

2023/24 Children's Budget Monitoring

Children & Families Scrutiny Committee
12 December 2023



Somerset
Council

Finance Team

Update on changes to the team and introductions

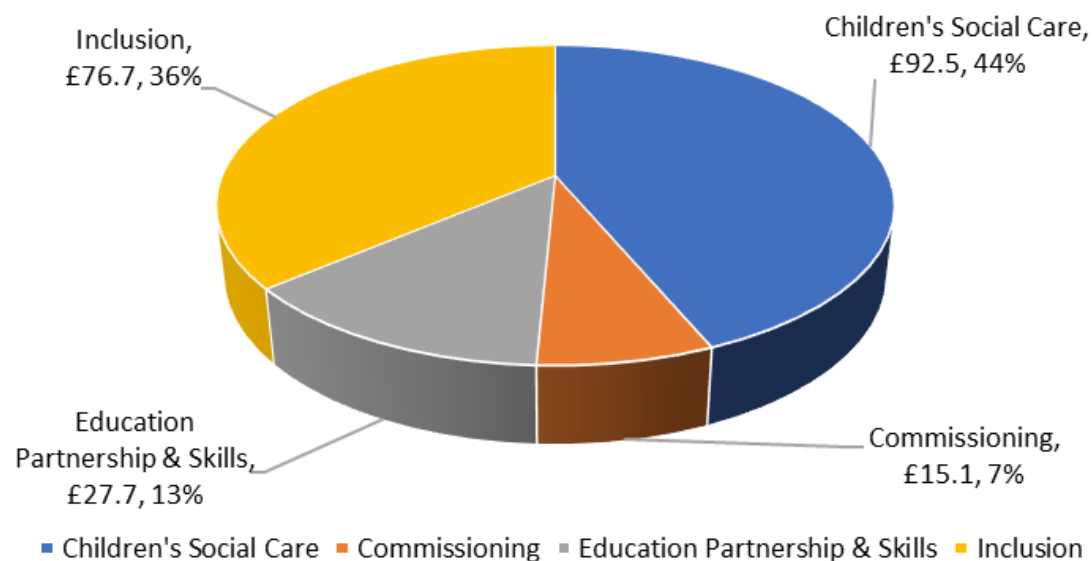
Sian Kenny – Strategic Finance Business Partner is stepping out of FBP role and into an interim Financial Governance role

Future contacts:

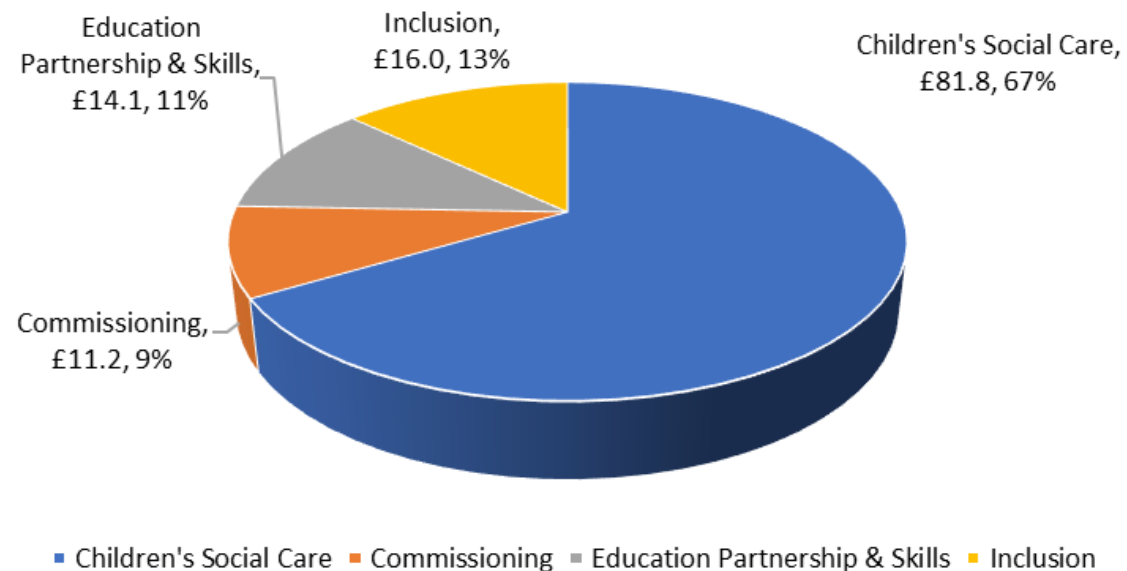
- Chris Evans – Head of Finance Business Partnering
- Siobhan Cleverly – Finance Service Manager for Children & Families and Children's Commissioning
- Jo Currie – Finance Service Manager for Education, Partnership & Skills and Inclusion

