

Appendix 02 – Month 3 Children, Families & Education Services

Children & Family Services

Lead Member for Children, Families and Education: Cllr Heather Shearer

Executive Director: Claire Winter

Service Directors:

- Children and Families: Jayne Shelbourn-Barrow
- Commissioning and Performance: Richard Selwyn
- Education: Amelia Walker

Table 2: 2024/25 Children & Family Services as at the end of June 2024 (Month 3)

- 2024/25 net budget £141.9m, projected adverse variance £5.4m

Service Area	Current Expenditure Budget	Current Income Budget	Current Net Budget	Full Year Projection	Month 3 Variance	A/(F)	RAG Status
	£m	£m	£m	£m	£m		
Children & Families							
Prevention Services	7.3	(1.1)	6.2	6.1	(0.1)	(F)	Green
Fostering and Permanence	13.5	0.0	13.5	12.5	(1.0)	(F)	Green
External Placements	60.0	(14.1)	45.9	55.0	9.1	A	Red
Fieldwork East	5.0	0.0	5.0	4.8	(0.2)	(F)	Green
Fieldwork West	5.8	0.0	5.8	5.6	(0.2)	(F)	Green
Disabilities	8.0	(0.3)	7.7	7.2	(0.5)	(F)	Green
Partnership, Audit & Quality	3.2	(0.4)	2.8	2.8	0.0	-	Green
CLA East	2.9	0.0	2.9	2.8	(0.1)	(F)	Green
CLA West	2.1	0.0	2.1	2.4	0.3	A	Red
Leaving Care	2.7	(0.3)	2.4	2.5	0.1	A	Red
CSC Management	3.7	0.0	3.7	1.4	(2.3)	(F)	Green
sub total	114.2	(16.2)	98.0	103.1	5.1	A	Red
Commissioning & Performance							
C&P Commissioning	9.7	(7.2)	2.5	2.4	(0.1)	(F)	Green
Performance and Transformation	3.4	0.0	3.4	3.1	(0.3)	(F)	Green
Business Support	5.2	(0.1)	5.1	5.1	0.0	-	Green
sub total	18.3	(7.3)	11.0	10.6	(0.4)	(F)	Green
Education							
Special Educational Needs and Disabilities	5.0	(2.0)	3.0	3.0	0.0	-	Green
Vulnerable Learners	5.5	(5.4)	0.1	0.2	0.1	A	Red
Educational Psychology	3.0	(1.1)	1.9	2.0	0.1	A	Red
Inclusion Transformation and Partnerships	13.8	(0.4)	13.4	13.9	0.5	A	Red
Inclusion Strategic Management	1.6	(1.7)	(0.1)	0.5	0.6	A	Red
Education Leadership	1.5	(1.6)	(0.1)	(0.3)	(0.2)	(F)	Green
Education Operations	4.9	(5.4)	(0.5)	(0.6)	(0.1)	(F)	Green
Curriculum and Literacy	3.8	(3.9)	(0.1)	(0.1)	0.0	-	Green
Education Places	15.3	(1.7)	13.6	12.8	(0.8)	(F)	Green
EPS Management	4.4	(3.1)	1.3	1.8	0.5	A	Red
sub total	58.8	(26.3)	32.5	33.2	0.7	A	Red
Children Services							
Children, Families & Education Team	0.4	0.0	0.4	0.4	0.0	-	Green
sub total	0.4	0.0	0.4	0.4	0.0	-	Green
Children, Families & Education Services Total	191.7	(49.8)	141.9	147.3	5.4	A	Red

Children & Family Services - key explanations, actions, and mitigating controls

Children and Families

External Placements

The table below provides a breakdown of the external placements budget by placement type.

External Placements	24/25 Budget	Full Year Outturn	Overall Variance	Movement from Month 2
	£m	£m	£m	£m
Residential Placements	29.7	34.5	4.8	0.9
Independent Fostering Agencies	7.9	8.2	0.3	0.3
16+ Supported Accommodation	5.6	3.6	(2.1)	(0.2)
Homes & Horizons	5.9	5.9	0.0	0.0
Unregistered Placements	0.8	2.2	1.3	0.7
UASC Placements	2.5	3.1	0.6	0.1
Residential Parent & Child	0.7	2.4	1.7	(0.2)
Secure	1.3	0.3	(1.0)	0.0
Thrive 16+	4.1	4.1		0.0
Other	1.4	2.7	1.3	(0.0)
Total Expenditure	60.0	67.0	7.0	1.6
DSG Grant	(6.5)	(5.3)	1.2	0.0
UASC Grant	(2.3)	(2.4)	(0.1)	(0.1)
NHS Funding	(4.5)	(3.5)	1.0	(0.2)
Other	(0.8)	(0.8)	0.0	0.0
Total Income	(14.1)	(12.0)	2.1	(0.2)
Net Expenditure	45.9	55.0	9.1	1.3

The external placements budget has a total overspend of £9.1m which is being partly offset by the £2.8m external placements contingency fund held in CSC Management resulting in a net pressure of £6.3m. This is an increase from month 2 of £1.3m. Of this overall variance, the unregistered placement overspend is £1.3m and the residential overspend is £7m (net of DSG Grant and NHS income pressures).

