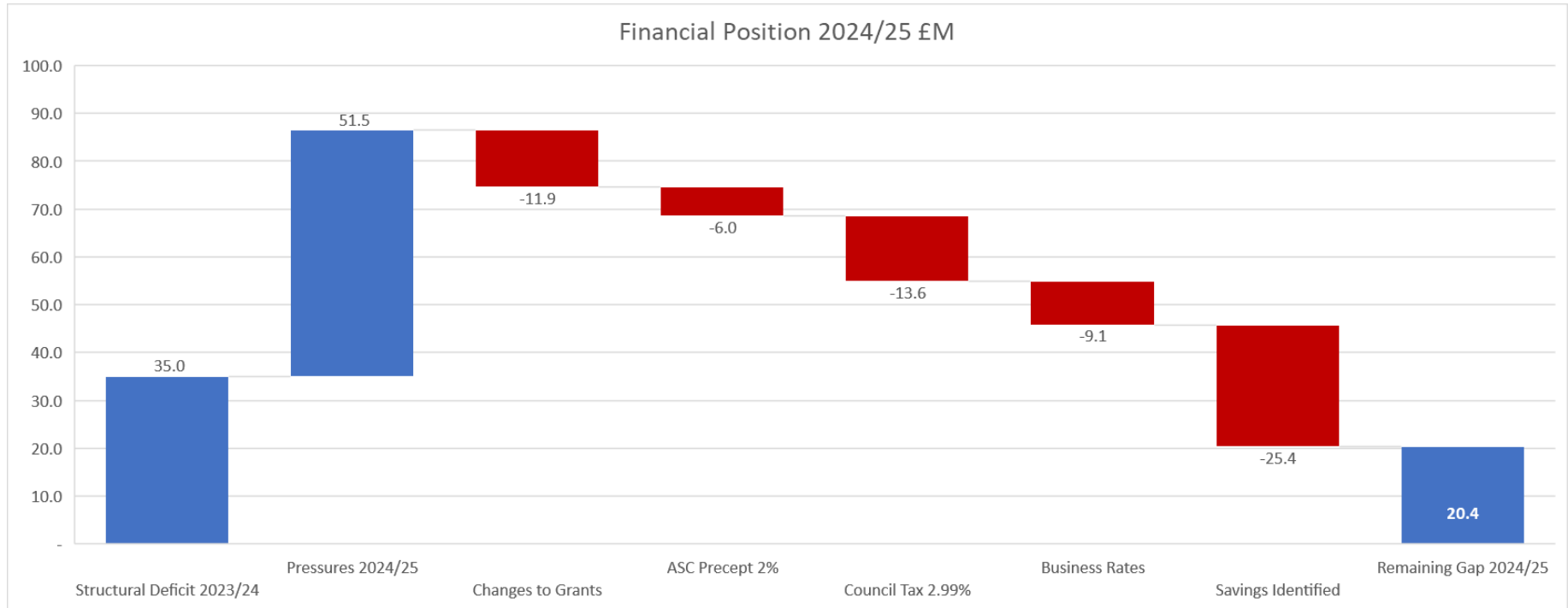
Appendix 2 – 2024/25 Draft Budget

**Children and Families Overview and
Scrutiny Panel**

10 January 2024

- Nationally, Local Government is under severe financial pressure due to inflationary and demand pressures in three main areas - Children's Social Care, Home to School Transport and Adults Social Care. These overspends reflect the continuing costs in these sectors which show no sign of abating.
- At the end October, our net overspend was at **£22.2m** on a £401m net budget – this was **after** using one off monies from additional income from business rates (£4.1m), £9m additional use of reserves (on top of £5.5m used to balance the budget approved before the start of this year) that were set aside in the budget to manage. Our structural deficit (*a budget deficit due to our ongoing expenditure greater than our income*) is c£35m.
- Our overspend position is not because of poor control, oversight or policy decisions. It is simply an exceptionally large increase in our costs for demand-led services, set against our constrained ability to raise additional income.
- Worcestershire County Council and Worcestershire Children First have a strong record of good financial management, constantly adapting to operate in a more cost-effective way, whilst continuing to deliver frontline services
- We are continuing to make savings and are on course to make around £20 million of savings in the financial year.

