

Worcestershire Schools Forum (WSF) Agenda 29 September 2022

2.30 pm

Remote Meeting

Via MS Teams invite

Document Details:

Status: V 0.1

Date: September 2022

Document Location:

http://www.worcestershire.gov.uk/downloads/download/552/worcestershire_schools_forum_framework_downloads

Contact: Rob Phillips

Contents

Agenda

- Agenda Item 1. Apologies
- Agenda Item 2. Declaration of interests
- Agenda Item 3. Declaration of potential conflict of interest with Items on the agenda
- Agenda Item 4. Minutes of the last meeting 30 June 2022
- Agenda Item 5. Matters arising
- Agenda Item 6. Any other business
- a. Do School Forum wish any consultation on School Block Funding
(RP - Verbal)
- b. Transfer of DSG blocks to HLN block **(RP - Verbal)**
- Agenda Item 7. Cabinet Report Financial Update **(PR)**
- Agenda Item 8. High Needs Update - DVB in SEND **(PR)**
- Agenda Item 9. SEND - Accelerated Action Plan Verbal Update **(SW/MB)**
- Agenda Item 10. Budget Planning and pressures for 2023/24 impact of cost of living, pay rises and Schools Forum action **(BT)**
- Agenda Item 11. Early Years Surplus distribution **(RP)**
- Agenda Item 12. Early Years Consultations **(RP)**

Date of next programmed WSF meeting

Thursday 23 November 2022 at 2.30 pm remote meeting via MS Teams

'If you need help understanding this document in your own language, please contact Ethnic Access Link. Tel: 01905 25121' (English)

'যদি এই দলিলটি আপনার নিজের ভাষায় বুঝতে আপনার সাহায্যের প্রয়োজন হয়, অনুগ্রহ করে Ethnic Access Link (এথনিক অ্যাক্সেস)-কে 01905 25121 টেলিফোন নম্বরে যোগাযোগ করুন' (Bengali)

如果你需要這個文件的中文信息，請聯絡 Ethnic Access Link。電話是01905 25121 (Cantonese)

'Jeśli potrzebujesz pomocy w zrozumieniu tego dokumentu we własnym języku, zadzwoń do Ethnic Access Link. Tel: 01905 25121' (Polish)

'Se necessitar de ajuda para perceber o conteúdo deste documento na sua língua, contacte a associação Ethnic Access Link pelo telefone: 01905 25121' (Portuguese)

'Si necesita ayuda para entender este documento en su idioma, puede ponerse en contacto con Ethnic Access Link en el teléfono 01905 25121' (Spanish)

Bu dokümanõ kendi dilinizde anlamak için yardım isterseniz Ethnic Access Link ile temasa geçiniz Tel: 01905 25121' (Turkish)

Ethnic Access Link (ایٹھنک ایکنس لنک) سے رابطہ کریں۔ ٹیلی فون: 01905 25121 (Urdu) 'اگر آپ کو اس دستاویز کو آپ کی اپنی زبان میں سمجھنے میں مدد کی ضرورت ہے، تو براہ کرم



MINUTES OF THE MEETING OF THE WORCESTERSHIRE SCHOOLS FORUM (WSF)

Thursday 20th January 2022
Remote Meeting Held Via MS Teams

The meeting started at 2.00 pm

IN ATTENDANCE:

WSF Members

- | | |
|-------------------------------|--|
| Malcolm Richards (Chair) [MR] | - Governor, Bromsgrove |
| Bryn Thomas (Vice Chair) [BT] | - HT Wolverley CE Secondary School |
| Marie Pearse [MP] | - HT Evesham Nursery School |
| Paul Essenhigh [PE] | - Executive HT Catshill Middle, Catshill First and Nursery Schools |
| Lizzie Dixon [LD] | - HT Franche Primary School |
| Jeff Robinson [JR] | - Governor, Malvern Hills |
| Chris King [CK] | - CEO Severn Academies Educational Trust |
| Jay Hart [JH] | - HT Kingfisher School |
| Ed Francis [EF] | - HT Fort Royal Primary School |
| Nathan Jones [NJ] | - HT Meadow Green |
| David McIntosh [DM] | - Governor, Wyre Forest |
| Lorraine Petersen [LP] | - Governor, Bromsgrove |

Local Authority (LA)

- | | |
|----------------------|---|
| Phil Rook [PR] | - Director of Resources - Worcestershire Children First |
| Melanie Barnett [MB] | - Director of All Age Disability Services – Worcestershire Children First |
| Caroline Brand [CBr] | - Senior Schools Finance Manager - Worcestershire Children First |
| Chris Bird [CBi] | - Senior Finance Business Partner - Worcestershire Children First |
| Rob Phillips [RP] | - Accountancy Officer - School Funding - Worcestershire Children First |
| Ruth Bessant [RB] | - Team Manager - Schools Finance Team - Worcestershire Children First |

WELCOME

The Chair welcomed members

RP confirmed the meeting would be recording to aid note taking purposes only, then it would be deleted.

1. Apologies

- | | |
|-------------------------------|---|
| Councillor Tracey Onslow [TO] | - Cabinet Member with Responsibility for Education and Skills Worcestershire County Council |
| Sarah Wilkins [SW] | - Director of Education and Early Help Worcestershire Children First |
| Phil Hanson [PH] | - HT Pershore High School |
| Adrian Ward [AW] | - HT Trinity High School |

2. DECLARATION OF INTERESTS

CBi declared an interest as a foundation trustee of the Our Lady of the Magnificat MAT

3. DECLARATION OF POTENTIAL CONFLICT OF INTERESTS WITH ITEMS ON THE AGENDA

None.

4. MINUTES OF THE LAST MEETING (20 January 2022)

Agreed. With no amendment required.

5. MATTERS ARISING FROM THE MINUTES

None.

6. ANY OTHER BUSINESS

a. Introduction Melanie Barnett (Director of All Age Disability Services for WCF)

Melanie gave a brief history of her past work experience for the forum members.

b. School Finance Training (SFT) Program

CBr introduced RB who joined her team from Liberata when the schools team came back together in September 2021.

RB is currently preparing the financial training plan, which will be sent out before the end of term. Its was explained that during the pandemic training went online but we are returning more to a hybrid model of course with a mixture of online and face to face training.

SFT are reaching out to schools and the forum if any course you feel are missing. If this could be sent through either RB, CBr or RP.

c. Maintained Schools Conference

CBr confirmed that the conference will be free for maintained schools and will be at County Hall in October. This is to reinstate to original conferences that were previously held annually. This is open to finance staff, business manager, headteacher and governors of maintained schools.

The aim is to share best practice in back office areas. This is about operational service and not academisation. Items like Budgeting setting, policies, HR, etc. will be covered.

MR has agreed to be speaker at the conference from a governor's perspective.

NJ raised if Collaborative Planning (CP) training would be on the agenda and if further discussion on what training schools will need be covered. CB agreed this would be the case.

PR also asked for members to help WCF shape the conference, by making suggestions to (SFT).

d. WCC Cabinet Report – Provisional Financial Results 2021/22

PR gave a brief overview of the report and possible pressures going forward dependent on how the DSG outturn discussed later is to be dealt with.

No questions raised.

e. National Funding Formula update

PR presented document for reference for members.

MR confirmed he has invited all Worcestershire MP's to the f40 briefing on 5 July 2022.

DM raised that the system is not fair as originally planned, MR agreed that as the forum we need to raise this with our local MP's

PR has confirmed that this has been raised by the council with the local MP's and council members, which we continue to lobby on this matter.

f. SEND consultation

PR confirmed that MB will be making a submission on behalf of the local authority, but as finance we are concerned that there is a lack of financial or sensitivity analysis. Which is not allowing LA's to consider the consultation properly. We not sure if this this just using current money or where any additional resources may come from.

LR agreed with PR understanding of the consultation.

RP confirmed that he had attended a f40 meeting recently in which these concerns were also raised.

NJ raised new alternative provision schools within the area, the cost of AP provision over maintained special school places and if further analysis was needed in this area.

7. Maintained school balances

CBr presented and discussed the report for maintained school balances. This has increased by about £2m this year. The number of deficits school have decreased from 32 to 23 at the end of year. The schools in deficit were close to the final outturn when setting their budget and monitoring, with significant variances overall from other schools to the final outturn. At $\frac{3}{4}$ monitoring schools overall still setting an overall deficit.

23 schools have set deficit budget for the end of financial year 2022/23.

PR emphasised that the closer we can get period 6 monitoring to final outturn the better, so that the LA can raise issues with MP, make sure that the councillor's are aware, and lobby DfE for additional funding if necessary.

MR raised that forecasting can be confusing for governors, so this is where we need to work together to resolve this and help schools with more accurate predictive tools.

8. Year End position of the DSG and an update on the DfE Delivering Better Value in SEND

PR shared the final DSG closing position with a further increase in the HLN deficit, with the other blocks being around budget the overall deficit increased from £6.5m to £11.3. This is due to spend not matching the expenditure needed on SEND services.

The concern that the financial override put in place a couple of years ago ends at the end of this financial year (2022/23).

Worcestershire is part of a group of about 55 local authority to deliver better value in SEND. Our financial partner is CIPFA and the delivery partner is Newton Europe. WCC have been asked to be in second phase; so that we can learn from the first phase. PR to keep the forum updated as WCC go through the process. The government has announced funding for this is not to clear the deficit but to support the implementation.

JH stated where we are unable to reduce the deficit unless we cut the funding for SEND, or, we receive increased funding.

EF raised that the capacity of specials schools has increased significantly over previous years, with special schools in the county being at full capacity.

9. SEND Accelerated Progress Plan (APP)

MB gave WSF a brief of the current position. Sufficiency is an issue with a high number of children coming through with more complex needs.

MB raised that we need to work closer with Health colleagues, as we are not picking up children earlier enough, so unable to put in early interventions.

MB to comeback after the 10 round table discussion with schools and professionals to feedback to WSF.

MR asked about the 4 streams. MB said that with SW is leading on 1 and 2 and MB is leading on 3 and 4,

JH raised that not more conclusivity is the answer and that we need more autism provision in the county. Open additional provision to save spending money on AP in the future. This led to a debate between member of the forum. With the outcome that early intervention being a key aim, working with partners and parents to meet the needs of the child.

WSF asked for further reports on the position of SEND, so that the WSF can monitor, the position and the way forward.

10. HLN Supplementary Funding approval

RP presented the paper to WSF.

