

Children, Families & Education Budget Monitoring Month 4

13 September 2023



Somerset
Council

2023/24 M4 Budget Monitoring Report

Summary

- Executive considered the Quarter 1 plus Month 4 Budget Monitoring reports on 6th September 2023
- Budget Monitoring will be presented to scrutiny committees to allow for scrutiny
- This presentation focuses on Children, Families and Education for the Children & Families Scrutiny Committee

Recommendations

Scrutiny is asked to consider:

- If there are any general comments or observations that they would wish to make to the Executive on the reports
- If the actions set out in the report are appropriate and if there were any further actions, they would wish to see included

2023/24 Financial Overview

**General Fund
Net Budget**
£493.4m

**M4 Forecast
Overspend**
£26.1m
(5.3%)

**DSG
Allocation**
£491.4m

**M4 Forecast
Deficit**
£14.1m
(2.9%)

2023/24 Budget

- Based on 22/23 budget from each predecessor council
- Included £10m use of reserves to balance the budget plus £9.9m once-off for specific projects (not a sustainable position)

2023/24 Forecast as at end of July (Month 4)

- Based on Month 3 (Q1) with updates
- Still lots of potential risks / areas to resolve
 - Virements – to get budgets into the correct places and deal with different accounting approaches across 5 councils
 - Year end – need to reverse year end accruals
 - MSD data – unallocated cash
 - Solver (budget monitoring tool) – being rolled out this week
 - Staffing establishment – aligning HR records with budgeted posts and delivery of LGR savings

2023/24 General Fund Overview

- Adult Services is forecasting a £12.1m adverse variance against their budget (6.5%). This variance is mainly in the adult social care and Learning Disabilities budget areas.
- Children's Services is forecasting a £8.8m adverse variance against their budget (7.1%). This variance is in External Placements.
- Climate and Place is forecasting a £2.7m adverse variance against their budget (3.1%). This adverse variance is seen in Waste Services, Infrastructure and Transport and Economy, Employment and Planning.
- Strategy, Workforce and Localities is forecasting a £1.5m adverse variance against their budget (7.4%). This variance is seen in Legal Services.
- Resources and Corporate Services is forecasting a £1.3m adverse variance against their budget (6.0%). This variance is seen in Revenues, Housing Benefits, Property, and ICT.

2023/24 Children, Families & Education

Service Area	Current Budget	Full Year Projection	Month 3 Variance	A/(F)
Children's Social Care				
Prevention	5.7	5.7	0.0	-
Fostering & Permanence	13.3	13.3	0.0	-
External Placements	38.4	47.2	8.8	A
Fieldwork	13.9	13.9	0.0	-
Disabilities	2.5	2.5	0.0	-
Partnership, Audit & Quality	4.3	4.3	0.0	-
Children Looked After	2.3	2.3	0.0	-
Leaving Care	(0.8)	(0.8)	0.0	-
Central	2.2	2.2	0.0	-
Residential Homes	0.0	0.0	0.0	-
sub total	81.8	90.6	8.8	A
Commissioning				
Commissioning Services	11.1	11.1	0.0	-
Supporting Families	(0.6)	(0.6)	0.0	-
Central	0.7	0.7	0.0	-
sub total	11.2	11.2	0.0	-
Education Partnerships and Skills				
Education Partnerships and Skills	1.0	1.0	0.0	-
Home to School Transport	13.1	13.1	0.0	-
sub total	14.1	14.1	0.0	-
Inclusion				
Home to School Transport	0.0	0.0	0.0	-
Inclusion Services	5.9	5.9	0.0	-
SEND Transport	10.1	10.1	0.0	-
sub total	16.0	16.0	0.0	-
Children & Family Services Total	123.1	131.9	8.8	A

General Fund - Children's Services

£212.1m gross expenditure budget

£ 89.0m income budget

£123.1m net budget

£8.8m forecast overspend (7.1%)

External placements £8.8m forecast overspend

- £3.5m unregistered placements – no. of bed placements with demand being higher than the budgeted placement nights.
End of June budgeted days = 545, actual days = 1,167
- £3.0m residential placements – complexity of children and lack of sufficiency within fostering (internal and external)

