

22/23 Outturn & 23/24 Emerging Issues

**Children & Families Scrutiny Committee
12 July**



**Somerset
Council**

Somerset Council Financial Overview

2022/23

Outturn
Approx £20m
overspent

2023/24

Budget Monitoring
Emerging issues
£40m overspend

2024/25

MTFP
Forecast Feb 23 £40m
but with inflation it is
likely to be higher

Usable Reserves estimated to be £100m

2022/23 Outturn

General Fund - Children's Services £21.4m overspend

- External placements £15.2m – high cost of 15 children with considerable complex needs in unregistered care at various points during the year and unanticipated pressure in semi-independent placements for 16–17-year-olds.
- Support at home (Fieldwork) £1.3m – 24/7 support packages to families at home. Court delays resulted in extended period of support.
- Children Looked After (CLA) £1.1m – additional costs from court delays; increased reliance on external transport providers (reduction in volunteer drivers), increased transport provider costs, increased complexity of children requiring specialist assistance to accompany them along the route
- Home to School and SEND Transport £3.8m – contractual inflation and increase in children with EHCPs

Service Area	Budget £m	Outturn £m	Outturn Variance £m	A/(F)
Children's Social Care				
Prevention	5.8	5.9	0.1	A
Fostering & Permanence	12.9	12.6	(0.3)	(F)
External Placements	27.4	42.6	15.2	A
Fieldwork	9.1	10.4	1.3	A
Disabilities	3.6	4.0	0.4	A
Partnership, Audit & Quality	2.7	2.5	(0.2)	(F)
Safeguarding	0.0	0.0	0.0	-
Children Looked After	4.5	5.6	1.1	A
Leaving Care	2.1	2.4	0.3	A
Residential Homes	2.4	1.8	(0.6)	(F)
Central	0.6	1.1	0.5	A
sub total	71.1	88.9	17.8	A
Commissioning				
Commissioning Services	11.2	11.2	0.0	-
Supporting Families	(0.4)	(0.4)	0.0	-
Central	0.6	0.6	0.0	-
sub total	11.4	11.4	0.0	-
Education Partnerships and Skills				
School Improvement	0.1	0.1	0.0	-
Education System Development	0.8	0.8	0.0	-
Early Years	0.5	0.5	0.0	-
Schools Statutory	0.0	0.0	0.0	-
sub total	1.4	1.4	0.0	-
Inclusion				
Inclusion Services	5.0	4.8	(0.2)	(F)
Home to School Transport	10.9	12.2	1.3	A
SEND Transport	6.6	9.1	2.5	A
sub total	22.5	26.1	3.6	A
Children's Services Total	106.4	127.8	21.4	A

2023/24 Emerging Issues/Risks – General Fund

	£m
External Placements	4.5
Unachievable Savings	2.7
Education Partnership and Skills	0.7
Total	7.9

External Placements – Current number of children in unregistered places are higher than budgeted which assumed a reduction from 12 in 2022/23 to 5.

Unachievable Savings – impact of the pandemic and cost-of-living crisis on complexity of need; risk on delivering significant changes in in-house fostering; delays in building and placement activities relating to Ofsted regulations; more stable workforce impact on staff turnover savings.

Education Partnerships & Skills (EPS) – assumptions/variables in the new EPS financial model (including turnover factor, core offer buy in/income, academy income, mitigating actions, etc.)

Mitigations:

- Developing new sufficiency strategies for placements and edge of care services to inform the transformation plan for Children Looked After. Transformation will include Homes & Horizons, recommissioning 16+, market development, reducing unregistered placements, and work with Impower consultancy to improve fostering and step-across options for children and young people.
- EPS buy back review, impact of academisation, and re-modelling of the size of the service accordingly

2022/23 Outturn

Dedicated Schools Grant (DSG) £4.3m in year deficit; cumulative £20.7m deficit

- Independent & Non-Maintained Schools (INMS) £2.2m deficit – increases in placements and insufficient maintained specialist provision for pupils with social, emotional and mental health (SEMH) needs
- Children Looked After (CLA) £1.7m deficit – increase in number of placements and contribution from High Needs
- Mainstream Schools £1.1m deficit – increases in number and cost of new and extended EHCPs and related costed packages to support children in mainstream schools (maintained and academies)

DSG Block	Balance b/fwd £m	Reserve movement £m	Revised b/fwd at 1 Apr 22 £m	DSG funding 22/23 £m	Transfers £m	2022/23 Outturn £m	In-year variance £m	Balance c/fwd at 31 Mar 23 £m
Schools	3.7	-	3.7	351.3	(1.0)	351.4	(1.1)	2.7
Central Schools Services	4.9	0.5	5.4	5.6		5.4	0.2	5.6
Early Years	0.6	(0.2)	0.4	29.1		28.6	0.5	0.9
High Needs	(25.4)	(0.5)	(25.9)	75.4	1.0	80.3	(3.9)	(29.8)
Total	(16.2)	(0.2)	(16.4)	461.4	-	465.7	(4.3)	(20.7)

2022/23 Outturn

LA Maintained School Balances

£19.8m surplus balance – 9 of 133 schools in deficit

- 9 schools shared a cumulative deficit position of £1.9m, this represents an in-year deficit of £1.2m to carry forward into 2023/24
- Wadham Secondary School is of considerable concern because it had an accumulated deficit of £1.5m at 31 March 2023 without an agreed recovery plan. The underlying problems have now been addressed by an area restructure, but the historic deficit is too large to be recovered solely by this school. This situation needs to be resolved because there is a risk that the local authority may be required to fund the deficit if the school is required to become an academy.

Type of School	Balance 31 March 2022	Balance 31 March 2023	In year movement	Schools in cumulative deficit as at 31 March 2023
	£'000	£'000	£'000	Number
Primary schools	16,998	15,575	(1,424)	7 of 121
Secondary schools	478	1,501	1,023	1 of 4
Special schools	1,567	1,227	(340)	1 of 4
Pupil referral units	2,018	1,494	(525)	0 of 4
Total Reserves	21,062	19,796	(1,265)	9 of 133

2023/24 Emerging Issues/Risks – DSG & Schools

	£m
High Needs Deficit (DSG)	5.7
LA Maintained School Deficits (Schools)	4.3
Total	10.0

High Needs (DSG) – increasing demand for EHCPs resulting in movement of children from mainstream to specialist settings; demand exceeding growth in specialist provision; insufficient SEMH provision in Somerset resulting in SEMH needs being met by higher cost INMS providers.

School Deficits – increasing deficits in schools is a national issue, likely cause being 23/24 DfE National Funding Formula (NFF) allocation not reflecting the impact of inflation.

Risk of future impact on the local authority:

- Current cumulative High Needs deficit of £30m - estimated to rise to c£70m by March 2026 when the DSG statutory override is due to end, at which point it will become a general fund liability.
- School deficits only become a general fund pressure if there are enforced moves to an academy.

Mitigations:

- Inclusion Transformation Programme refresh, incorporating opportunities/mitigations identified through the work with Impower and DBV with further mitigating actions being developed. Mitigations include specialist capital programme, improving early identification and support, planning for transition, enhancing SEMH provision and new therapeutic education capacity.
- Targeted work across schools to develop financial recovery plans in relation to deficits.

Time for Questions



Sian.Kenny@somerset.gov.uk