It was agreed by all members to fund this money to Special schools and AP as per the paper for one year only. This will not be built into any minimum funding guarantee going forward.

11. Scheme for Financing Schools

RP presented the paper to WSF.

Maintained members of the WSF agreed the amendments to the scheme.

RP to arrange for this to be published on the LA website.

12. Discuss the disapplication for 'Exceptional Premises 'Split site funding and criteria for financial year 2023/24

RP presented this paper to WSF. Stating that it will need to be discussed again as we will need to apply in future for a disapplication for financial year 2023/24.

WSF agreed to be taken back to school forum before completion of the APT and applying for the disapplication.

13. Split site funding and criteria for financial year 2023/24

RP shared the paper and the background to bring it to WSF.

DM raised that the funding does not cover the cost of having a split site.

RP explained the history that this has moved from the original model prior to 2013 to the national funding formula, with the split site now being driven by staff cost and resources.

BT agreed that there is a need to get feedback from all school receiving the funding and needed to take back to WSF.

MR WSF to consider the increase in cost and the criteria, report to forum for consideration.

Item to be taken back to next WSF meeting for further discussion. Any changes will need to go out to consultation in the autumn term.

14. Nurture Group Funding

RP presented the paper to WSF for reference.

Further report to confirm outcome of review once complete.

15. Updated on the new Secondary School, depending on the position in the tender process.

PR cannot give any further information than in the paper as preferred provider is waiting ratification by the DfE, so we will keep WSF updated.

Meeting ended

The meeting closed at 4.16 pm

Date of next meeting

The date of the next WSF meeting: - Thursday 29 September 2022 at 2.30pm
(Remote Meeting - MS Teams)

CABINET

22 SEPTEMBER 2022

RESOURCES REPORT – REVENUE BUDGET MONITORING - MONTH 4 (31 JULY) 2022/23

Relevant Cabinet Member

Mr S E Geraghty

Relevant Officer

Chief Financial Officer

Recommendations

1. **The Cabinet Member with Responsibility for Finance (who is also the Leader of the Council) recommends that Cabinet:**
 - (a) **Notes the budget forecast as at 31 July 2022;**
 - (b) **notes and approves the Contain Outbreak Management Fund (COMF) reserves as detailed in paragraphs 24 - 27 and Appendix 2;**
 - (c) **notes the current progress regarding savings plans approved by Council in February 2022 as detailed in paragraphs 50 and 51;**
 - (d) **notes the financial impact and forecast for COVID-19 reserve funded expenditure as detailed in paragraphs 52 and 53 and Appendix 3;**
 - (e) **notes the progress and commitments relating to the Open for Business Reserve, as detailed in paragraphs 54 to 56 and Appendix 4;**
 - (f) **approves the use of reserves as detailed in paragraphs 57 to 61;**
 - (g) **recommends to Council the variations to the Capital Programme as detailed in paragraphs 62 – 68; and**
 - (h) **notes the report on borrowing and lending transactions during 2021/22 detailed in paragraphs 74 and 75 and Appendix 5.**

Introduction

2. This report details the 2022/23 outturn forecast for the Council's £373 million net revenue budget as at Month 4 (31 July 2022), the forecast use of COVID-19 funding and progress to date on the savings and reforms programme.

3. Overall, the Council is forecasting a £8.281 million cost pressure without further action. This is reported after the delivery of savings and mitigations of over £15 million in year. This being a mixture of one-off and recurrent savings.

4. The majority of the overspend forecast is based on demand being faced within adults and children's social care and is a situation that could worsen as we progress through the year. Demand management and savings opportunities are being implemented within People Services; however significant cross council action is required to support the closure of the financial gap.

5. £4.65 million of the recurrent corporate savings target of £5.15 million is forecast to be achieved this financial year, as detailed in paragraphs 50 and 51. Although £2.3 million is non-recurrent so still needs to be addressed in year or for 2023/24.

6. It is expected that all of the Covid General and Contain Outbreak Management Grants which were carried forward will be fully utilised in 2022/23, as detailed in paragraphs 24 to 27 and Appendix 2.

7. Looking forward, the Council will be refreshing its Medium-Term Financial Plan in time for February's budget setting, noting the continual need to invest in the priorities that support vulnerable children and adults, ensuring road and infrastructure improvements support strong economic growth for the county area whilst acknowledging the financial risks on our income as we continue to recover from the effects of the pandemic.

8. This report also notes the latest position with regard to the continuing overspend on the Dedicated Schools Grant (DSG) High Needs Block as detailed in paragraphs 33 – 40.

9. An update on the latest borrowing and lending transactions are also reported in paragraphs 74 and 75.

Summary Revenue Budget Monitoring 2022/23 Forecast at Month 4 (31 July 2021)

10. The County Council's net budget of £373 million was set by Full Council in February 2022.

11. This report covers the forecast financial position for 2022/23 to the end of Month 4 (31 July 2022).

12. The overall outturn forecast at Month 4 is for a net overspend of £8.337 million, as set out in **Table 1**, with further breakdown for each service area is set out in **Appendix 1**

Table 1: 2022/23 Month 4 Forecast

Service Area	Budget £m	Forecast £m	Variance £m
People – Adults	139.827	146.326	6.499
People – Communities	20.593	20.593	0
Public Health	0.124	0.124	0
Children's Services/WCF	108.648	110.431	1.783
Economy & Infrastructure	59.226	59.228	0.002
Commercial & Change	7.256	7.256	0
Chief Executive	1.434	1.431	-0.003
Total: Service excl DSG	337.108	345.389	8.281
Finance/Corporate Items	36.589	36.145	-0.444
Non-assigned items	-0.500	0	0.500
TOTAL	373.197	381.534	8.337

13. The above table shows a net £8.281 million overspend on services, a £0.444 million underspend on corporate areas as a result of no commitments allocated against the corporate contingency budget, and a £0.5 million overspend due to a shortfall in the identification of corporate savings target (originally £5.15 million).

14. The identified £4.65 million corporate savings targets have been allocated to directorates and their base budgets reduced by the corresponding amounts, with details shown in paragraphs 50 and 51.

Adult Social Care Budget £139.8m, £6.5m overspend

15. As reported at the end of 2021/22, placement activity was higher than forecast with an underlying overspend of c£6.1 million for last financial year, mitigated by one-off sources of funding. Demand has continued to rise in the first quarter of 2022/23 and unit costs have also increased.

16. 2022/23 financial forecasts have been based on a net 4% client growth in totality by the year end, any increase or decrease in client growth above or below the forecast rate will result in a change to this financial position.

17. As at the end of July, the long-term placement numbers had already identified client growth of 2% since the end of March 2022 equating to a net increase of 104 Clients.

18. This is a national issue being seen by councils across the country, following the effect of the pandemic and increases in unit costs due to the current economic climate and increases in utility, food, transport and wage costs.

19. The forecast gross outturn for Adult Services placements is currently estimated at £13.6m before mitigation, with variances from budget included in the following paragraphs.

- The *Older People* service area is currently forecasting a gross placement overspend of £4.8 million. Both an increase in client numbers (3%) and unit costs are the cost drivers within this area. An increase of 95 clients (15%) has been seen in residential care since the end of March, along with an average 6% increase in unit costs (£39 / client / week increase to budgeted costs). Although nursing care and direct payment client numbers have decreased by 1%, unit costs have increased by 6% (£47 / person / week) and 7% (£25 / person / week) respectively.
- *Learning Disabilities* is currently forecasting a gross placement overspend of £4 million. The total number of clients within this service area have not increased since March, but significant increases are being seen in the unit cost of placements, with residential placements increasing by 7% (£112 / person / week), domiciliary care costs increasing by 20% (£65 / person / week) and supported living costs increasing by 6% (£71 / person / week).
- *Mental Health Services* are demonstrating a forecast £2.8m overspend against budget in the main relating to an increase in unit costs for clients supported under S117 of the Mental Health Act. An average nursing placement is 27% greater than this time last year. There are currently very few providers within Worcestershire that can offer client placements with the required level of need, therefore these are having to be sought out of county, at additional cost. This is an area for development that is being explored.
- *Physical Disabilities* is currently forecasting an overspend of £1.9m, due to both client numbers and increases in unit costs. Residential average weekly costs have increased by 7% since budget setting (£84 / person / week) with client numbers increasing by 14%.

20. In year mitigations totalling £7.2m have been identified by the directorate to bring the in-year forecast overspend down to £6.5m, as shown in **Table 2**.

Table 2 – Net Position following in-year mitigations 2022/23

	£m	£m
Overspend Predicted		13.6
Mitigations:		
- use of specific Adult Social Care reserve	2.2	
- unallocated growth for Liberty Protection Safeguards	1.0	
- additional forecast income for clients receiving Continuing Health Care	2.4	
- unallocated Transformation reserve	0.5	
- vacancy management	0.6	
- reduction in Direct Payment Contingency from 8 weeks to 6 weeks	0.4	
Total Mitigations		7.1
Net Pressure		6.5

21. As well as the mitigations above, as part of the identification of savings targets to support the £5.1m in year savings, Adults have identified a total of £2.7m towards this target, although c£0.8m of this relates to the one-off use of Public Health Ring-Fenced Grant (PHRG) and £0.8m use of COMF Funding.

22. The directorate is also working on a number of demand management opportunities and also reviewing the unit costs of all high-cost placements to ensure value for money whilst ensuring the clients Care Act needs are met. This includes focussing on the potential use of direct payments, community support and the further development of the Here2Help offer.

Communities Budget £20.6m

23. The forecast break-even position includes the following managed risks, which have been managed by vacancy control and increased income in Registration Services:

- An increase in the vacant space within county libraries, which is resulting in a reduction of income,
- An increase in utility costs and
- An increase in the Hive PFI RPI rate higher than initially budgeted

Public Health includes £31.2m Public Health Grant Income and related expenditure. Other services with a net £0.12m budget at breakeven

24. The ring-fenced Public Health Grant is expected to be fully utilised during 2022/23.

25. The Interim Director of Public Health has developed a 3-year plan for the use of the Public Health Reserve, the opening balance for 2022/23 being £9.7 million. Of this £3.7 million is expected to be utilised in year. The latest draft of the plan includes allocation of funding for children's prevention and early help, youth support, mental health support across children and adult services and health protection activities.

26. Any proposed changes to this plan will be reported to a future Cabinet for amendment.

27. **Appendix 2** also details the proposed allocation of the £4.266 million Contain Outbreak Management Fund (COMF) which was carried forward into 2022/23.

