

Appendix 2 - Budget Monitoring 2023/24 – Forecast Outturn Period 9

Children and Families Overview and Scrutiny Panel

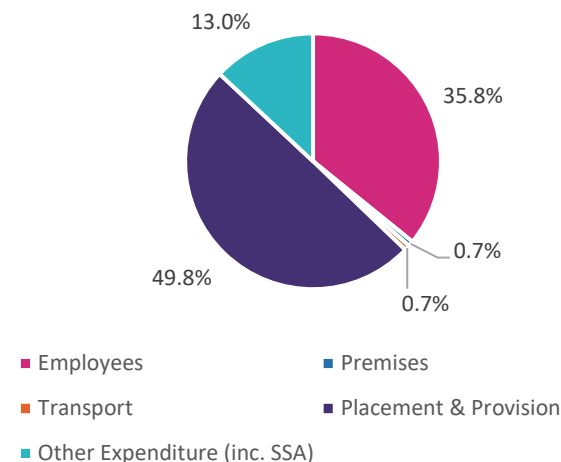
21st March 2024

WCF Budget Overview 2023/24

- The full-year WCF expenditure budget at P9 was £126m of which around half is the 'demand led' budgets of Placements for Looked After Children.

WCF Budget 2023/24	£m
Employees	45.085
Premises	0.848
Transport	0.859
Placement & Provision	62.657
Other Expenditure (inc. SSA)	16.403
Gross Expenditure	125.852
Sales, Fees and Charges & Interests	-2.570
Contract Price & Pay Award Funding	123.282

WCF Budget Expenditure by Type 2023/24



- At budget setting, it was acknowledged that there was known risk areas within the demand-led areas of the WCF budget, following an overspend in 2022/23, and an emerging national issue around demand and price of placements
- As a precaution, the Council assigned a £2m risk reserve to mitigate potential overspends

Forecast Outturn 2023/24 - £18.5m forecast overspend

	Latest Budget	YTD	Full-year Projection	Variance	Variance
	£000	£000	£000	£000	%
WCF Management & Board	938	637	873	-65	-6.93%
Training	184	80	163	-21	-11.41%
Resources Teams	4,052	2,147	3,277	-775	-19.13%
Support Service Payments	7,479	3,715	7,479	0	0.00%
Resources	12,653	6,579	11,792	-861	-6.80%
CSC Safeguarding Services	9,924	7,590	10,871	947	9.54%
Integrated Family Front Door	4,773	3,679	4,777	4	0.08%
Placements & Provision	66,083	66,839	84,095	18,012	27.26%
Worcestershire Safeguarding Children Board	95	84	95	0	0.00%
CSC Through Care	6,068	4,771	6,591	524	8.64%
Early Interventions (ex. Targeted Family Supp)	5,587	3,762	5,247	-340	-6.09%
Social Care	92,530	86,725	111,676	19,147	20.69%
AAD Staffing	7,142	5,693	7,365	223	3.12%
AAD Short Breaks	2,545	1,742	2,714	169	6.64%
AAD Placements & Packages	2,320	2,063	2,613	293	12.63%
All Age Disability	12,007	9,498	12,692	685	5.71%
Sufficiency & Safeguarding	557	320	744	187	33.57%
Quality and Improvement	1,382	713	977	-404	-29.23%
Vulnerable learners	3,648	2,082	3,430	-218	-5.98%
Education, Early Years, Inclusion and Place Planning	5,587	3,115	5,151	-435	-7.79%
Youth Offending Services	507	254	507	0	0.00%
Youth Offending Services	507	254	507	0	0.00%
TOTAL	123,282	106,194	141,818	18,536	15.04%
Contract Income	122,761	119,874	122,761	0	0.00%
Pay award above contract from WCC	521	521	521	0	0.00%
Projected Surplus/(Deficit) before Corporation Tax	0	14,201	-18,536	-18,536	

WCF P9 forecast is an overspend of £18.5m, down from £20m in the previous month.

The previous scrutiny report used P6 data, which showed a £28.6m overspend including £9.5m Home to School Transport (which has now moved to E&I).