- Budget Report to Cabinet on 10 January 2024 summarises the financial position for Council and each of the service areas.
- Additional Funding of £21m however this is not keeping pace with demand and pressures we are facing.
- Local Government Settlement announced on 18 December and was a one-year settlement, there was a net £1.6m reduction on the expected funding which was built into our MTFP.
 - Core spending power increased to upper tier Authorities to recognise significant demand pressures which included an increase to our Settlement Funding assessment by £9.1m.
 - Further funding of £12.9m to recognise significant pressures within Adults and Children's Social Care.
 - Reduction in services grant of £2.2m.
- No fundamental reforms to funding system anticipated.
- Government included statement in settlement around Council's using reserves in this difficult period which is not sustainable in longer term.
- Proposed Council Tax increase of 2.99%, plus a 2% Adult Social Care Levy - Total 4.99%



- At this point there is a gap of £20.4m that needs to be addressed
- Cabinet Members continue to work with their respective Strategic Directors to identify options to reduce the current reported gap by either additional savings or agree strategies to reduce the current growth and demand assumptions prior to the final budget report.

- The table below show the indicative pressures including the structural deficit of £35m which has been addressed.
- Demand for services continues to increase, particularly across Adults and Children's Social Care as well as Home to School Transport. Growth figures have been obtained from the services split across inflation, demand, investment and removal one-off funding sources, along with the impact of the structural deficit

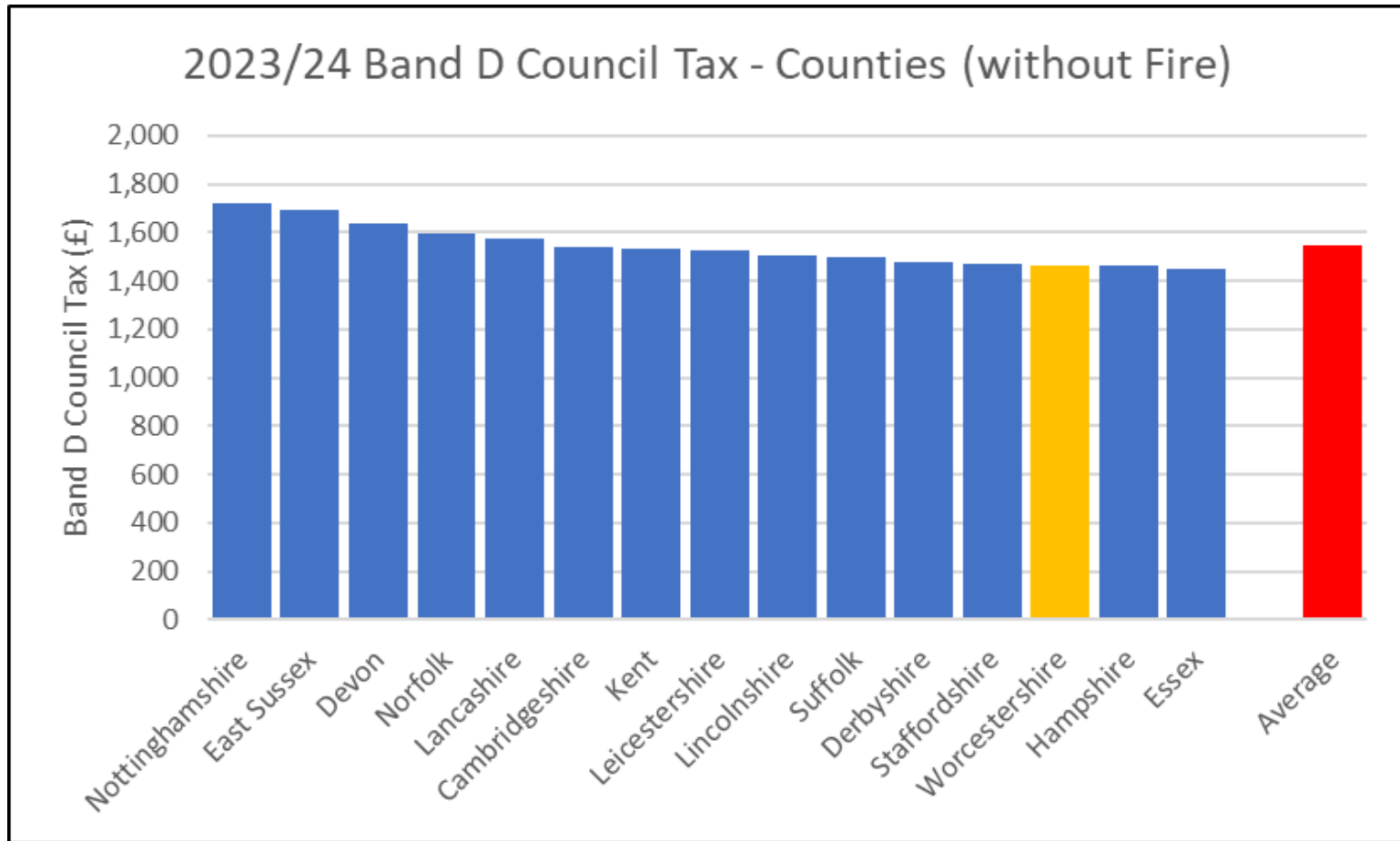
2024/25 Pressures and Funding (Including Structural Deficit)	Adults (£m)	HTST (£m)	Childrens (£m)	Other (£m)	Total (£m)
Rebase	2.4	0.0	0.3	3.2	6.0
Pay Inflation	1.2	0.0	2.6	4.0	7.8
Contract Inflation	6.2	2.1	4.7	5.5	18.5
Demand	3.5	4.1	2.9	0.6	11.1
Investment	0.0	0.0	0.0	2.9	2.9
Capital	0.0	0.0	0.0	5.2	5.2
Additional Pressures for 2024/25	13.4	6.2	10.5	21.4	51.5
Structural Deficit	5.9	9.5	19.1	0.5	35.0
Total Pressures	19.3	15.7	29.6	21.9	86.5