Worcestershire Children First (WCF) Budget 135m - £1.8m deficit

28. Worcestershire Children First (WCF) is forecasting a deficit of £1.783 million. This deficit is within WCF and narrative is included alongside Council variances for information purposes. The Council's contract with WCF which is included in the People Directorate is forecast to balance as this relates to the agreed contract for this financial year, and variance on WCF will be a consideration for future Council budget allocations.

29. Placements numbers and average costs are the most volatile and high-risk area of the Social Care budget, and at present the trajectory of the figures indicates that the activity will drive a c£1.8 million overspend this year.

30. The current number of placements is 939, a sharp increase from the figure of 921 from June, in the last year the increase has been around 3%.

31. There is also pressure in the All-Age Disability Service mostly relating to the Educational Psychology Service which forecasts additional costs of £0.29 million for associates in order to manage demand/caseloads. This is offset by some underspend elsewhere in WCF to mitigate the pressure in the service.

32. Home to School Transport (HTST) is forecast to overspend by c£1+ million this year. This is due to current inflationary pressures on providers, which will result in increased prices for the service – primarily the impact of fuel and staffing costs. There is also 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. This predicted overspend position can be met from within the earmarked reserve for SEND transport and from an allocation from the COVID grant reserve. This position will continue to be closely monitored at the Corporate Transport Board.

Dedicated Schools Grant (DSG) - £236m budget

33. The starting point for the DSG reserve is a deficit balance of £11.3m, built up from previous years High Needs overspends. With the in-year projections and known catch-up commitments from money received in 2021/22, the forecast position at year-end is a £15.3m deficit balance. **Table 3** details the forecast position for the current and next financial year.

Table 3 – Forecast DSG Position

Summary Position for Dedicated Schools Grant	
	£m
Accumulated Deficit 1 April 2022	11.3
High Needs Deficit 2022/23	4.9
Savings on Other Blocks	-0.8
Accumulated Deficit 31 March 2023	15.4
Projected Early Years and Schools Block	-0.5
Projected High Needs Shortfall 2022/23	5.0
Projected Accumulated Deficit 31 March 2024	19.9

34. Whilst DSG allocations are generally forecast to continue to rise but not at the rate of the last few years, the provisional 2023/24 DSG budgets have been announced and is to increase by around 5%. DSG spend is forecast to rise at a faster rate for Worcestershire and the deficit will increase to around £15 million by the end of 2022/23.

35. The High Needs deficit does impact on the council's financial sustainability, as the deficit sits as a negative unusable reserve on the balance sheet permitted via a statutory instrument. Currently, 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.

36. As it stands, this ringfence is due to end after the accounts for the financial year 2022/23, at which point authorities will need to demonstrate their ability to cover DSG deficits from their available reserves (the deficit is forecast to be c £15 million at the end of 2022/23) which could directly impact the Council's financial position, increasing funding pressures. It is worth noting that this is not a Worcestershire County Council issue in isolation and is a major concern amongst local authorities nationally.

37. High Needs funding and the impact of the deficit is a national issue and to address the future sustainability the DfE is investing a one off £85 million (c£60m for LA's) in the Delivering Better Value in SEND (DBV) programme. This will support the 55 local authorities with deficits to reform their high needs systems, addressing the underlying issues that lead to increased pressure, and putting them on a more sustainable footing. Worcestershire is one of the 55 Local Authorities and is participating in the programme which is being supported by Newton Europe and CIPFA who we have previously worked aside in Social Care and through the Society of County Treasurers. Worcestershire is confirmed in Phase 1 - tranche 2, which starts in January to June 2023.

38. For information Authorities with the highest deficits participate in the safety valve intervention programme.

39. The crystallisation of this risk will continue therefore to be monitored alongside the Chief Finance Officer's (CFO's) assessment of the adequacy of the Council's reserves, in particular the Financial Risk Reserve.

40. The council continues to work with the Local Government Association and other local authorities to seek clarification on both the position once the statutory instrument expires and a sustainable funding strategy for the High Needs budget.

Economy & Infrastructure (E&I) – Budget £59.7m

41. The Economy and Infrastructure Directorate is forecasting to broadly meet its £59.7 million budget.

42. The most significant variance from budget is a c£7.5million overspend for Waste Services. This comprises the previously agreed savings target and additional tonnage and inflationary costs. It is anticipated that the net overspend will be funded by a transfer from the Waste PFI reserve, the agreed reduced contract price currently being finalised and a contribution from the COVID general reserve.

43. There are a number of pressures relating to inflationary increases, recognising increased materials and fuel costs, and reduction in levels of income partly due to the impacts of COVID-19. Additional pressures are also being seen where consultancy costs are being incurred to cover hard to fill vacancies. It is however expected that additional income generated within Network Management will offset these pressures. Work continues within the directorate to monitor and evaluate the impacts of the current economic climate and establish mitigating action to ensure budget pressures can be contained.

Commercial and Commissioning – Budget £7.3m

44. The Commercial and Commissioning Directorate is forecasting to deliver in line with its cash limited budget. The recurring element of the underspend identified in 2021/22 has been used to support the council-wide savings target.

45. The most significant variances from budget are as follows:

- A forecast £0.6 million overspend in Legal and Democratic Services due to a significant increase in child-care cases which require pre-proceedings and court support. The overspend is planned to be offset in year by the use of the COVID grant reserve.
- £0.2 million forecast inflationary pressures within Property Services which has been offset by a decrease in forecast costs expected within the reactive maintenance budget.

Chief Executive/HR – Budget £1.4m

46. The Chief Executive/HR function is forecasting to broadly break even after identifying c£0.15 million of savings to contribute to the corporate savings target.

Finance / Corporate / Non-assigned Budget £36.6m, underspend £0.444m underspend

47. The Financial Services budget includes corporate items such as the Financial Services team, Debt Interest and Minimum Revenue Provision (MRP).

48. The £34.6 million budget for Finance / Corporate Items is forecast to underspend in total by £0.444 million. This relates to an assumed release of the £0.444 million Whole Organisation Contingency. There are currently no spending commitments against this balance and thus can be released as an underspend to offset overall cost pressures.

49. At this stage it is understood that national employers have submitted a “final offer” to Trade Unions relating to the 2022/23 pay increase. This equates to £1,925 per person but brings with it increases in employers’ pension and national insurance contributions. This equates to a budgetary increase of c£5.5m for Worcestershire County Council. In February 2022, Council set a budget with an assumed pay uplift of 1.25%. The gap equates to £4 million of new and additional pressure. It is intended to fund this additional cost in 2022/23 from the Finance Risk Reserve. This will need to be addressed recurrently in setting the 2023/24 budget.

Savings programme Update

50. The Council set its budget for 2022/23 in February 2022. Within that there was a £5.15 million savings target to be identified. At the end of July 2022 £0.225 million had been identified from a good housekeeping exercise, plus a further £4.425 million (including £2.708 million from ASC) resulting in the total found being £4.65 million. This leaves a gap of £0.5 million to find of the £5.15 million target, as shown in **Table 4**.

51. However, £1.6 million of these proposals are relating to one-off use of Public Health grant and a further £0.7 million of the savings are also one-off, giving a recurrent pressure from 2023/24 of £2.3 million to be mitigated.

Table 4: Savings Forecast as at Month 4 2022/23

Service Area	Saving £m	Detail
People – Adults	2.708	Use of Public Health Grant and COMF funding on a one off basis to fund eligible expenditure Deletion of non-essential vacant posts and use of forecast additional income to fund learning disability reviews
People - Communities	0.025	Vacancy management
COACH	0.430	Review of supplies and services and property spend Increase in income and deletion of non-essential vacancies
E&I	0.435	Deletion of non-essential vacant posts Additional network control income
Finance	0.182	Deletion of vacant posts
HR	0.150	Talent Management reduced delivery
WCF	0.495	Deletion of vacant posts and delay in recruitment
Good housekeeping	0.225	General reduction in supplies and service budgets including subscriptions and office expenses
Total	4.650	
Target	5.150	
Balance Remaining	0.500	

Planned use of COVID Grant Reserve

52. A total of £13.292 million of Covid-19 related general grants were carried forward from 2021/22 into 2022/23. A plan to allocate the unspent grant has been prepared to support ongoing recovery across the Council's services in 2022/23. This includes the previously approved

- £2.0 million increase to the Open for Business Reserve continue to support the economy and tourism as the County continues to recover from the pandemic
- £1.0 million transfer from COVID grant carry forward to the Waste Reserve to reflect the ongoing additional cost of waste disposal still being incurred due to the pandemic.
- £2.1 million to support the overall council budget

53. Cabinet is requested to approve the remaining planned allocations from this fund, as detailed in **Appendix 3**, which includes

- £0.5 million allocation for additional costs associated with Adult Social Care reviews delayed due to staff working on pandemic activities
- £0.6 million to support the additional costs arising from increase in Home to School and SEND transport
- £0.6 million to support additional legal costs associated with childcare cases, education and adult care appeals and legal fees
- £0.1 million in relation to improvements at Countryside Centres and Libraries
- A provision of £1.5 million to support ongoing inflationary increases in services recovering from the impact of the pandemic such as transport

Update on Open For Business Reserve

54. Council originally allocated £7 million within the Capital Programme towards schemes meeting the relevant criteria for funding. To date £5.273 million has been allocated, leaving £1.727 million available. A report elsewhere on this cabinet agenda entitled Open For Business recommends the use of £0.727 million of this remaining allocation towards the Business Worcestershire Scheme. This leaves an uncommitted balance of £1 million for future allocation. A breakdown of commitments to date are included in **Appendix 4a**, and includes allocations towards Here to Help Business Support, a transport model for Worcestershire and investment into the W6 Programme.

55. A total of £9 million has been made available since April 2020 in the form of the Open for Business revenue reserve. £2.490 million of this has been allocated to date towards schemes, leaving £6.511 million of the reserve funding available for allocation. A breakdown of commitments to date are included in **Appendix 4b**, and includes allocations towards Inspiring Worcestershire, One Worcestershire Tourism scheme, implementation of 5G and Here to Help for Businesses.

56. The three schemes in Open for Business Cabinet report are requesting allocation of a total of £6.121 million, with £3.364 million towards Business Worcestershire, £1.460 million for Visit Worcestershire and £1.297 million for Workforce Planning. This leaves an uncommitted balance of £0.390 million for future allocation.