Therefore the comparative P6 figure is £19.1m

Resources Directorate has improved by £0.3m since the last Scrutiny update. Interest rates have remained high, continuing our increased banking interest income, which accounts for is £0.6m of the variance. The remaining variance is due to holding staffing vacancies where possible, and the other controls on expenditure detailed later in this report.

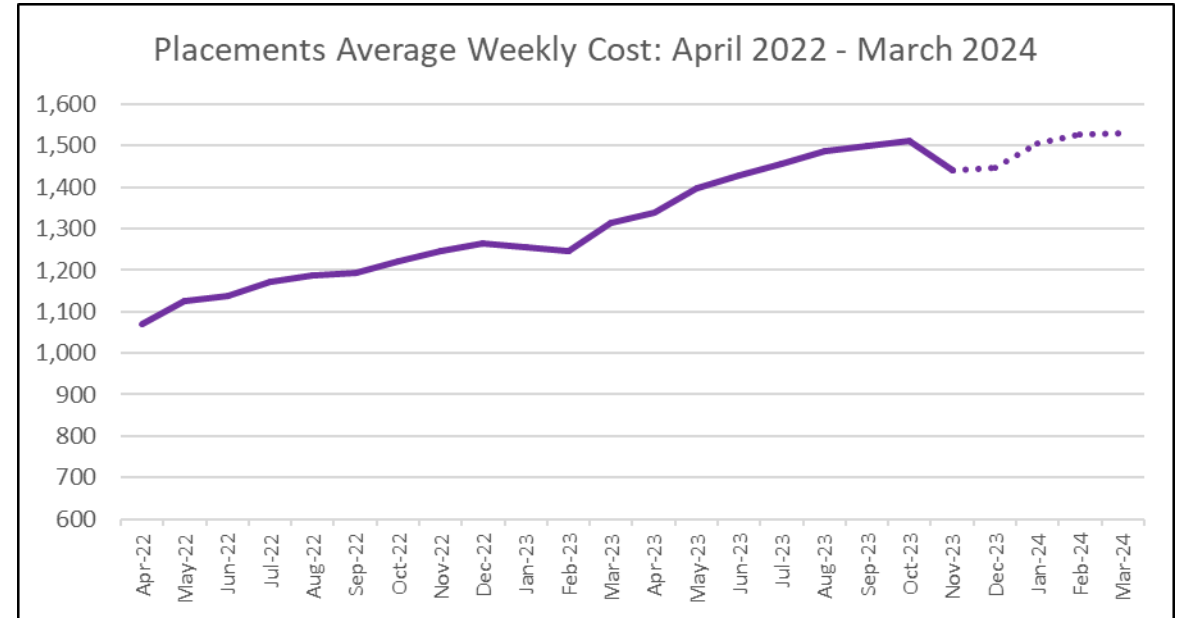
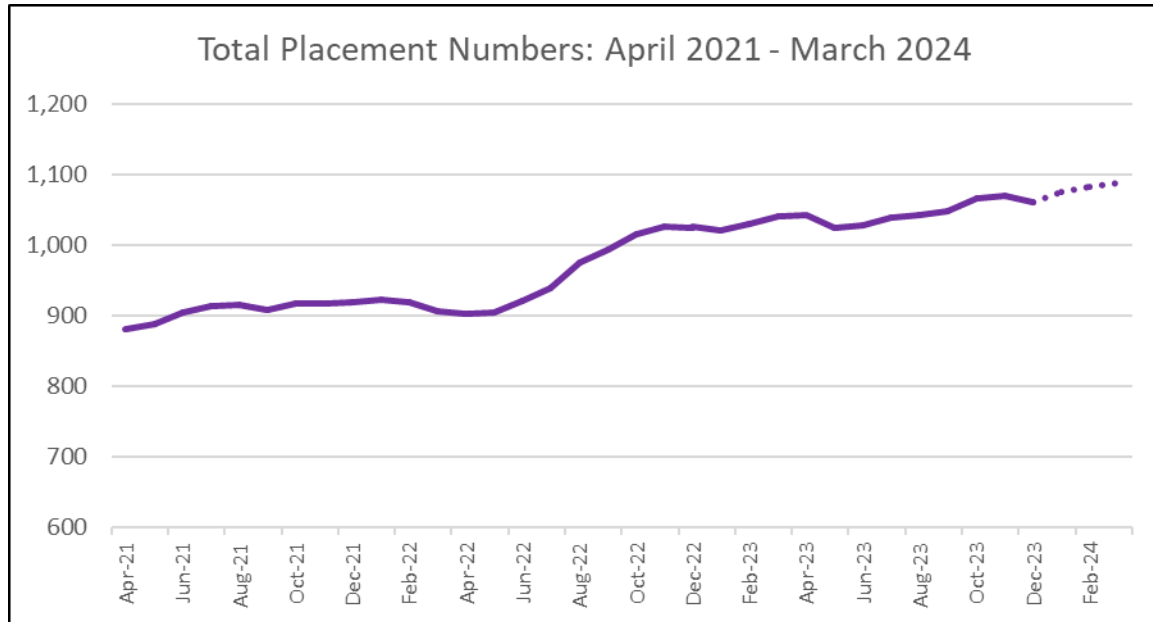
Social Care placements are discussed in more detail on the following slide. In other Social Care areas, increased volume of Court Fees and costs of agency cover are causing a small overspend forecast., although there are underspends emerging in some teams due to vacancy holding.