2023/24 Children, Families & Education

Gross Budget £212.1m



Net Budget £123.1m



The service **gross expenditure budget** is **£212.1m**
The service has an **income budget** of **£ 89.0m**
The Council funds the **net budget** of **£123.1m**

23/24 Budget Monitoring Report

Forecast outturn as at the end of September (Month 6)

General Fund

£123.1m net budget

£ 12.4m forecast overspend (10.1%)

Note – verbal update on latest position will be provided at the Scrutiny Meeting

Service Area	Current Budget	Full Year Projection	Month 6 Variance	A/(F)	RAG Status	Movement From Month 5
	£m	£m	£m			£m
Children & Families						
Prevention Services	5.7	5.8	0.1	A	Red	0.1
Fostering & Permanence	13.3	12.6	(0.7)	(F)	Green	(0.7)
External Placements	38.4	48.8	10.4	A	Red	0.3
Fieldwork	9.1	10.0	0.9	A	Red	0.9
Disabilities	6.8	6.3	(0.5)	(F)	Green	(0.5)
Partnership, Audit & Quality	2.7	2.7	0.0	-	Green	0.0
Children Looked After	4.7	4.9	0.2	A	Red	0.2
Leaving Care	2.2	2.5	0.3	A	Red	0.3
CSC Management	(0.9)	(0.9)	0.0	-	Green	0.0
C&F Apportionments	0.0	0.0	0.0	-	Green	0.0
sub total	82.0	92.7	10.7	A	Red	0.6
Commissioning and Performance						
C&P Commissioning	2.0	2.0	0.0	-	Green	0.0
Performance and Transformation	4.4	4.3	(0.1)	(F)	Green	(0.1)
Business Support	4.1	4.1	0.0	-	Green	0.0
Children, Families & Education Team	0.7	0.5	(0.2)	(F)	Green	(0.2)
sub total	11.2	10.9	(0.3)	(F)	Green	(0.3)
Inclusion						
Special Educational Needs and Disabilities	3.1	3.1	0.0	-	Green	0.0
Vulnerable Learners	0.2	0.2	0.0	-	Green	0.0
Educational Psychology	2.1	2.1	0.0	-	Green	0.0
Inclusion Transformation and Partnerships	0.1	0.1	0.0	-	Green	0.0
SEND Transport	10.1	11.8	1.7	A	Red	0.0
Inclusion Strategic Management	0.2	0.2	0.0	-	Green	0.0
sub total	15.8	17.5	1.7	A	Red	0.0
Education, Partnerships and Skills						
Education Leadership	0.1	(0.1)	(0.2)	(F)	Green	(0.2)
Education Operations	(0.1)	(0.3)	(0.2)	(F)	Green	(0.2)
Curriculum and Literacy	(0.1)	0.4	0.5	A	Red	0.5
Education Places	0.6	0.7	0.1	A	Red	0.1
Home to School Transport	12.9	12.9	0.0	-	Green	0.0
EPS Management	0.7	0.8	0.1	A	Red	0.1
sub total	14.1	14.4	0.3	A	Red	0.3
Children, Families & Education Services Total	123.1	135.5	12.4	A	Red	0.6