Whilst the base budget for children looked after in external placements has increased, rising numbers of children coming into care are now above those modelled. The recent increase is shared between under 2's and the 10 to 15 age group. The increase in cost pressures relates mainly to the 10-15 age group, where serious youth violence, linked to criminal exploitation, is a key factor. The potential risks that these children's experiences bring to wherever they live, means that the

only option initially is often high-cost residential crisis care. As children begin to recover, some move to more standard residential care, or a therapeutic offer such as Homes and Horizons. However, this can take many months to achieve. There are also delays in opening Homes and Horizons homes 6,7 and 8 due to planning and construction delays.

Projected savings from a newly commissioned contract for supported accommodation for young people aged 16 plus (Thrive 16 plus) are in part currently at risk due to insufficiency of social housing for young people to move on to and high costs in the private rental sector.

Fostering and Permanence

The fostering and permanence budget has an overall underspend of £1m. Some progress has been made in recruiting Somerset Council foster carers with an increase of 10 households nett in 23/24, as planned. However there remain insufficient foster carers inhouse and in the independent sector to meet need, which means some children are living in residential care, both in and out of county when they need a local foster home. Whilst financial modelling accounted for some lag in fostering sufficiency, the increase in numbers of children coming into care also impacts adversely against the external placements budget.

Children's Commissioning

Underspends across this service of £0.4m relate to vacancy savings and contract costs being less than anticipated.

Education

Dedicated Schools Grant pressures are due largely to an increase in the use of independent schools for children with Special Educational needs and disabilities. Financial pressures on mainstream school budgets have been compounded by the Council's historic funding policy for additional need. Recent discussions with Headteachers have identified a potentially positive way forward, to address financial inequalities between schools to support these children being able to attend their local school with the right help in place. Whilst this is useful, positive financial impact is unlikely to be felt until the 26/27 Academic Year.

There is an overall forecast pressure to Local Authority education budgets of £0.7m as of month 3 (month 2 £1.2m). Most of the variance from month 2 relates to a favourable £0.5m unbudgeted variance on the Extended Rights to Travel Grant. The remainder of the pressure is due to several factors including increased inflation which we have not been able to fully pass on within our traded education services, reducing numbers of schools we support and budget pressures due to increased legal processes in our SEND system. There is also work to be completed on the formula for calculating corporate overhead on traded services generally, which in its current format is adding over £900k to the total overspend.

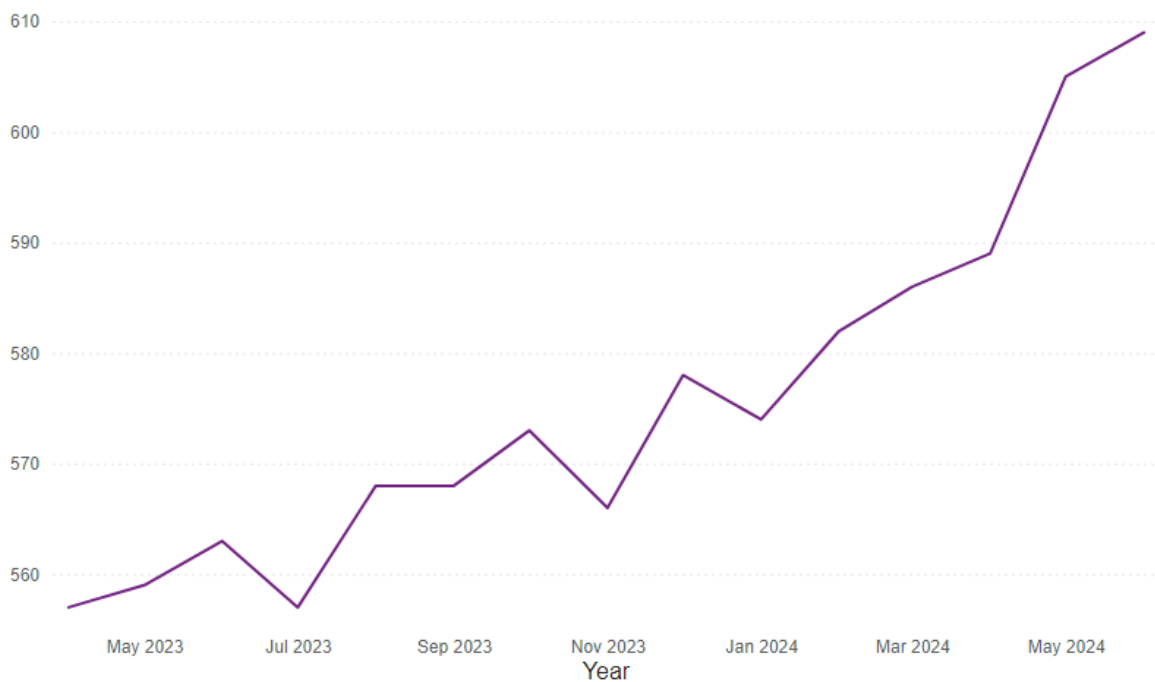
Home to Schools Transport for Mainstream and SEN