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 forecast underspend in EEYIP due to holding vacancies and amending forecast use of specific grant income.

Forecast Outturn 2023/24 - £18.5m forecast overspend (2)

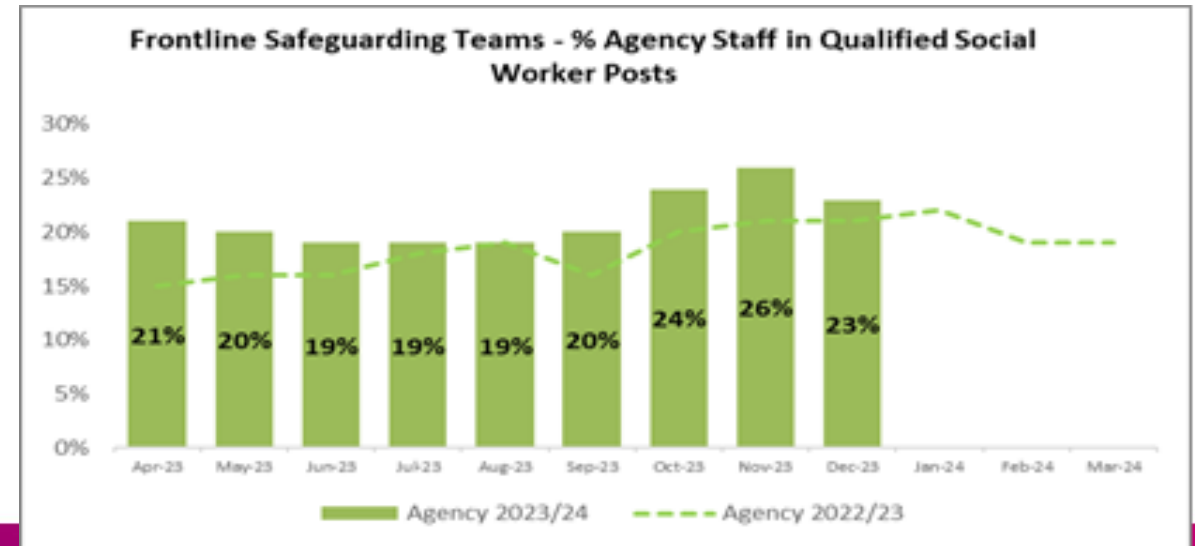
- Social Care placements are forecast to be overspent by £18.1m, due to increases in both numbers and costs since budget setting. The current number of placements is 1,061, an 3.4% rise from the 1,026 this time last year. However it is inflation on placements costs that is the main driver for the current overspend, where average placement costs have increased by 25% since the same period last year. The graphs below show the trend for both number and average weekly cost of placements, both of which show a small decrease this month.



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 January 2025, an Internal Audit report into WCF processes around Social Care Placements returned a verdict of substantial assurance in our processes, including ensuring value for money.