Earmarked Reserves

57. All earmarked and grant reserves are retained either under the delegated authority given to Chief Officers in the Financial Regulations or by Cabinet/Cabinet Member approval, this is subject to recommendations jointly by a Chief Officer in agreement with the Chief Financial Officer for carry forward each year.

58. In February 2022 the Cabinet approved a 2022/23 Budget and Medium-Term Financial Plan Update report that included a forecast of Earmarked Reserves which was based on the best knowledge available at that time.

59. During the year, the Council draws down funding from unspent grant and earmarked reserves to help fund expenditure.

60. Cabinet are being asked to note that funding was set aside from the Finance Risk Reserve, as previously agreed by Cabinet, to support households and businesses following the flood which occurred in February 2022. The scheme was open for applications from 8 March 2022 to 19 May 2022. 65 payments were made to businesses and 79 to private householders affected. The 144 payments relating to support which were made by the County Council had a total cost of £84,750.

61. Cabinet are recommended to approve the following uses of reserves support expenditure being incurred in the revenue account

- £0.360 million from the Strategic Infrastructure Fund to complete the Outline Business Cases for North West Worcestershire Corridor (NWWC) Scheme and the A44 / A4538 scheme which is detailed in a separate report on this agenda
- £2.2 million allocation from the Adult Social Care Reserve to partially mitigate overspend position within the directorate
- £0.2 million allocation from the Strategic Infrastructure Fund for external legal and financial advice to support development of strategic business cases
- £0.5 million from the Transformation Reserve for Adult Social Care to partially mitigate the gross overspend forecast

- £0.15 million allocation for costs arising from the scheduled upgrade and improvements to the Councils corporate financial system (E5) to be funded from the Finance Risk Reserve
- £0.3 million allocation from the Finance Risk Reserve to support a legal challenge in relation to a planning matter
- £0.4 million from the SEND transport reserve to offset the forecast increase in costs, along with £0.6 million use of COVID grant reserves
- £4 million to fund the potential higher than forecast “final pay offer” proposed nationally by employers, from the Business Rates Risk Reserve

Update on Capital Programme

62. Since the Draft Capital Programme was approved in February 2022, the Council has received the following increases in external funding and therefore requests that Cabinet recommends to Council an increase in the Capital Programme as detailed in the following paragraphs.

63. Following notification from the Department of Transport, the Council is expected to receive an additional £21.161 million for 2022/23 relating to Local Transport Capital. A similar amount has also been indicated for 2023/24 and 2024/25, meaning an increase to the capital programme of c£63.5 million over the three-year period.

64. On 8 August 2022 the Department for Transport announced £43 million will be invested into the Council's A38 improvement scheme in Bromsgrove as part of the Major Road Network Fund, subject to successful submission of the final business case. The money will help to tackle congestion, improve journeys and support thousands of new jobs and homes. Planned works will install new lanes at key junctions and widen the existing road, helping to improve traffic flow and reduce the threat of any unnecessary bottlenecks. These upgrades will take place on a 7.5-mile stretch of the route, between the M5 Junction 4 to the north and the A38/B4094 to the south.

65. Following notification from the Department for Education, the 2022/23 Basic Need Grant has increased by £0.525 million from the £7.57 million included in the Draft Capital Programme to £8.095 million. Funding for 2023/24 and 2024/25 has also been allocated at £7.128 million and £5.303 million respectively.

66. Subject to approval of the Cabinet Report elsewhere on today's agenda relating to Kepax Bridge, virements and additions to the Capital Programme will be requested to be approved by Council as detailed within that report, namely

- £0.813m – external contribution from Worcester City Council
- £2.325m – external contribution from Worcester City Council via the Towns Fund
- £5m virement from the existing allocation in the Capital Programme to address inflationary pressures on Major Projects
- £0.410 million from the unallocated Public Realm existing capital programme
- £1.781 million from the Strategic Infrastructure existing capital programme
- a £0.571 million allocation from the Highways Capital Maintenance Budget

67. Other education and schools' grants have also been awarded, which are

- £4.081 million for the Schools Condition Allocation,
- £5.285 million relating to Higher Needs Provision Capital with an allocation of £5.422 million for 2023/24
- £0.703 million for the Devolved Formula Grant,
- £0.2 million for the Schools Nurseries Grant.
- £0.193 million for the "One Bedroom Project".

68. The Council is currently involved in a legal adjudication with one of its suppliers, with an anticipated payment of up to £3.9m being required should the ruling go against the Council. The Council is continuing to take legal advice, and should the Council be compelled to pay the stated sums, we expect to be able to recover some or all of this payment within this financial year. In the interim, a variation to the capital programme is required, funded from additional borrowing.

Medium Term Financial Planning

69. The County Council's Medium Term Financial Plan (MTFP) was approved by Full Council in February 2022, however, based on the current economic climate, the impact of inflation and pay awards there will be a need to consider the current financial pressures and the extent to which they affect future years when the MTFP is revised as part of the normal budget planning cycle.

70. The Council continues to manage the residual local impact of COVID-19 whilst maintaining service delivery. The knock-on effects on the number of claimants of Council Tax Support (managed by our District Councils) and potential reductions in business rates income will put stress on the level of funding available to the Council.

71. Setting aside COVID-19, the Council will continue to face more demand for some services through an increasing and ageing population, this, together with increases in cost pressures that arise through our partners and key suppliers means the Council should keep looking for opportunities to deliver even better value for money.

72. There are a number of areas which are subject to considerable change over the next few months and the Council will look to update its MTFP in preparation for the 2023/24 Budget Cycle. The main areas include the level of income expected to be collected and the impact on future demand and inflation.

73. It is nevertheless anticipated that we will present a draft budget by January 2023 for public consultation whilst also revising our Corporate Plan outlines priority investment in services.

Borrowing and Lending Transactions 2021/22

74. In accordance with Financial Regulations and the County Council's Treasury Management Policy Statement, the Chief Financial Officer is required to report annually on the activities of the Treasury Management operation. This report is set out at **Appendix 5**.

75. The key highlights of this report are: -

- The Council's treasury activities were managed successfully within the approved Prudential Indicator limits.

- There were a number of base rate changes during the year being 0.50% on the 3 February 2022 and 0.75% from the 17 March 2022.
- Investments were prudently made to the UK Debt Management Office, other local authorities, Money Market Funds and Ultra-Short duration Bond Funds are in line with the existing County Council Treasury Management Policy.
- £36.5 million of existing loans have been repaid during the year.
- No new long-term loans were taken out during 2021/22 as the cashflow needs were managed from within internal resources during the year.
- Total long-term debt outstanding is within plan and stood at £486.5 million at 31 March 2022 at an average rate of 3.27% (3.27% for 2020/21).

Legal Implications

76. Legal advice will be provided to support any changes in service delivery in accordance with the requirements of the Council's policies and procedures.

Financial Implications

77. Members are required under Section 25 of the Local Government Act 2003 to have regard to the Chief Financial Officer's report when making decisions about the budget calculations for each financial year. This is undertaken through the approval of the annual budget in February each year.

78. Section 25 of the Act also covers budget monitoring, and this process monitors the robustness of budgets, adequacy of reserves and the management of financial risk throughout the year. This Cabinet report highlights forecast variances arising from current financial performance and the possible impact of existing pressures on future expenditure so that appropriate action may be taken.

79. In discharging governance and monitoring roles, Members are asked to consider the issues arising and the potential impact on the budget as well as the financial risks arising.

80. The Council's procedures for budget monitoring is reinforced through close financial support to managers and services on an ongoing basis to ensure processes and controls are in place to enable tight financial control.

HR Implications

81. A number of existing savings may impact on staff roles and responsibilities and where appropriate senior officers take advice from the Council's Human Resources team.

82. This will include undertaking consultations with staff, trade unions and any other affected body as appropriate.

Equality Duty Considerations

83. The Council will continue to have due regard to proactively addressing the three elements of the Public Sector Equality Duty in all relevant areas – in particular the planning and delivery of our services. The Council will continue to assess the equality impact of all relevant transformational change programmes and will ensure that Full Council has sufficient equalities assessment information to enable it to have due regard to the three elements of the Equality Duty when considering any changes to the budget. The Council will continue to ensure best practice is followed with regard to these requirements.

Risk Implications

84. The Cabinet report includes recommendations regarding the Council's forecast financial position for 2022/23 and the use of earmarked reserves and unspent grants.

85. If approved, there are normal risks regarding ensuring that appropriate qualifying expenditure is incurred, and that spending is within the cash limited for budgets. These risks are mitigated through the regular budget monitoring process.

Privacy and Public Health Impact Assessment

86. A Health Impact Assessment has been undertaken with regard to this report and recommendations relating to new spending decisions to understand the potential impact they can have on Public Health outcomes across the county area.

87. This report is mainly about confirming the forecast financial position at this stage of the year reflecting existing Cabinet decisions and policies, and where appropriate utilising specific grant monies with spending restrictions associate with these grants.

88. Taking this into account, it has been concluded that there are no other specific health impacts as a result of new decisions arising from this Cabinet report.

89. A similar assessment has been undertaken with regard to privacy/data protection and has confirmed that there is no impact anticipated as a result of this report.