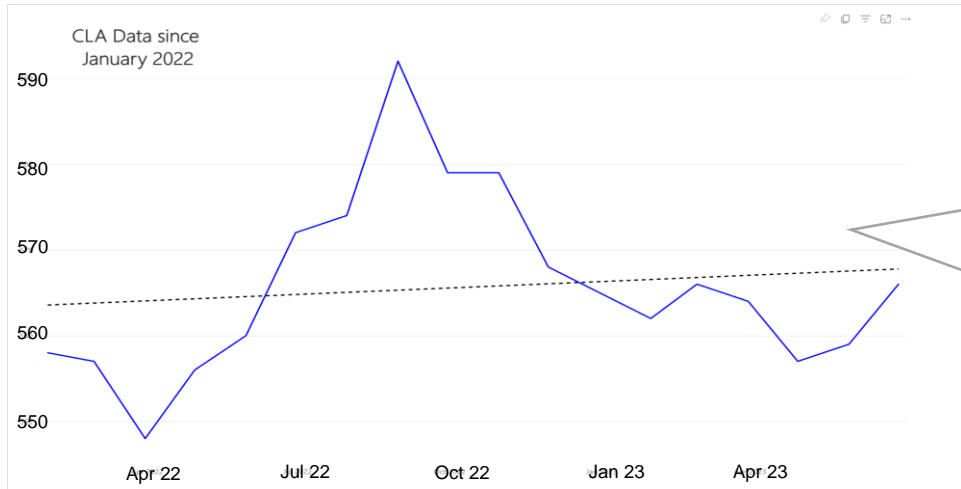
2023/24 Transformation and Savings

23/24 budget includes £4.6m of MTFP transformation and other savings

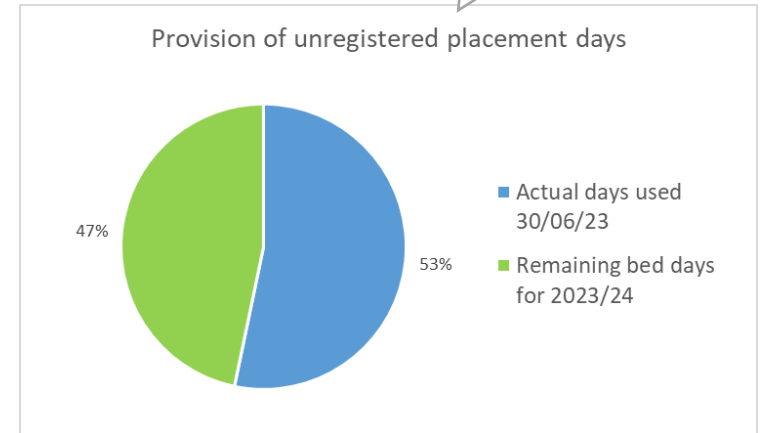
Title	Saving Amount	Achieved	On-track	At Risk	Unachievable	Notes
Early Help Fund	(200,000)	(200,000)				
Family Intervention Service - Invest to Save Proposal	(500,000)			(500,000)		
Homes to Inspire - Strategic Partnership	(820,000)		(820,000)			Forecast saving is £1.2m (overachieving by £380k)
Homes to Inspire - Strategic Partnership 16/17 Staying Close Pods	(336,700)			(336,700)		
Family Safeguarding	(1,268,500)		(1,268,500)			
Diagnostic Review of Childrens Services	(1,000,000)			(1,000,000)		
Turnover Factor in Childrens Services	(500,000)			(500,000)		