Forecast Outturn 2023/24 – Staffing Position

- As at P9, WCF is forecast to underspend on staffing by £0.3m (1%). We are fortunate to have retained a relatively high number of permanency in our safeguarding service, but this is still showing a decline and a reduction on last year. **This is a high risk area as replacing social work post once we have lost them is incredibly difficult** and costly given the need to cover with agency staff and we can see the slight increase in Agency workers are direct correlation from the reduction in our permanency staff:

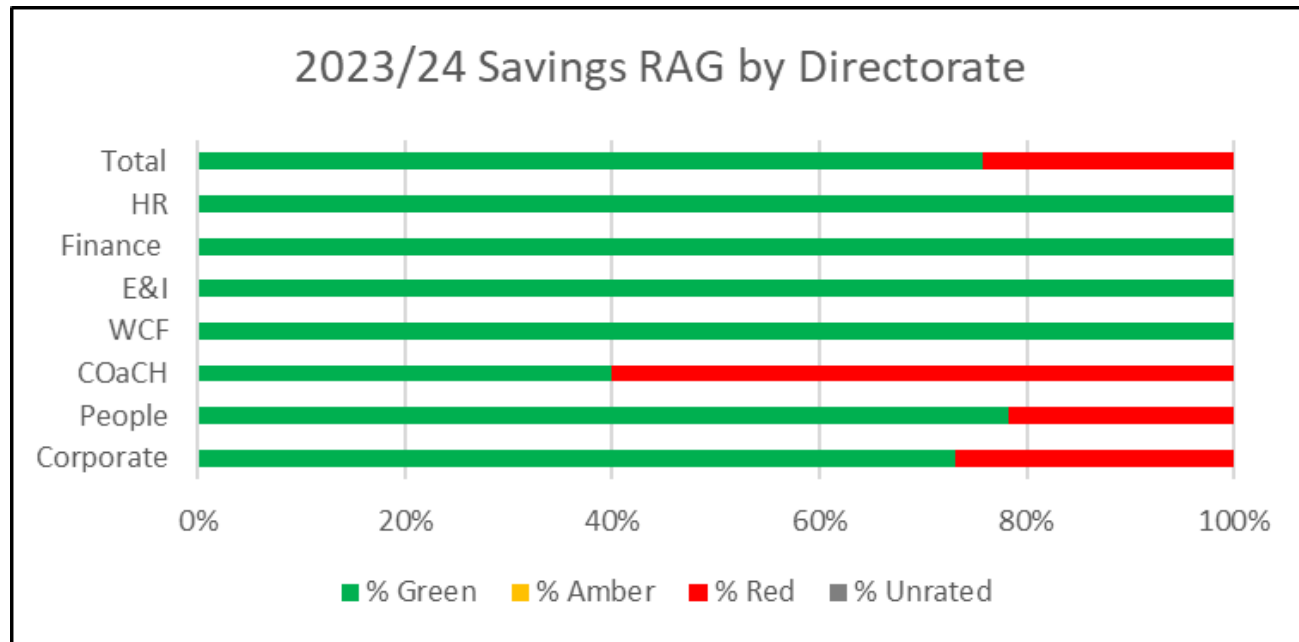


Forecast Outturn 2023/24 – Mitigating actions

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 P9 is an overspend of £22.1m with a cumulative deficit of £42.4m at the end of 2023/24.

2023/24 Budget Monitoring Period 9 - December 2023	Current Budget	Forecast Outturn	Variance	Variance
DSG Blocks	£000	£000	£000	%
Schools	129,735	129,735	0	0.0%
High Needs	74,692	96,836	22,144	29.6%
Early Years	36,265	36,265	0	0.0%
Central	3,333	3,333	0	0.0%
DSG	244,025	266,169	22,144	

Summary Position for Dedicated Schools Grant	
	£m
Accumulated Deficit 1 April 2023	20.3
High Needs Deficit 2023/24	22.1
Projected Early Years and Schools Block	0.0
Savings on Other Blocks	0.0
Accumulated Deficit 31 March 2024	42.4

- 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?