Children Looked After (CLA)

CLA Net Budgets

£38.4m External Placements – placements provided by external organisations

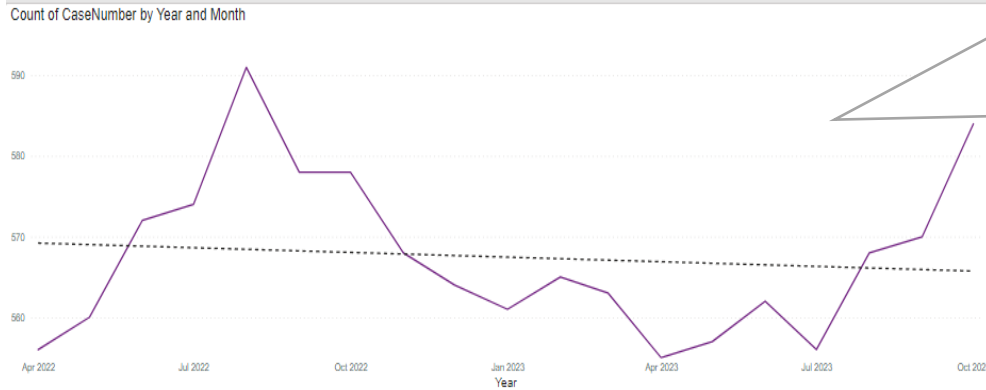
£13.3m Fostering & Permanence – in house fostering and adoption

£4.7m Children Looked After – support packages at home and transport

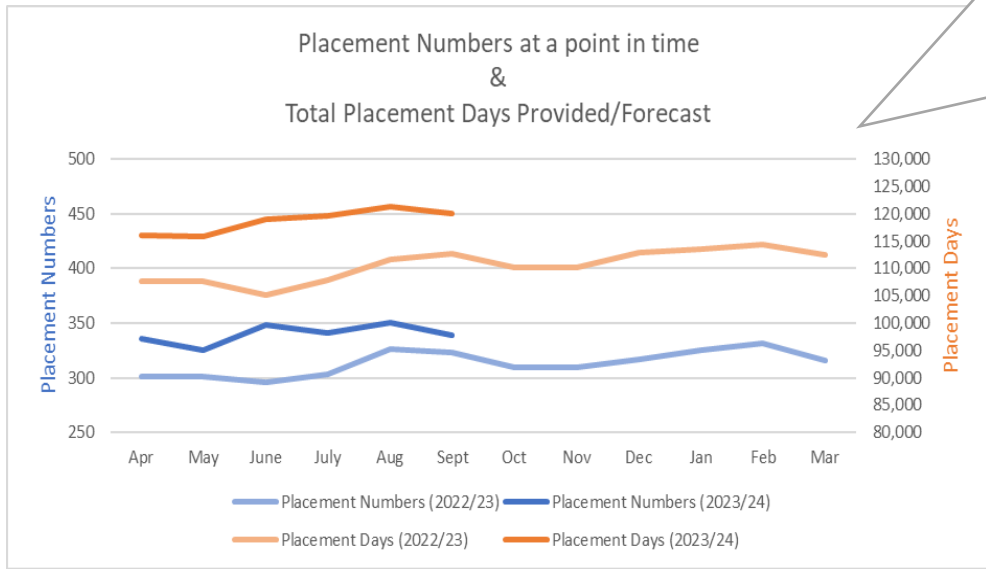
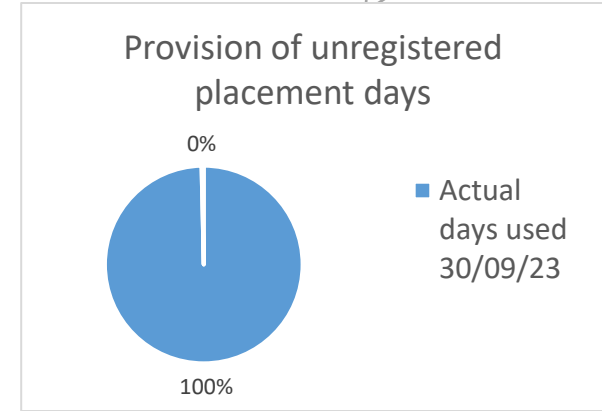
£2.2m Leaving Care – support for care leavers