2023/24 Key Cost Drivers

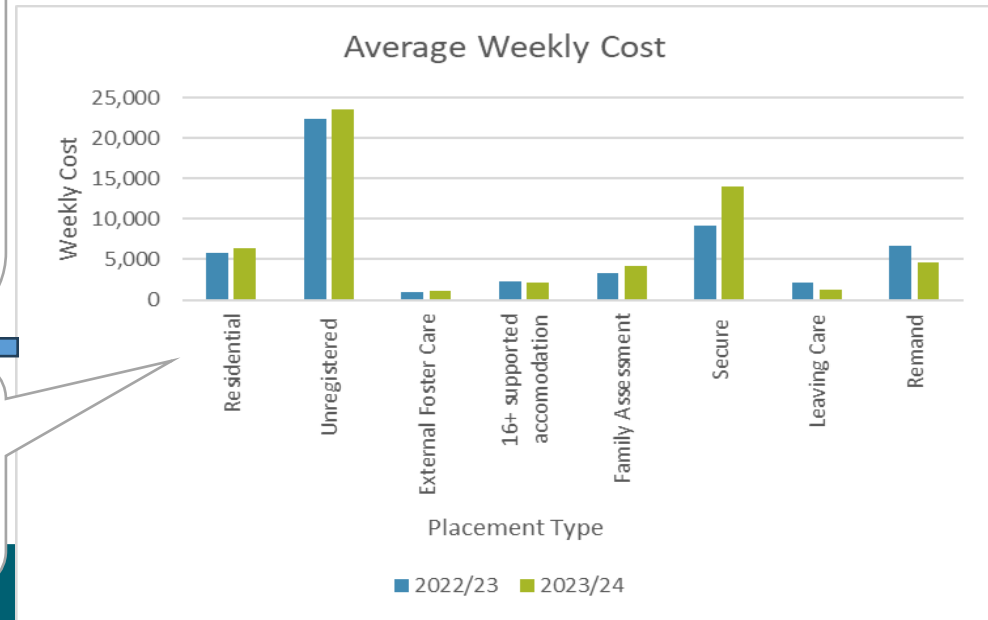
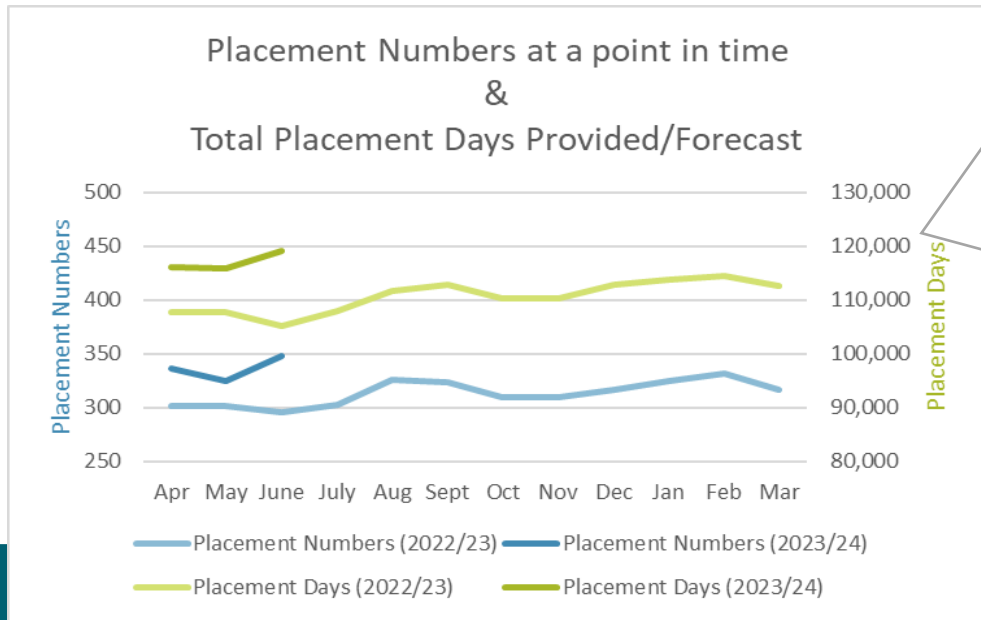
Over half of budgeted unregistered placements days have been provided in Q1



- Relatively stable no. of CLA since Jan 2022
- Unexpected spike in summer 2022 – CYP with complex needs
- Impact on no. of external placements and high cost of placement



- Increases in placements numbers and placement days...
- UASC – National Transfer Scheme
 - Residential placements – complexity of need and lack of sufficiency in fostering sector
 - Bespoke 16+ supported accommodation – complexity of need
- Reduction in external fostering placements



- Average weekly cost of unregistered placements is £23.5k (5% increase)
- Increase of 10% on average cost of residential placements

Risks, Issues and Opportunities

Risks and Issues

- External residential market
- Cost of living crisis and reducing budgets in partner organisations
- 16+ supported accommodation – Ofsted's new inspection regime and insufficient independent accommodation
- Reduction in Education Partnership and Skills (EPS) traded income from schools
- Home to School Transport (mainstream and SEN)

Opportunities – transformation programme improvements and partnerships across health, care and education

- New placement and edge of care sufficiency strategy
- Homes and Horizons
- Education for Life strategy
- Our SEND strategy
- Connect Somerset
- School Transport Review