Budget monitoring undertaken at Q1 on school transport indicates that budget will be met for 2024/25, and therefore the spend is forecast to budget. We are forecasting a favourable £0.5m variance on our Extended Rights to Travel grant for 24/25 due to additional unbudgeted grant expected to be received. We will have more certainty over outturn once contracts have been retendered for September and should be able to forecast a more accurate position at Q2.

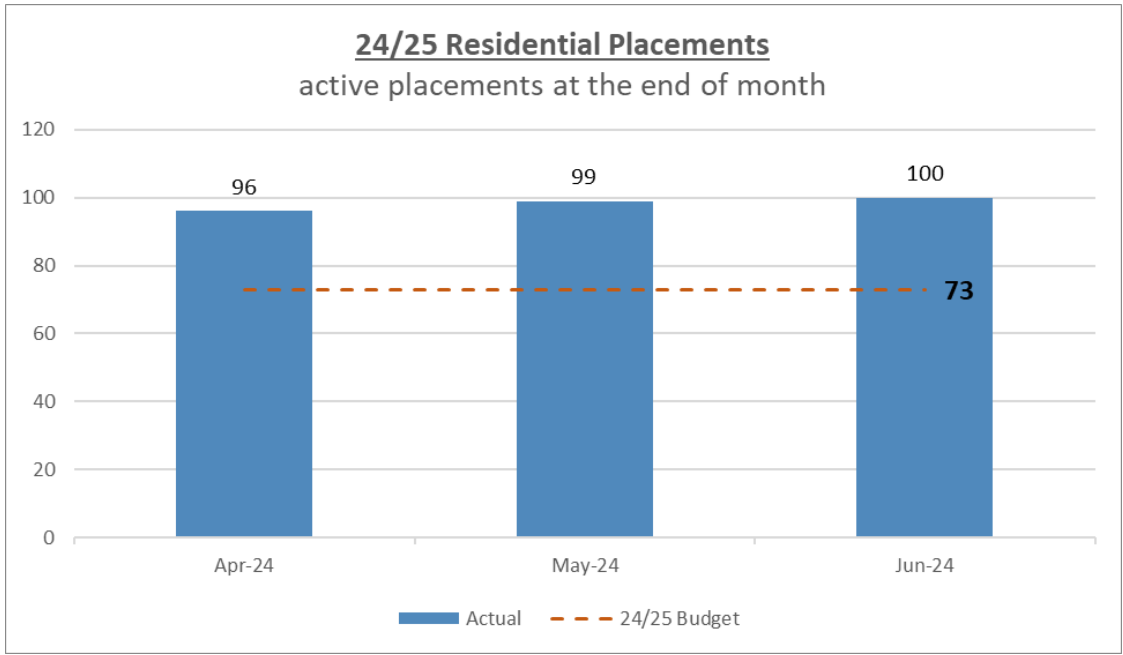
Indications are that transport working groups are over-delivering on the MTFP projected savings and cost avoidance.