Supporting Information

- **Appendix 1** – Budget Monitoring Outturn Forecast for Month 4 as at 31 July 2022
- **Appendix 2** – COMF allocations
- **Appendix 3** – Allocation of COVID General Funding
- **Appendix 4** – Open For Business – Capital Programme and Revenue Reserve
- **Appendix 5** – Treasury Management

Contact Points

County Council Contact Points

County Council: 01905 763763

Specific Contact Points for this Report

Michael Hudson, Chief Financial Officer, 01905 84**5560**, mhudson@worcestershire.gov.uk

Stephanie Simcox, Deputy Chief Financial Officer, 01905 84**6342**
ssimcox@worcestershire.gov.uk

Chris Bird, Chief Accountant, 01905 84**6994**, CBird1@worcestershire.gov.uk

Background Papers

In the opinion of the proper officer (in this case the Chief Financial Officer) the following are the background papers relating to the subject matter of this report:

Previous Cabinet Resources Reports

P4 Outturn Forecast - 2022/23 SLT Revenue Budget Monitoring Forecast by Service					One Off / Adjustments						
Service	2022/23 Gross Budget	2022/23 Net Budget	2022/23 Forecast Excluding One-off Adjustments	22/23 Draft Variance Before Adj's	Transfer to Capital	Trf To Reserves	Trf From Reserves	Use of general Covid grant	Proposed C/Fwds	Variance After Adj's	Variance After Adj's
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	%
DSG - School Formula Budgets	124,528	128,077	127,737	(340)	0	0	0	0	340	0	0.0%
DSG - High Needs Pupils	59,275	69,060	73,960	4,900	0	0	0	0	(4,900)	0	0.0%
DSG - Early Years	36,476	35,418	34,914	(504)	0	0	0	0	504	0	0.0%
DSG - Statutory Duties / Historic Commitments	3,377	3,325	3,325	0	0	0	0	0	0	0	0.0%
DSG - Other School Grants	15,177	0	0	0	0	0	0	0	0	0	0.0%
DSG - Dedicated Schools Grant	7,320	(235,880)	(235,880)	0	0	0	0	0	0	0	0.0%
Total Dedicated Schools Grant (DSG)	246,153	0	4,056	4,056	0	0	0	0	(4,056)	0	0.0%
WCF Contract	124,949	108,648	110,431	1,783	0	0	0	0	0	1,783	1.6%
Total WCF (Excl DSG)	124,949	108,648	110,431	1,783	0	0	0	0	0	1,783	1.6%
Economy & Sustainability	5,688	1,425	3,996	2,571	(26)	722	(3,400)	0	0	(133)	-9.3%
Planning and Regulation	1,482	724	1,845	1,121	(159)	0	(687)	0	0	275	38.0%
Major Projects	2,603	28	1,142	1,114	(1,025)	0	0	0	0	89	317.9%
Passenger Transport Operations	18,071	11,565	11,803	238	(36)	0	(152)	0	0	50	0.4%
Business Management	827	(30)	(118)	(88)	58	0	0	0	0	(30)	100.0%
Infrastructure & Contracts	1,509	1,509	1,611	102	(62)	0	0	0	0	40	2.7%
Waste Management	51,044	29,805	37,348	7,543	0	0	(7,571)	0	0	(28)	-0.1%
Network Management	3,767	452	417	(35)	(107)	126	(207)	0	0	(223)	-49.3%
Development Management	1,113	166	166	0	0	0	0	0	0	0	0.0%
Highways Operations & PROW	8,754	8,733	10,678	1,945	(1,972)	0	(42)	0	0	(69)	-0.8%
Road Lighting	4,913	4,849	5,023	174	(143)	0	0	0	0	31	0.6%
<i>Economy Overview and Scrutiny Panel</i>	<i>30,180</i>	<i>15,221</i>	<i>20,279</i>	<i>5,058</i>	<i>(1,250)</i>	<i>722</i>	<i>(4,239)</i>	<i>0</i>	<i>0</i>	<i>291</i>	<i>1.9%</i>
<i>Environment Overview and scrutiny panel</i>	<i>69,591</i>	<i>44,005</i>	<i>53,632</i>	<i>9,627</i>	<i>(2,222)</i>	<i>126</i>	<i>(7,820)</i>	<i>0</i>	<i>0</i>	<i>(289)</i>	<i>-0.7%</i>
Economy & Infrastructure	99,771	59,226	73,911	14,685	(3,472)	848	(12,059)	0	0	2	0.0%

P4 Outturn Forecast - 2022/23 SLT Revenue Budget Monitoring Forecast by Service					One Off / Adjustments						
Service	2022/23 Gross Budget	2022/23 Net Budget	2022/23 Forecast Excluding One-off Adjustments	22/23 Draft Variance Before Adj's	Transfer to Capital	Trf To Reserves	Trf From Reserves	Use of general Covid grant	Proposed C/Fwds	Variance After Adj's	Variance After Adj's
	£000	£000	£000	£000	£000		£000	£000	£000	£000	%
COACH - Management	619	261	261	0	0	0	0	0	0	0	0.0%
Property Services	8,367	89	290	201	(75)	0	(181)	0	0	(55)	-61.8%
Commercial Team	2,926	711	806	95	0	0	(95)	0	0	0	0.0%
Legal and Democratic Services	8,267	5,250	5,958	708	(20)	112	(670)	(75)	0	55	1.0%
Technology	9,838	952	1,392	440	(254)	0	(186)	0	0	0	0.0%
Transformation & Change	1,863	(7)	1,120	1,127	0	0	(1,127)	0	0	0	0.0%
Total Commercial and Change	31,880	7,256	9,827	2,571	(349)	112	(2,259)	(75)	0	0	0.0%
Health & Safety	366	24	24	0	0	0	0	0	0	0	0.0%
HR Core Structure	4,954	658	860	202	0	0	(202)	0	0	0	0.0%
Content & Communications	1,199	365	391	26	0	0	(26)	0	0	0	0.0%
HR Old Structure	0	0	0	0	0	0	0	0	0	0	#DIV/0!
Chief Executive	387	387	384	(3)	0	0	0	0	0	(3)	-0.8%
Total Chief Executive	6,906	1,434	1,659	225	0	0	(228)	0	0	(3)	-0.2%
Adults Commissioning Unit	16,159	1,342	2,554	1,212	0	0	(1,289)	0	0	(77)	-5.7%
Learning Disabilities	77,135	65,701	68,936	3,235	0	0	0	0	0	3,235	4.9%
Mental Health	27,941	19,150	21,073	1,923	0	0	0	0	0	1,923	10.0%
Older People	106,724	71,948	74,422	2,474	(440)	0	0	(50)	0	1,984	2.8%
Physical Disabilities	20,900	16,418	18,306	1,888	0	0	0	0	0	1,888	11.5%
Support Services	558	(18,706)	(19,039)	(333)	0	0	0	0	0	(333)	1.8%
Future Fit including Grants	1,071	(16,026)	(15,947)	79	0	0	(2,200)	0	0	(2,121)	13.2%
Total People - Adult Services	250,488	139,827	150,305	10,478	(440)	0	(3,489)	(50)	0	6,499	4.6%
Registration & Coroner	2,245	765	765	0	0	0	0	0	0	0	0.0%
Strategic Libraries & Learning	12,392	4,362	4,482	120	0	0	0	0	0	120	2.8%
Museums Service	776	658	653	(5)	0	0	0	0	0	(5)	-0.8%
Severn Arts Music	0	0	0	0	0	0	0	0	0	0	0.0%
Countryside Greenspace	2,159	196	197	1	0	0	0	0	0	1	0.5%
Community Leadership	351	326	210	(116)	0	0	0	0	0	(116)	-35.6%
Skills & Inv incAdult learning	5,466	430	430	0	0	0	0	0	0	0	0.0%
SENDIASS	265	57	57	0	0	0	0	0	0	0	0.0%
Chs Comm & Ptnership	365	365	365	0	0	0	0	0	0	0	0.0%
Education Statutory	43	0	0	0	0	0	0	0	0	0	0.0%
Historic Chs	11,046	120	225	105	0	0	(105)	0	0	0	0.0%
Archives & Archaeology	3,656	1,573	1,573	0	0	0	0	0	0	0	0.0%
Provider services	16,369	9,645	9,645	0	0	0	0	0	0	0	0.0%
Childrens S75	2,297	2,096	2,096	0	0	0	0	0	0	0	0.0%
Here 2 Help	0	0	0	0	0	0	0	0	0	0	0.0%
Total People - Communities	57,430	20,593	20,698	105	0	0	(105)	0	0	0	0.0%

forecast

Service	2022/23 Gross Budget	2022/23 Net Budget	2022/23 Forecast Excluding One-off Adjustments	22/23 Draft Variance Before Adj's	Transfer to Capital	Trf To Reserves	Trf From Reserves	Use of general Covid grant	Proposed C/Fwds	Variance After Adj's	Variance After Adj's
	£000	£000	£000	£000	£000		£000	£000	£000	£000	%
Public Health Ring Fenced Grant	36,648	0	3,323	3,323	0	0	(3,323)	0	0	0	0.0%
Trading Standards	879	122	122	0	0	0	0	0	0	0	0.0%
Public Analyst	69	2	2	0	0	0	0	0	0	0	0.0%
Non PHRFG activities	1,194	0	98	98	0	0	(98)	0		0	0.0%
Public Health	38,790	124	3,545	3,421	0	0	(3,421)	0	0	0	0.0%
Total : Services (Excl DSG)	610,214	337,108	370,376	33,268	(4,261)	960	(21,561)	(125)	0	8,281	2.5%
Financial Services	5,575	1,483	1,878	395	0	0	(395)	0	0	0	0.0%
Financing Transactions (Borrowing and Investments)	18,075	19,678	19,678	0	0	0	0	0	0	0	0.0%
MRP	11,098	11,098	11,098	0	0	0	0	0	0	0	0.0%
Contributions and Precepts	267	267	267	0	0	0	0	0	0	0	0.0%
Pension Fund Backfunding Liabilities	4,464	4,464	4,464	0	0	0	0	0	0	0	0.0%
Miscellaneous Whole Organisation Services	924	668	668	0	0	0	0	0	0	0	0.0%
New Homes Bonus Grant Income	0	(1,513)	(1,513)	0	0	0	0	0	0	0	0.0%
COVID-19	0	0	0	0	0	0	0	0	0	0	0.0%
Whole Organisation - Contingency	444	444	0	(444)	0	0	0	0	0	(444)	-100.0%
Finance / Corporate Items	40,847	36,589	36,540	(49)	0		(395)	0	0	(444)	-1.2%
Organisation Review	(1,500)	(500)	0	500	0	0	0	0	0	500	-100.0%
Other General Covid-19 Pressures	0	0	0	0	0	0	0	0	0	0	0.0%
Commercial Savings	0	0	0	0	0	0	0	0	0	0	0.0%
Financial Risk Reserve	0	0	0	0	0	0	0	0	0	0	0.0%
Non-Assigned Items	0	(500)	0	500	0		0	0	0	500	-100.0%
Funding - Transfer To/(From) Reserves			0	0	0		0		0	0	0.0%
Total (Excl DSG)	651,061	373,197	406,916	33,719	(4,261)		(21,956)	(125)	0	8,337	2.2%
Council Tax	(301,346)	(301,346)	(301,346)	0	0		0		0	0	0.0%
Collection Fund (Surplus) / Deficit	(2,904)	(2,904)	(2,904)	0	0		0		0	0	0.0%
Net Use of Reserves	(261)	(261)	(261)	0	0		0		0	0	0.0%
Business Rates Retention Scheme	(68,686)	(68,686)	(68,686)	0	0		0		0	0	0.0%
Total - Funding	(373,197)	(373,197)	(373,197)	0	0		0	0	0	0	0.0%
Grand Total - Services and Funding (Excl DSG)	277,864	0	33,719	33,719	(4,261)		(21,956)	(125)	0	8,337	
Total Dedicated Schools Grant (DSG)	246,153	0	4,056	4,056	0		0	0	(4,056)	0	
Total	524,017	0	37,775	37,775	(4,261)		(21,956)	(125)	(4,056)	8,337	