2023/24 Children, Families & Education

Dedicated Schools Grant (DSG)

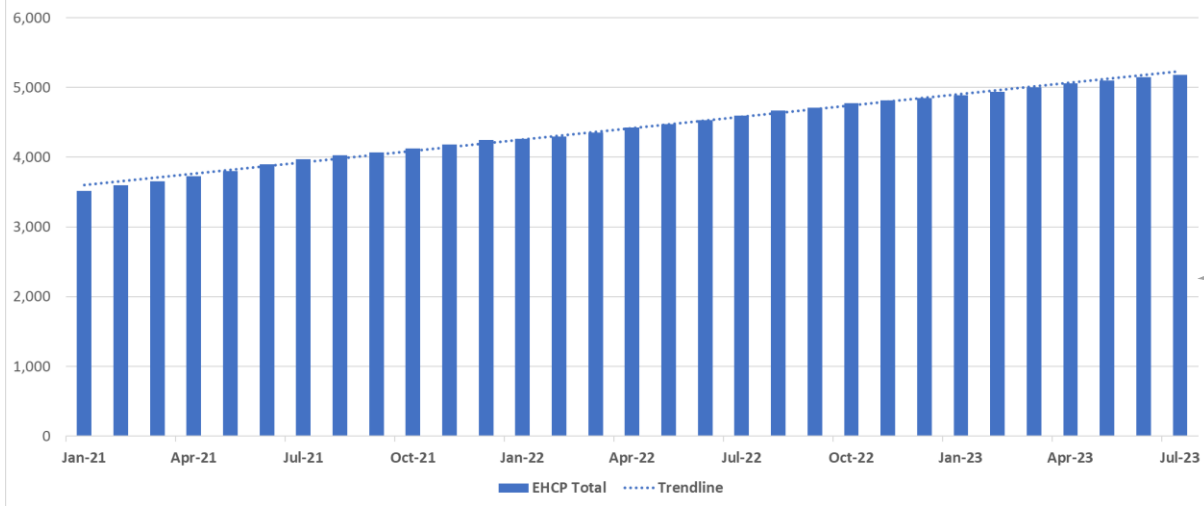
£14.1m forecast in year deficit; cumulative £34.8m deficit

DSG Block	Balance b/fwd at 1 Apr 2023 surplus/(deficit) £m	Total funding for 2023/24 £m	Allocation to Academies and LA Schools £m	Total funding available for services 2023/24 £m	2023/24 Forecast Month 4 £m	Forecast in-year variance surplus/(deficit) £m	Forecast balance c/fwd at 31 Mar 2024 surplus/(deficit) £m
Schools	2.6	370.5	373.0	(2.5)	0.3	(2.8)	(0.1)
Central School	5.6	5.0	-	5.0	5.0	0.0	5.6
Early Years	0.9	30.6	-	30.6	30.6	0.0	0.9
High Needs	(29.8)	85.2	9.5	75.7	87.0	(11.3)	(41.1)
Total	(20.7)	491.4	382.5	108.9	123.0	(14.1)	(34.8)

- Planned budget pressure £5.6m – year on year growth of EHCPs and lack of sufficiency
- Independent & Non-Maintained Schools (INMS) £4.1m deficit – increases in placements and insufficient maintained specialist provision for pupils with social, emotional and mental health (SEMH) needs
- Mainstream Schools & Academies £1.1m - increases in the number, complexity, and cost of new and extended EHCPs and related costed packages
- Children Looked After (CLA) £0.7m deficit – increased complexity and cost of CLA placements, resulting in an increased contribution from High Needs