Children's Services - key performance cost drivers

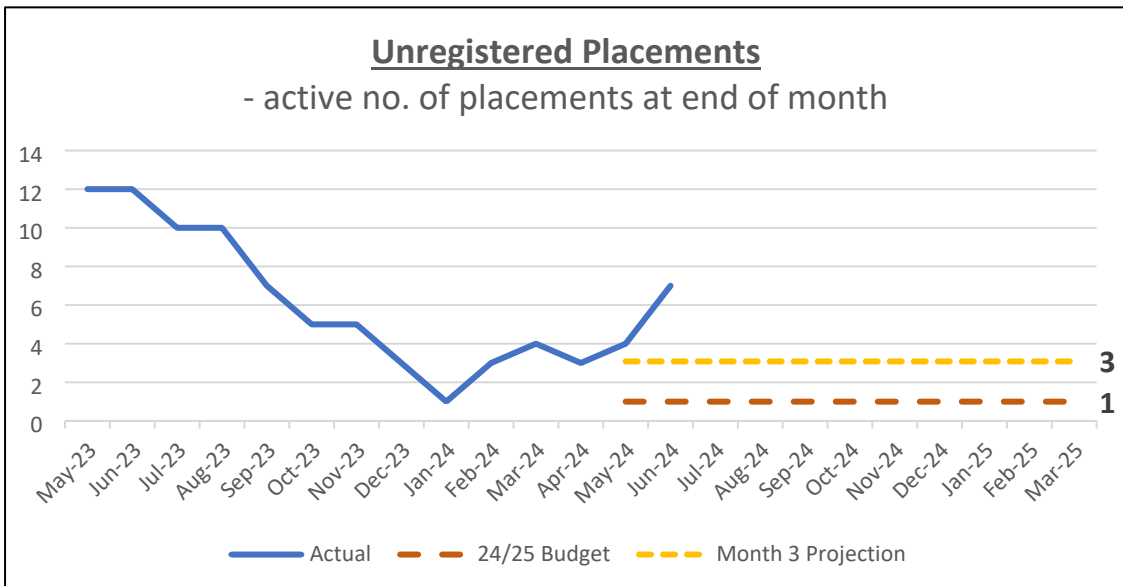
CLA Total by Month



In the last 12 months up to June 24, we have seen a rise of 52 children looked after (CLA) with the more recent numbers coming into care moving into high-cost residential placements. The graph below shows the trend in the number of active residential placements, excluding Homes and Horizons, at the end of each month during 24/25. The budgeted number of residential placements for 24/25 is 73.



Although we have seen a decline in unregistered placements throughout 23/24 this is gradually starting to increase with active number of placements at the end of June 24 being 7. The budgeted number of unregistered placements for 24/25 is 1.



Children, Families and Education Service– Dedicated Schools Grant (DSG)

Initial data for 2024/25 suggests that there is an in year overspend of £4.2m on the DSG above the budgeted deficit of £18.9m for 24/25. At month 3, mainstream school costed plans and top ups are forecast to be £1.4m overspent and Independent non-maintained school placements based on current numbers of children are forecast to be £2.8m overspent (no change from month 2).

There continues to be significant pressure on costs within the High Needs Block, which relates to low inflationary increases to school funding, a range of factors putting pressures on school budgets and historic underfunding of Special Educational Needs (SEND). These factors combined are driving higher use of Independent Non-Maintained School (INMS) provision.

The DSG will also be monitored on a quarterly basis against the deficit management plan (DMP).

Table 3: DSG forecast at the end of May 2024 (Month 3)

The DSG is monitored monthly, and the table below shows the 2024/25 full year forecast for the High Needs Block as of month three.

	Budget	Forecast	Variance	
	2024/25	2024/25	A/(F)	%
Special Schools	24.7	24.7	-	0%
INMS & CLA Pre 16	32.8	35.6	2.8	8%
Post 16	8.9	8.9	-	0%
Mainstream	12.5	13.9	1.4	10%
Pupil Referral Units	8.9	8.9	-	0%
Autism Spectrum Disorder Bases	2.2	2.2	-	0%
Advisory Services and Virtual School	4.1	4.1	-	0%
Other	2.3	2.3	-	0%
Total	96.4	100.5	4.2	4%
Allocation after deductions	77.4	77.4	-	0%
In year deficit	(19.0)	(23.1)	4.2	18%

Children and Family Services – Local Authority (LA) Maintained Schools Revenue Reserves

LA Maintained Schools - key risks, issues and mitigations

As of 31 March 2024, 10 schools shared a cumulative deficit position of £2.5m and 109 schools shared a cumulative surplus of £20.2m. Budget plans submitted by schools for 2024/25 show significant budgetary pressures with 98 out of 109 plans submitted with deficits and projected in year deficits totalling £8.6m. More schools are reporting a likely deficit in their budgets by year end due to increased costs and inflationary issues, which had been expected. Whilst previously there was flex in education funding to be able to mitigate the impact of these deficits, this is no longer the case.

Historically, projected deficits have been overstated, with nearly 50% of schools' forecasts in 23/24 being £50,000 or more different to forecast by year end. This resulted in a favourable variance of £9m in uncommitted reserves at year end in

23/24 so this area is being closely explored to ensure a clearer and better evidenced forecast.

Schools with the most significant overall deficits have been asked to meet with Local Authority representatives to discuss mitigations to their overspends and have been asked to prepare deficit recovery plans in accordance with the financial management scheme. School Resource Management Advisers (SRMA's) have also been called in to visit five schools with significant deficits. Action plans will then be produced for individual schools.