Appendix 2**COMF Allocation**

Spend Category	2022/23 allocation £'000
Compliance and Enforcement: COVID-19 Secure Marshals or equivalents	237
Compliance and Enforcement: Environmental Health Officers	185
Project Management, commercial support and other staffing	310
Other: Prevention, management of local outbreaks and data intelligence, surveillance and communications	1,395
Support for vulnerable groups and targeted community interventions	1,860
Testing	90
Tracing	206
Total	4,266

Appendix 3 – Allocation of COVID General Funding

Description	Bfwd from 2021/22	New for 22/23	Total Allocated
Funding the Council's budget for 22/23 as agreed by Council in February 2022	2,100,000		2,100,000
Commitment to Here to Help & Integrated Wellbeing Offer as part of the community recovery from the pandemic	2,500,000		2,500,000
Legal - WCF for increased cases post pandemic	35,000	250,000	285,000
Legal - Adults / Education for increased cases post pandemic including schools appeals	55,000	250,000	305,000
Democratic Services - Schools Appeals to manage case loads	2,300	17,700	20,000
Covid recovery - accommodation costs including Council Chamber	218,292	187,708	406,000
Health & Safety professional	98,000		98,000
Commitment to businesses, Tourism and Economic Recovery managed by the Open For Business Board	922,851	2,000,000	2,922,851
Additional Waste Tonnages arising from the pandemic		1,000,000	1,000,000
Allocation for additional costs associated with Adult Social Care reviews delayed due to staff working on pandemic activities	500,000		500,000
In-house Provider Services Support - Adults to continue to deal with Covid related impacts	275,000		275,000
Additional spend relating to marketing and improvements to Countryside Centres and Libraries to help recovery		100,000	100,000
Here to Help Staffing including the Wellbeing advisers as part of the community recovery from the pandemic	251,000		251,000
General Support for inflation and demand issues arising post pandemic for items such as care costs		1,500,000	1,500,000
General spend on Testing, PPE etc		429,510	429,510
Additional costs relating to Home to School and Public Transport on services start to recover numbers post pandemic		600,000	600,000
Total	6,957,443	6,334,918	13,292,361

Open For Business Allocations from the Capital Programme

	£
Capital Programme Allocation	7,000,000
Committed to date	5,273,000
Projects include:	
<ul style="list-style-type: none"> • Malvern Hills Technology Park (1) • Malvern Hills Technology Park (2) • Redditch Rail Feasibility / Quarter • Shrub Hill Estate • Worcester Six Expansion • Worcester Transport model • Here2Help Businesses 	
Proposed in this report:	
Business Worcestershire	727,000
Total commitments	6,000,000
Balance Remaining	1,000,000

Allocations from the Open for Business Revenue Reserve

	£
Reserve total allocation from 1 April 2020 to 31 March 2022	9,000,000
Committed to date	2,489,783
Projects include:	
<ul style="list-style-type: none"> • Energy Strategy • Midlands Engine (contribution for 2 years) • Visit Worcestershire • One Worcestershire • Inspiring Worcestershire • One Worcestershire - Tourism • 5G Contribution • Moving Evesham Forward (Evesham Traffic) • Gamechanger delivery fund • Here2Help Businesses • Malvern College 	
Proposed in this report:	
Business Worcestershire	3,364,071
Visit Worcestershire	1,459,500
Workforce Planning	1,297,079
Total commitments	8,610,433
Balance Remaining	389,567

BORROWING AND LENDING TRANSACTIONS 2021/22

1. In accordance with Financial Regulations and the Council's Treasury Management Policy Statement, the Chief Financial Officer is required to report annually on the activities of the Treasury Management operation
2. This report details the borrowing and lending transactions undertaken by the Council for the 2019/20 financial year. Long term borrowing is used to fund Capital Projects and to replace principal sums repaid during the year. Lending transactions comprise instant access deposits, short-term investments on the London Money Markets, Ultra Short duration Bond Funds and with the Debt Management Office's deposit facility, held at the Bank of England

Background

3. In response to the levels of inflation and increases in cost of living the bank rate was increased to 0.50% on 3 February 2022 and 0.75% from 17 March 2022. In line with the Treasury Management strategy approved by Council investments have been made with the UK Debt Management Office, other Local Authorities, selected banks, Short Bond Funds and Money Market funds.

Borrowing

4. The borrowing transactions and debt outstanding for the Council in 2021/22 are summarised as follows:

Statement of Borrowing Transactions for the year ended 31 March 2022

	Short Term		Long Term			Total Debt £'000
	Local Deposit Loans	Short Term Temporary Loans	PWLB Loans	Money Market Loans	Total Longer Term	
	£'000	£'000	£'000	£'000	£'000	
Debt Outstanding at						
1 April 2021	326	57,500	415,179	50,000	465,179	523,005
Loans Raised	0	0	0	0	0	0
Loans Repaid	(0)	(25,000)	(11,523)	(0)	(11,523)	(36,523)
Net Borrowing	0	(25,000)	(11,523)	0	(11,523)	(36,523)
Debt Outstanding at						
31 March 2022	326	32,500	403,656	50,000	453,656	486,482

5. Total debt outstanding decreased from £523.0 million to £486.5 million during the year. This decrease was primarily of £36.5 million debt repayment. This level of debt is within the Capital Financing Requirement for 2021/22 (£664.1m) and also meets the Prudential Indicators for the authorised limit for external debt (£713.0m) and the operational boundary (£678.0m). All debt is fixed rate and meets the Council's limits on the type of debt it holds (fixed and variable).

6. The total debt consists of longer and short-term debt. The longer-term debt of £486.5 million falls due for repayment as follows:

Within	£m	% of Total Debt
1 year	76.941	15.8
1 – 2 years	28.453	5.8
2 – 5 years	33.879	6.9
5 – 10 years	49.634	10.2
10 years and over	297.575	61.3
	486,482	100.0

7. Total debt outstanding is within plan and stands at £486.5 million at 31 March 2021, at an average rate of 3.27% (3.27% for 2020/21).
8. The short-term debt consists of local deposit loans repayable at seven days' notice which total £0.326 million on 31st March 2022 which is the same when compared with March 2021.

Lending

9. The temporary lending transactions for 2021/22 of the Council's cash balances are summarised as follows:

	£m	£m
Balance at 01/04/2021		57
Investments made during the year (267)	886	
Less		
Investments recalled during the year (276)	(854)	
		32
Balance at 31/03/2022		89

10. All investments are made in accordance with the Council's Treasury Management Policy and to institutions that satisfy the criteria in the Council's Treasury Management Practices.
11. The average rate earned on investments during 2021/22 was 0.73%. The net interest earned on investments totalled £0.899 million.
12. The Chief Financial Officer concludes that the management of debt and short-term investments continues to be cost effective.

REPORT TO THE WORCESTERSHIRE SCHOOLS FORUM (WSF)
HIGH NEEDS UPDATE

1. Purpose

1.1 To advise the WSF on the High Needs position at the end of August 2022 including the implications for the DSG in future years and an update on the DfE Delivering Better Value in SEND.

2. DSG and High Needs Forecast 2022-23

2.1 The DSG is currently allocated by the DfE to LAs using their National Funding Formula (NFF) in four blocks – Schools, Central School Services, High Needs and Early Years.

2.2 The majority of the Schools Block DSG is delegated to schools with any variation to the budgets allocated forming individual school carry forward balances. There are also payments to high needs providers from the High Needs Block DSG and early years' providers for 2, 3 and 4 year olds from the Early Years Block DSG.

2.3 Both schools carry forward balances and variations on the other elements of the DSG are required to be carried forward. Both carry forward positions are reported as part of the County Council's year end accounts and for the non-schools DSG represents the accumulated carry forward position since the introduction of the DSG from 2006/07.

2.4 The forecast at the end of August is as a forecast £4m overspend in 2022/23 detailed as follows:

		<u>Overspends/ Underspends (-)</u>		
		R	Over 5%	
		A	1% to 5%	
		G	0 to 1%	
2022/23 Budget Monitoring Period 5 - August 2022	Current Budget	Forecast Outturn	Variance	Variance
DSG Blocks	£000	£000	£000	%
Schools	128,077	127,737	(340)	-0.3%
High Needs	69,060	73,960	4,900	7.1%
Early Years	35,418	34,914	(504)	-1.4%
Central	3,325	3,325	0	0.0%
DSG	235,880	239,936	4,056	

2.5 The starting point for the DSG reserve is a deficit balance of £11.3m, built up from previous years overspends. With the in-year projections and known catch-up commitments from money received in 2021/22, the forecast position at year-end is a £15.3m deficit balance, however given the timing in the financial year this is a forecast and will change during the year.

Summary Position for Dedicated Schools Grant	
	£m
Accumulated Deficit 1 April 2022	11.3
High Needs Deficit 2022/23	4.9
Savings on Other Blocks	-0.8
Accumulated Deficit 31 March 2023	15.4
Projected Early Years and Schools Block	-0.5
Projected High Needs Shortfall 2022/23	5.0
Projected Accumulated Deficit 31 March 2024	19.9

A reminder on the current treatment on DSG Deficits

2.6 Whilst DSG allocations are generally forecast to continue to rise but not at the rate of the last few years, the provisional 2023/24 DSG budgets have been announced and is to increase by around 5%. DSG spend is forecast to rise at a faster rate for Worcestershire and the deficit will increase to around £15 million by the end of 2022/23.