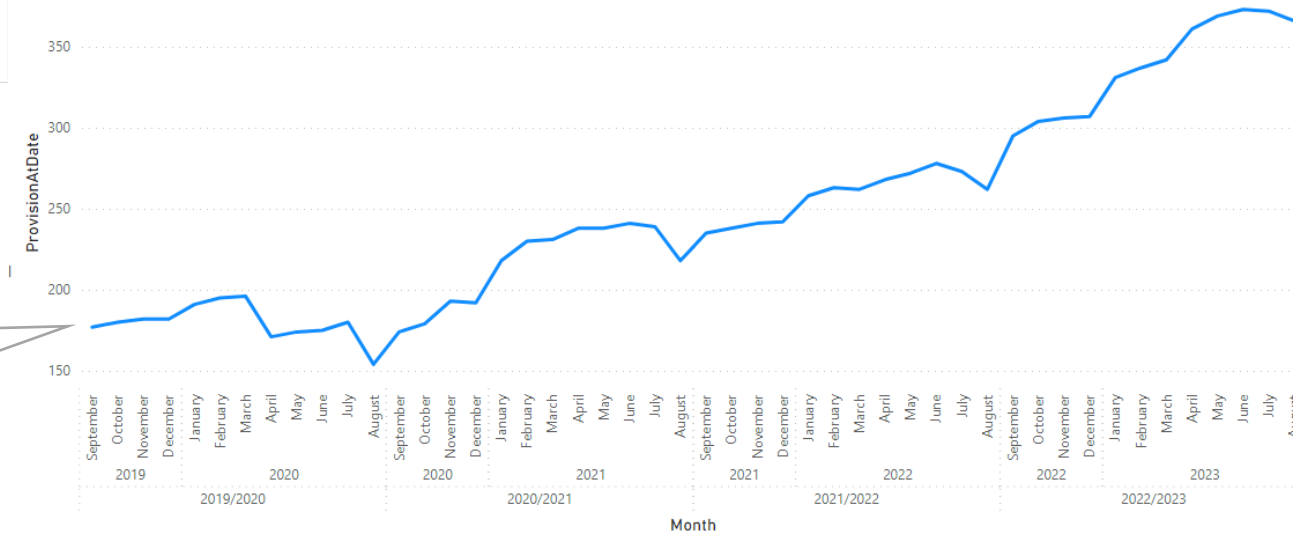
2023/24 Key Cost Drivers

Total Number of EHC Plans



- Steady growth in number of children with EHCPs since 2018
- Somerset previously an outlier nationally with extremely low numbers because policy was to allocate HN funding to mainstream schools to support children
- Policy changed in 2018 to ensure better oversight and accountability for use of HN funding
- From 2018 to 2023, national increase in proportion of school pupils from 2.9% to 4.3%
- Somerset now slightly above national level at 4.5% of pupils with an EHCP

- No. of children accessing independent non-maintained specialist (INMS) schools
- INMS schools are significantly more costly (approx. £30k per pupil per year)
- Growth because of insufficient maintained provision in Somerset



Risks, Issues and Opportunities

Risks and Issues

- DSG cumulative deficit continues to increase
- Statutory override to expire March 2026
- Increasing demand for EHCPs
- Demand for places exceeding the growth in the provision of specialist settings
- Sufficiency of provision of SEMH support & delays opening new special SEMH free school

Opportunities – transformation programme improvements and partnerships across health, care and education

- Specialist capital programme expanding/improving specialist estate (additional 361 places)
- DfE high needs capital grant developing special school satellites, enhanced learning provision in mainstream settings and therapeutic education provision
- Two new Special Free Schools opening in Sept 2024 and in 2027 (120 plus 64 place)
- IMPOWER early intervention and support
- DBV opportunities which could realise £1.05m by end of 24/25 (cumulative benefit of £7.93m by end of 27/28)

Implementing Financial Controls

Services continue to develop Financial Recovery Plans but escalated, corporate recruitment and spending controls are also required and being put in place and summarised as follows:

- Savings – Delivery of 2023/24 Approved Savings – where this can't be achieved development of alternative recovery or mitigation measures is required.
- Staffing – Review and deferral/delay of permanent, temporary, interim, agency or casual recruitments unless over-ridden by exception due to service delivery considerations – e.g., to maintain statutory minimum staffing levels.
- Identifying underspending opportunities – Review of 2022/23 underspending or break-even services to explore whether greater underspending or moving into underspend can be achieved.