2% Adult Social Care Levy for 2024/25 to contribute to existing cost pressures due to Worcestershire's ageing population.

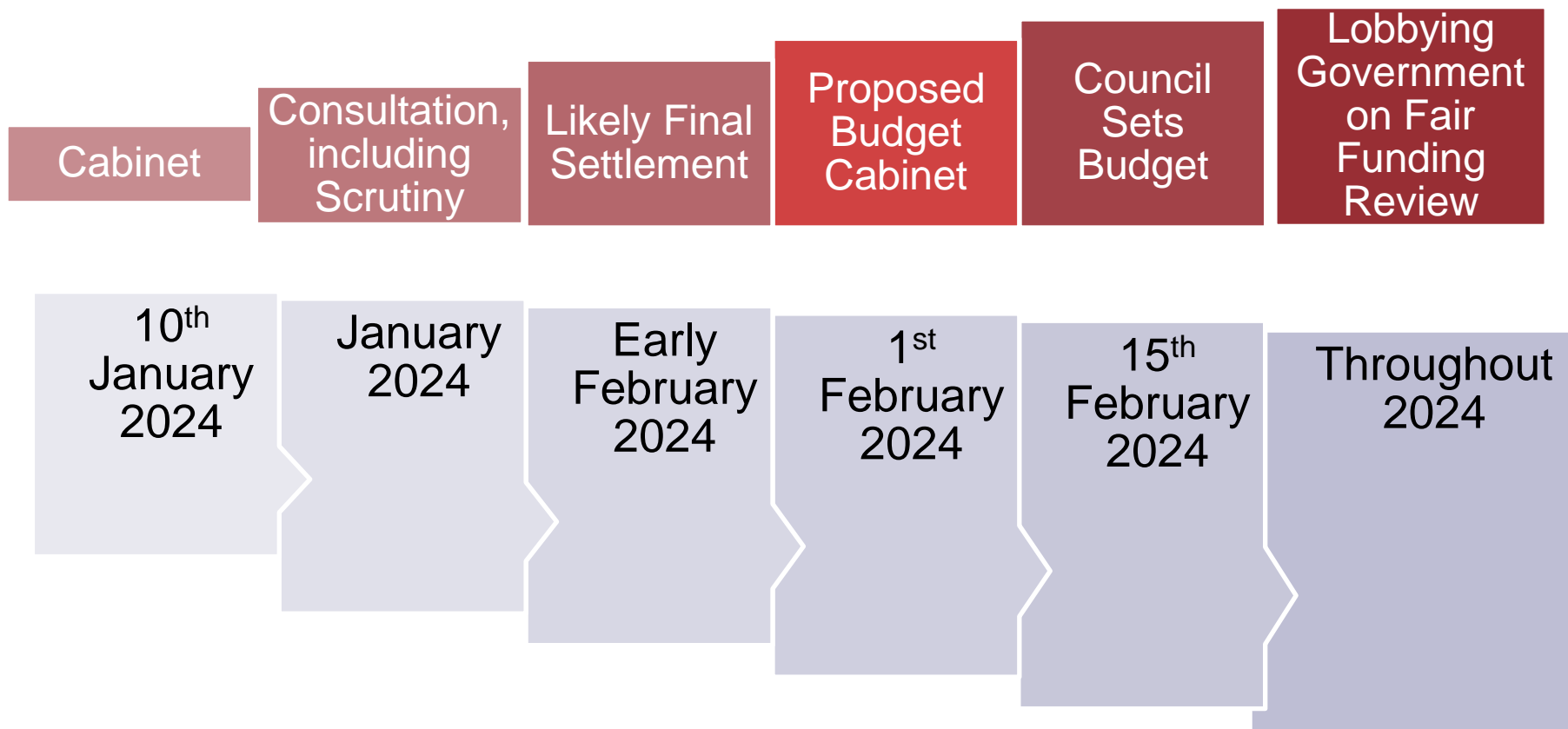
2.99% - to provide financial support to continue to fund investments in those areas that the public have consistently highlighted as important.