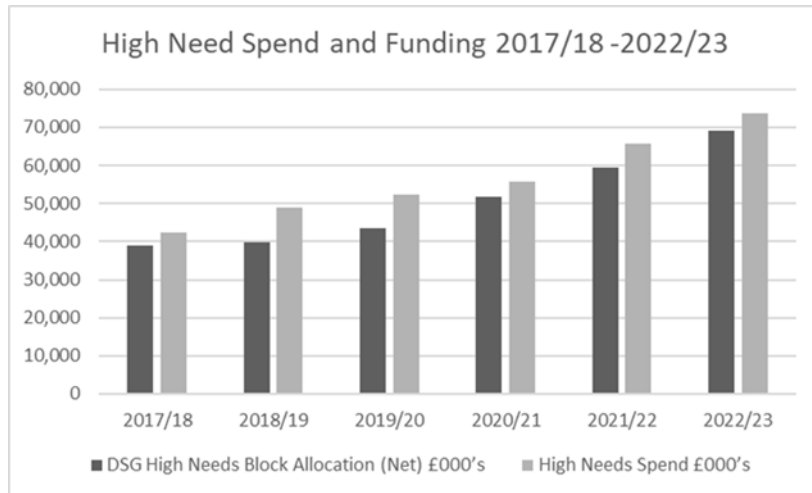
2.7 The High Needs deficit does impact on the council's financial sustainability, as the deficit sits as a negative unusable reserve on the balance sheet permitted via a statutory instrument. Currently, there is a temporary statutory override to ringfence DSG deficits from councils' wider financial position in their statutory accounts. The Council has not set aside any of its own resources at this point, for example as an earmarked reserve, to specifically offset this accumulating deficit.

2.8 As it stands, this ringfence is due to end after the accounts for the financial year 2022/23, at which point authorities will need to demonstrate their ability to cover DSG deficits from their available reserves (the deficit is forecast to be c £15 million at the end of 2022/23) which could directly impact the Council's financial position, increasing funding pressures alongside pressure in Adults and Childrens Social Care. It is worth noting that this is not a Worcestershire County Council issue in isolation and is a major concern amongst local authorities nationally.

2.9 We have been pressing this issue and have recently reached out to other CFOs nationally and the Society of County Treasurers to encourage them to provide evidence to DLUHC of the necessity to extend these regulations. This has now led to a formal data collection exercise by DLUHC. It is hoped that the government will extend these regulations, but that is by no means certain and could not be guaranteed and does not fix the underlying structural deficit.

2.10 The implementation of the statutory override is a failure on the part of the DfE to address an issue of its own making dating back over seven years when it failed to fully fund new burdens. We welcome that the Government has in fact recognised this with additional funding being made available in recent years. However, that amount is completely insufficient and there is a significant problem left from the previous years of significant underfunding. The problem is getting, and will continue to get, harder to fix, the longer the Government delays.

The chart below shows the disparity between funding and spend.



Financial Year	DSG High Needs Block Allocation	High Needs Spend	Variance Overspend	Variance (%)
	£000's	£000's	£000's	
2017/18	38,988	42,361	3,373	8.65%
2018/19	39,909	48,880	8,971	22.48%
2019/20	43,592	52,314	8,722	20.01%
2020/21	51,863	55,828	3,965	7.65%
2021/22	59,353	65,649	6,296	10.61%
2022/23	69,174	73,674	4,500	6.51%

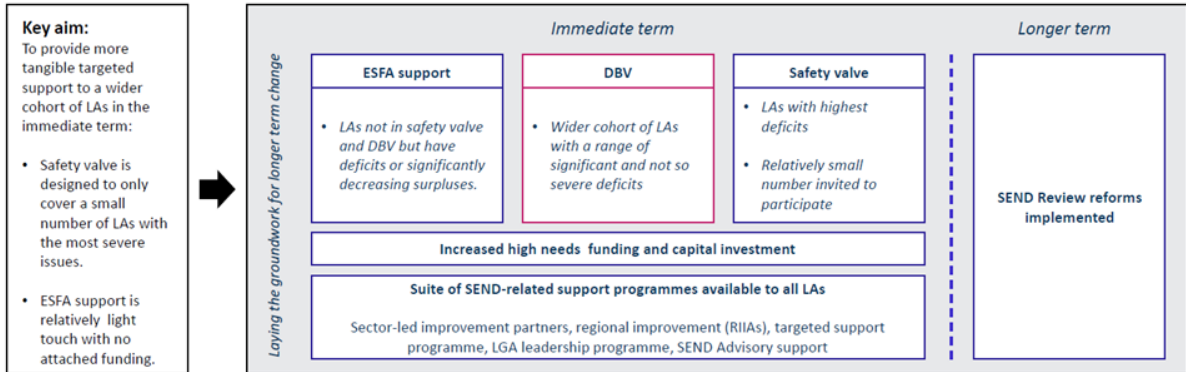
National Position and Delivering Better Value in SEND

2.11 High Needs funding and the impact of the deficit is a national issue and to address the future sustainability the DfE is investing a one off £85 million (c£60m for LA's) in the Delivering Better Value in SEND (DBV) programme. This will support the 55 local authorities with deficits to reform their high needs systems, addressing the underlying issues that lead to increased pressure, and putting them on a more sustainable footing. Worcestershire is one of the 55 Local Authorities and is participating in the programme which is being supported by Newton Europe and CIPFA who we have previously worked aside in Social Care and through the Society of County Treasurers. Worcestershire is confirmed in Phase 1 - tranche 2, which starts in January to June 2023.

2.12 For information Authorities with the highest deficits participate in the safety valve intervention programme.

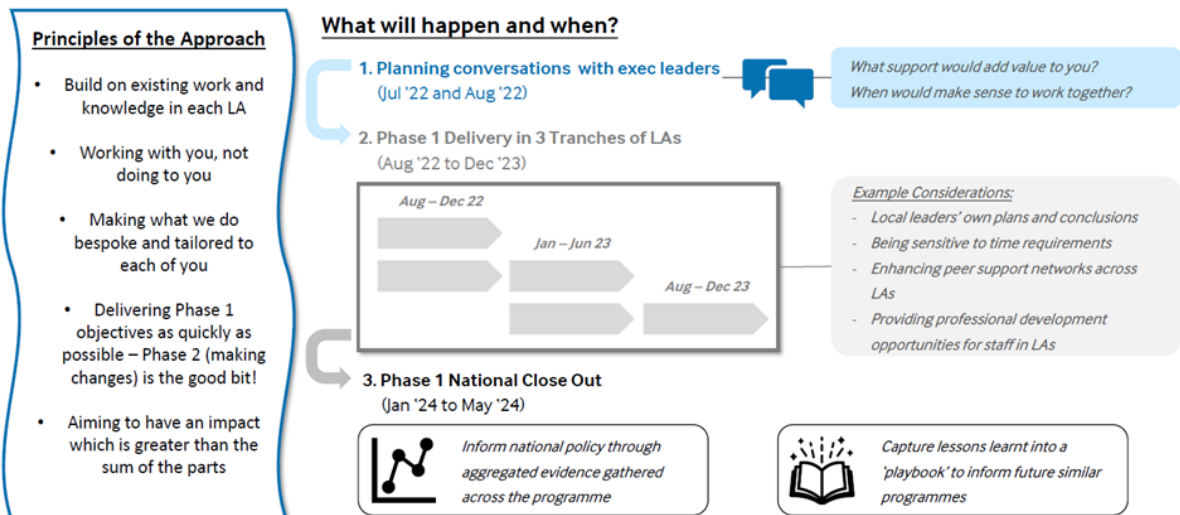
DELIVERING BETTER VALUE IN SEND
DFE CONTEXT AND OBJECTIVES

- ❑ Acknowledge and support local authorities in their efforts to improve their delivery of SEND services for children and young people while securing the sustainability of local services.
- ❑ Create the necessary capacity and readiness within local authorities to effectively implement the recommendations of the SEND Review Green paper.



2.13 Worcestershire is confirmed in Phase 1 - tranche 2, which starts in January to June 2023, and we met with the DfE on 11 August 2022 and have started to collect the last 5 years data which needs to be sent to the DfE by 15 December 2022 to support the diagnostic, below is the diagram of the programme.

DELIVERING BETTER VALUE IN SEND
APPROACH TO DELIVERING PHASE 1



2.14 Based on responses, the latest estimate for DSG reserves for the whole SCT is:

Date	SCT-Wide DSG Reserves
31 March 2022	-£913m
31 March 2023	-£1,339m
31 March 2024	-£1,712m
31 March 2025	-£2,116m

2.15 By law Section 151 officers are required to report on the adequacy of the proposed financial reserves. Without intervention the view is that many SCT members will be forced to state that due to their High Needs Deficits, their reserves levels are inadequate. This will lead to multiple section 114 notices and effectively the end of a functional local government in large parts of the country if left this situation remains unaddressed.

2.16 The Council continues to work with schools to optimise pressures within funding, whilst lobbying Central Government through all available forums including our MPs for the issue to be addressed nationally.

3. Recommendations

- 3.1 The WSF are requested to: -
- Note the contents set out in the report.

Phil Rook
Director of Resources
Worcestershire Children First
September 2022



Dear Mark, Sajid, Nigel, Rachel, Harriett and Robin,

21st September 2022

As phase lead and on behalf of all the state funded secondary schools in Worcestershire, I wanted you to be aware of our grave concerns about the immediate funding crisis we are facing.

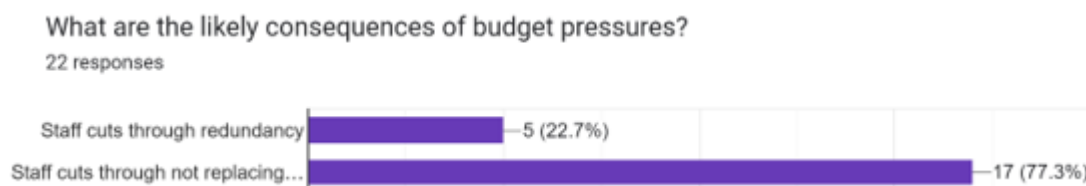
The recent pay rises for teachers and support staff are welcomed as they partially mitigate the inflationary situation and cost of living crisis affecting our staff. As you know, however, these pay rises are not fully-funded and are significantly higher than schools had been advised to budget for. As a result, schools are faced with an immediate budgetary pressure which has impacted midway through the financial year for maintained and at the start of the financial year for academies.

The typical secondary school in Worcestershire is facing a £150-£200K increase in staffing costs this financial year. 22 of the Worcestershire Secondary School Headteachers (70%) responded to a brief survey to provide you with a snapshot of the situation. Some key data is displayed against some of the possible options below which are available to school leaders and governors.

Worcestershire is within the f40 group as one of the 42 lowest funded local authorities for education in the country. Schools within Worcestershire that are already financially disadvantaged are now faced with a stark choice:

- **Cut staff** – Cutting or not replacing staff will result in an inevitable increase in class sizes, but there is also consideration around reducing the number of subjects being offered and the resultant narrowing of the curriculum.