Actions for DMTs

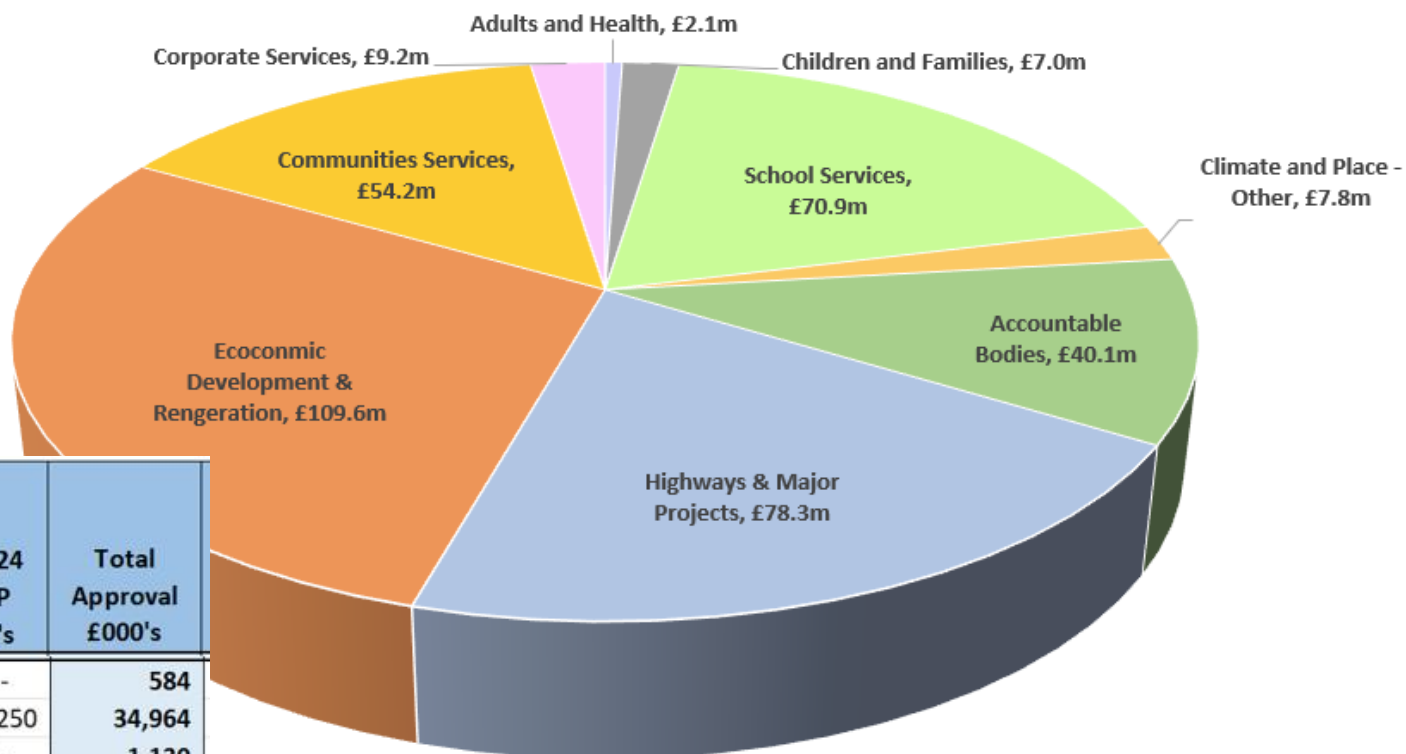
- Impose financial transaction limits above which senior management approval will be required;
- Reviewing any local schemes of delegation to managers for spending decisions, e.g., authorisation of adult or children's social care packages, and considering whether to review the delegations;
- Impose a moratorium or limit on certain types of non-critical expenditure where possible;
- Setting target reductions for certain types or categories of expenditure where this can be done without destabilising service delivery;
- Curtailing or 'value-engineering' one-off or project spend or exploring alternative funding solutions;
- Exploring alternative funding to relieve pressure on the revenue budget e.g., bids for grants, income generation, invest-to-save business cases, etc.

Capital

Consideration should also be given to ‘pausing’ or curtailing capital schemes, particularly those that are supported by borrowing.

The council’s Capital Programme will be reviewed as part of the budget setting process for next year, but some schemes could immediately be paused.

General Fund Capital Programme Budget 2023/24 - 2027/28



Directorate	Service Area	2022-23 c/f & Original Programme Forecasts £000's	2023-24 MTFP £000's	Total Approval £000's
Children & Families	Schools Access Initiative	584	-	584
	Schools Basic Need	33,714	1,250	34,964
	Early Years	1,130	-	1,130
	Schools Capital Maintenance	12,480	10,258	22,738
	General Provision (Incl DFCG)	2,138	-	2,138
	SEN/ HNPCA	4,518	5,900	10,418
	Children Looked After	442	-	442
	Childrens Residential	2,033	3,468	5,501
Children & Families Total		57,039	20,876	77,915

Time for Questions



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