CLA Key Cost Drivers

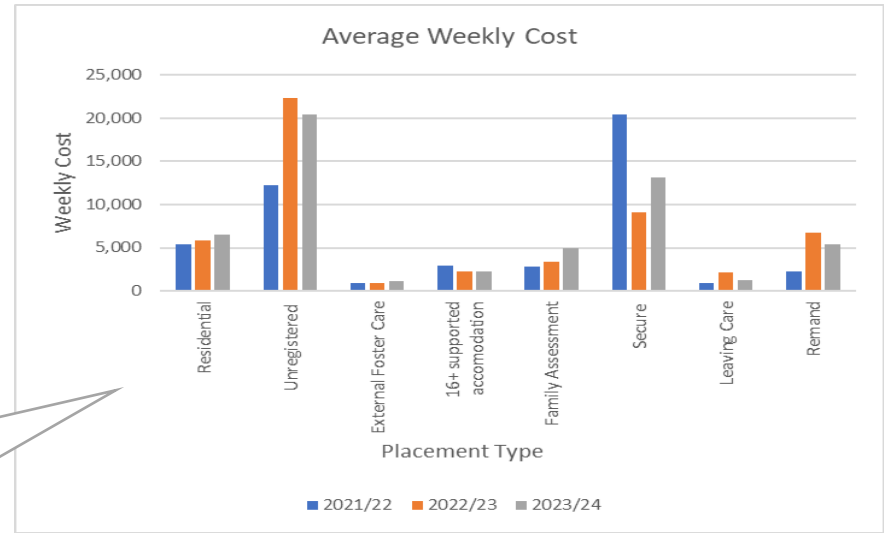
100% of budgeted unregistered placements days have been provided in first 6 months



- Relatively stable no. of CLA since Jan 2022
- Unexpected spike in summer 2022 – CYP with complex needs
- Recent increase – sibling groups/non-accidental injury
- 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 accomodation – complexity of need
- Reduction in external fostering placements



- Average weekly cost of unregistered placements is now £20.4k (9% reduction on 22/23)
- Increase of 13% on average cost of residential placements

External Placements Monitoring & Forecasting

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

The main areas of overspend are residential and unregistered placements, which are looked at in more detail on the next slide.