An increase of 4.99% which is an average £1.41 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 2024/25



CHILDREN & FAMILIES SPECIFIC 2024/25 BUDGET INFORMATION

WCF Budget Setting Process

- On or before 1 July each year, both parties agree timetable for negotiation process, starting, with full WCF involvement in CSP.
- Budget-setting this year has focused on closing the projected gap in the 2024/25 budget (£20m gap remaining in the draft WCC budget).
- Pressures in demand-led services as previously reported in budget monitoring updates continue, though delivery of saving plans has still been a priority.
- 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 draft budget - factors that impact on the budget include pay awards, demand pressures and changes in the law etc.
- The WCF 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 budget setting assumptions in January 2024 and make a recommendation to the Board.
- The budget reviewed by WCF will tie in with draft budget considered by WCC Cabinet in February.

Children & Families Specific Pressures

- The draft budget includes figures of total investment in HTST (£15.7m) and Children’s Social Care (£29.6m) – to reflect known and projected demand - £45.3m in total
- This can be considered as £28.6m for the structural deficit, and £16.7m new growth (£6.2m HTST, £7.6m Social Care, £0.3m Rebase, £2.6m pay)
- For Panel’s Information, growth of £9.7m was put in for these areas for 2023/24

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Children and Families - Savings

- The draft budget includes £10.2m CSP agreed savings proposals for Children and Families budget areas – specifically within WCF. Full consultation process will be followed where staff may be impacted.
- Safeguarding and SEND services have been priority areas protected from savings
- As the draft budget includes a financial gap as per previous slides, there may be further savings proposals from Children and Families areas as WCF/WCC work together to deliver a balanced budget.
- Alongside savings, there is a plan of activity to reduce Looked After Children numbers promoting permanency out of care and independence at pace designed to deliver cost avoidance and reduce future growth
- These plans require revenue and in some instances capital investment
- All plans are designed to be delivered in the best interest of Children. The area of focus are:
 - Care Prevention
 - Re-habilitation and discharge of Care Orders
 - Permanency planning conversions to Special Guardianship
 - Development of short breaks to prevent placement breakdown

Dedicated Schools Grant 2024-25

- The table to the right shows the Net DSG blocks (Prior to Academy recoupment) for 2024/25, based on the Provisional Settlement from the DfE:

DSG Block	2023/24 Allocation (£)	2024/25 Indicative Allocation (£)	% Change
Schools Block	404.288	422.418	4.5%
Early Years	36.265	59.336	63.6%
High Needs	74.680	78.629	5.3%
Central Block	3.332	3.310	-0.7%
Total DSG	518.565	563.693	8.7%

The increase in the Early Years block is due to the expansion of funded Childcare places, commencing in April 2024. The figure is based on DfE estimates of childcare places required.