100% of the schools said that staff cuts are likely.



This will further disadvantage our students.

- **Reduce spending on supplies and services** – Staffing takes 85-90% of the allocated budget in Worcestershire secondary schools. What little is left is being squeezed by inflationary pressure which is not matched by school budget increases. Rising energy costs will only be fixed for 6 months from October 1st, leaving most schools no better off and vulnerable when their current fixed deals end in April 2023.

Nearly half the schools said they are likely to reduce spending on maintenance.



This will further disadvantage our students.

Chair:

Mr. B Thomas,
Wolverley CE Secondary School

wash@wolverley.worcs.sch.uk

01562 859800

Vice Chairs:

Dr. A Evans,
Prince Henry's High School

Mr. M Carpenter,
Baxter College





Dear Mark, Sajid, Nigel, Rachel, Harriett and Robin,

21st September 2022

As phase lead and on behalf of all the state funded secondary schools in Worcestershire, I wanted you to be aware of our grave concerns about the immediate funding crisis we are facing.

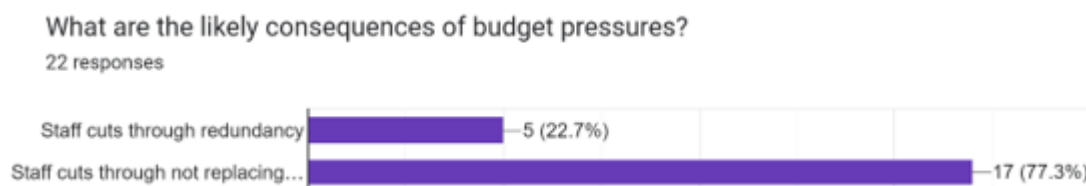
The recent pay rises for teachers and support staff are welcomed as they partially mitigate the inflationary situation and cost of living crisis affecting our staff. As you know, however, these pay rises are not fully-funded and are significantly higher than schools had been advised to budget for. As a result, schools are faced with an immediate budgetary pressure which has impacted midway through the financial year for maintained and at the start of the financial year for academies.

The typical secondary school in Worcestershire is facing a £150-£200K increase in staffing costs this financial year. 22 of the Worcestershire Secondary School Headteachers (70%) responded to a brief survey to provide you with a snapshot of the situation. Some key data is displayed against some of the possible options below which are available to school leaders and governors.

Worcestershire is within the f40 group as one of the 42 lowest funded local authorities for education in the country. Schools within Worcestershire that are already financially disadvantaged are now faced with a stark choice:

- **Cut staff** – Cutting or not replacing staff will result in an inevitable increase in class sizes, but there is also consideration around reducing the number of subjects being offered and the resultant narrowing of the curriculum.

100% of the schools said that staff cuts are likely.



This will further disadvantage our students.

- **Reduce spending on supplies and services** – Staffing takes 85-90% of the allocated budget in Worcestershire secondary schools. What little is left is being squeezed by inflationary pressure which is not matched by school budget increases. Rising energy costs will only be fixed for 6 months from October 1st, leaving most schools no better off and vulnerable when their current fixed deals end in April 2023.

Nearly half the schools said they are likely to reduce spending on maintenance.



This will further disadvantage our students.

Chair:

Mr. B Thomas,
Wolverley CE Secondary School

wash@wolverley.worcs.sch.uk

01562 859800

Vice Chairs:

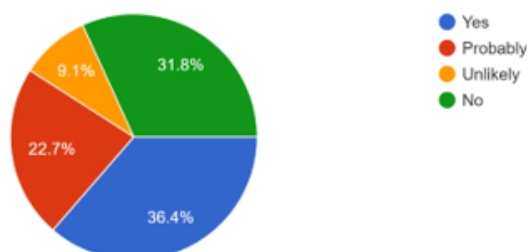
Dr. A Evans,
Prince Henry's High School

Mr. M Carpenter,
Baxter College



- **Set a deficit budget** – regardless of whether this is accepted by the ESFA or the LA as a temporary measure; it is not a sustainable solution and will lead to deficit recovery related cuts to staffing or resources.
59% of schools are likely to set a deficit budget this year.

Are you likely to re-forecast a deficit budget this year?
22 responses



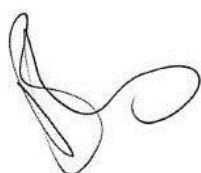
This will further disadvantage our students.

We are calling on you as Worcestershire MPs to lobby for:

- An immediate increase to school funding to cover the additional staffing costs incurred by schools
- An assurance that future pay rises will be fully-funded
- Further detail about how schools will be 'protected' from rising energy bills after the initial 6 months from 1st October and if they will be identified as 'most vulnerable' non-domestic customers in the 3 month review.
- **No further disadvantage for Worcestershire as an underfunded local authority, its secondary schools or their students**

We would be most grateful if you could outline any actions you are able to take, either collectively or individually in support of our situation. Our next WASH meeting is on Friday 30th September at 8.30 - 11.30am at Worcestershire County Cricket Club. You are all most welcome to attend this meeting where we can discuss the situation 'at the chalk face' in more detail and with more context. I look forward to your response.

Yours sincerely

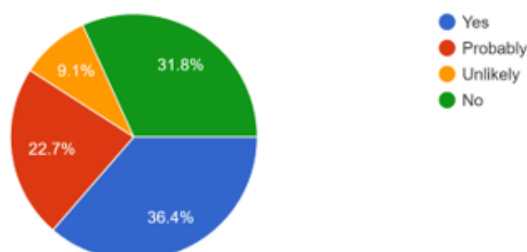


Bryn Thomas
Headteacher, Wolverley CE Secondary School
Chair, Worcestershire Association Secondary Headteachers

cc The Rt Hon Kit Malthouse MP Secretary of State for Education

- **Set a deficit budget** – regardless of whether this is accepted by the ESFA or the LA as a temporary measure; it is not a sustainable solution and will lead to deficit recovery related cuts to staffing or resources.
59% of schools are likely to set a deficit budget this year.

Are you likely to re-forecast a deficit budget this year?
22 responses



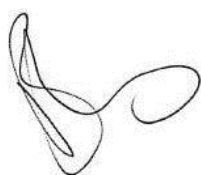
This will further disadvantage our students.

We are calling on you as Worcestershire MPs to lobby for:

- An immediate increase to school funding to cover the additional staffing costs incurred by schools
- An assurance that future pay rises will be fully-funded
- Further detail about how schools will be 'protected' from rising energy bills after the initial 6 months from 1st October and if they will be identified as 'most vulnerable' non-domestic customers in the 3 month review.
- **No further disadvantage for Worcestershire as an underfunded local authority, its secondary schools or their students**

We would be most grateful if you could outline any actions you are able to take, either collectively or individually in support of our situation. Our next WASH meeting is on Friday 30th September at 8.30 - 11.30am at Worcestershire County Cricket Club. You are all most welcome to attend this meeting where we can discuss the situation 'at the chalk face' in more detail and with more context. I look forward to your response.

Yours sincerely



Bryn Thomas
Headteacher, Wolverley CE Secondary School
Chair, Worcestershire Association Secondary Headteachers

cc The Rt Hon Kit Malthouse MP Secretary of State for Education

REPORT TO THE WORCESTERSHIRE SCHOOLS FORUM (WSF)
Early Years (EY) underspend for financial year 2021/22

1. PURPOSE

- 1.1 To request agreement from school forum to distribute the surplus Early Years DSG from 2021/22 to Early Years providers.
- 1.2 The setting up an additional fund for Early Years Sufficiency within the Early Years Centrally retained.

2. Recommendation

- 2.1 To approve the distribution of this funding.
- 2.2 To approve that WCF set up a fund that will be held to support sufficiency within the sector.

3. Reason for Recommendation

- 3.1 When agreeing the hourly rate with the WSF representatives with nursery provision for the financial year 2021/22, the council agreed a lower funding rate with the caveat that if we ended the financial year we would consult with WSF on distributing this to EY providers.
- 3.2 The end of year surplus within this area is £686,497. The local authority has centrally retained 3.05% of the Early years DSG for the financial year which is well below the 5% available.
- 3.3 The creation of an additional pot of money within the central retained proportion within the Early Years Central pot for supporting the sufficiency of Early Years. If agreed, we would agree a process and criteria and bring back to this forum to agree with a consultation with providers on the terms of reference. The amount to be in the range of £400,000, with any underspend on this pot coming back to any surplus Early Years funding pot.

4. Calculation

- 4.1 The total hours within 3 and 4-Year olds was 6,461,032.95 hours.

£686,497 surplus / 6,461,032.95 hours = 10.6p per hour rounded to the nearest penny when allocated.

For example: Provider A who has over the year a total of 1,175 hours they would receive an additional payment of £124.55.

- 4.2 This is to exclude 2-Year olds as this budget was overspent in-year and topped up with the central funding pot.

Robert Phillips
Worcestershire Children First
September 2022

REPORT TO THE WORCESTERSHIRE SCHOOLS FORUM (WSF)
Early Years (EY) Single Funding Formula Consultation for 2022/23

1. PURPOSE

- 1.1 Early Years team would like to consult with EY providers on several possible changes to the Early Years Single Funding Formula.
- 1.2 Allow for a decision to be made before end of December to aid providers of EY to budget for the coming year.

2. Recommendation

- 2.1 To approve the consultation with providers.

3. Reason for Recommendation

- 3.1 The changing of the method to distribute deprivation funding which is a compulsory factor within the formula. At present this is paid by 10 pence on top of the Early Years Pupil Premium and a sum allocated in the autumn term based on the January census. The total pot at present is £150,000 they would like to increase this to £300,000 and paid through the system based on the child's postcode.
- 3.2 Flexibility – Not at present within our funding model and would like to seek the views of providers if they want us to further investigate including this within our funding model.
- 3.3 Quality – Not at present within our funding model and would like to seek the views of providers if they want us to further investigate including this within our funding model.
- 3.4 Rurality – Not at present within our funding model and would like to seek the views of providers if they want us to further investigate including this within our funding model.
- 3.5 EAL – Not at present within our funding model and would like to seek the views of providers if they want us to further investigate including this within our funding model.
- 3.6 SEND – in 2017 the sector agreed to increase the graduated response funding by contributing of 2 pence off the hourly rate. We would like to consult on if this could increase by a further 2 pence to 4 pence an hour.

Robert Phillips
Worcestershire Children First
September 2022