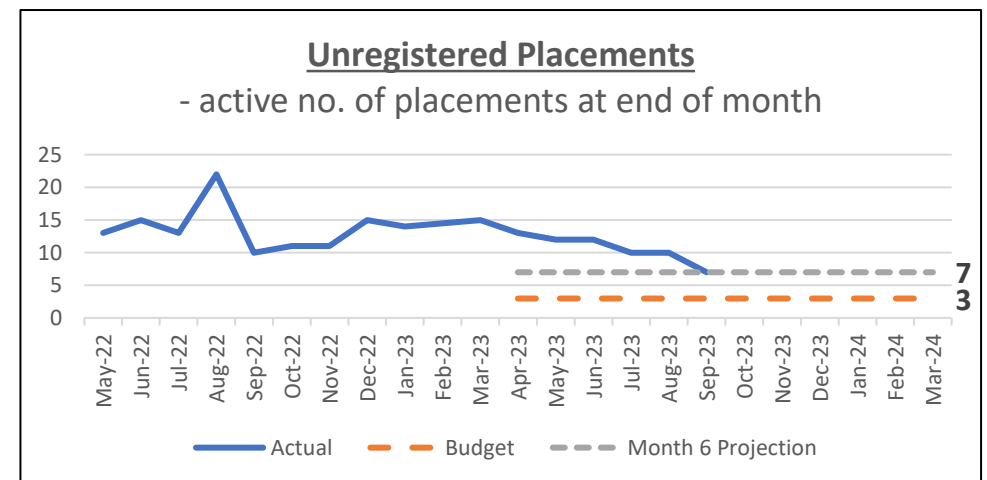
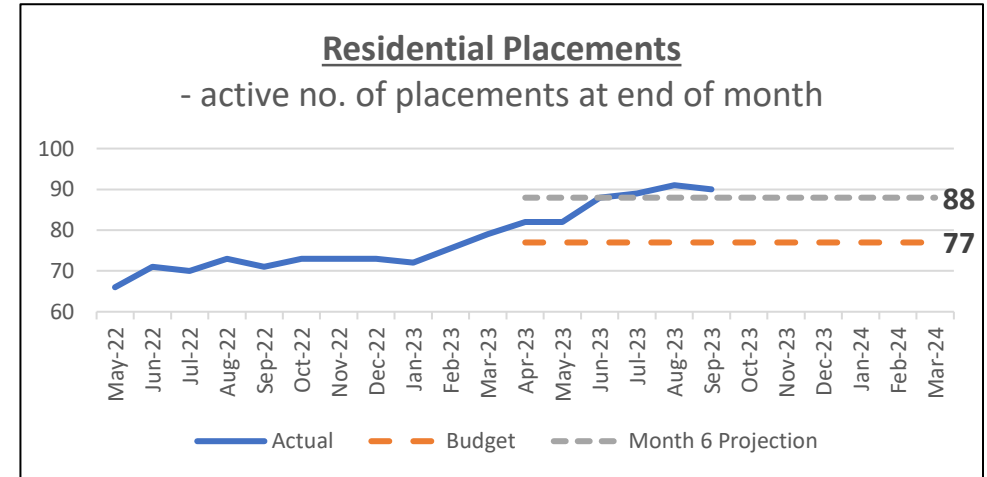
External Placements	23/24 Budget £m	Full Year Projection £m	Month 6 Variance £m
Residential Placements	24.4	30.0	5.6
Independent Fostering Agencies	8.2	7.5	(0.7)
16+ Supported Accommodation	5.7	7.2	1.5
Homes & Horizons	4.1	4.1	0.0
Unregistered Placements	3.7	7.2	3.4
UASC Placements	1.9	2.7	0.8
Residential Parent & Child	1.1	0.7	(0.4)
Secure	0.9	1.2	0.4
Other	1.3	2.4	1.0
Total Expenditure	51.3	63.0	11.7
DSG Grant	(5.0)	(6.1)	(1.1)
UASC Grant	(2.4)	(2.6)	(0.1)
NHS Funding	(5.3)	(5.3)	(0.0)
Other	(0.2)	(0.2)	(0.0)
Total Income	(12.9)	(14.2)	(1.2)
Net Expenditure	38.4	48.8	10.4

External Placements Monitoring & Forecasting

The graphs opposite show the trend in the numbers of residential and unregistered placements over the past 18 months.

Residential placement numbers have been increasing over this period, particularly in the current calendar year. The reported number of active placements at the end of September was 90. 77 residential placements were budgeted for as part of the 23/24 budget setting process, at an average weekly cost of £6,113. Month 6 projections for the full year assume an average of 88 FTE residential placements (11 more than budget), at an average weekly cost of £6,566 (£453 more than budget).

Unregistered placement numbers have been decreasing in the current financial year, driven largely by the Homes & Horizons initiative. The reported number of active placements at the end of September was 7. 3 unregistered placements were budgeted for, at an average weekly cost of £23,979. Month 6 projections assume an average of 7 FTE unregistered placements (4 more than budget), at an average weekly cost of £20,357 (£3,622 less than budget).



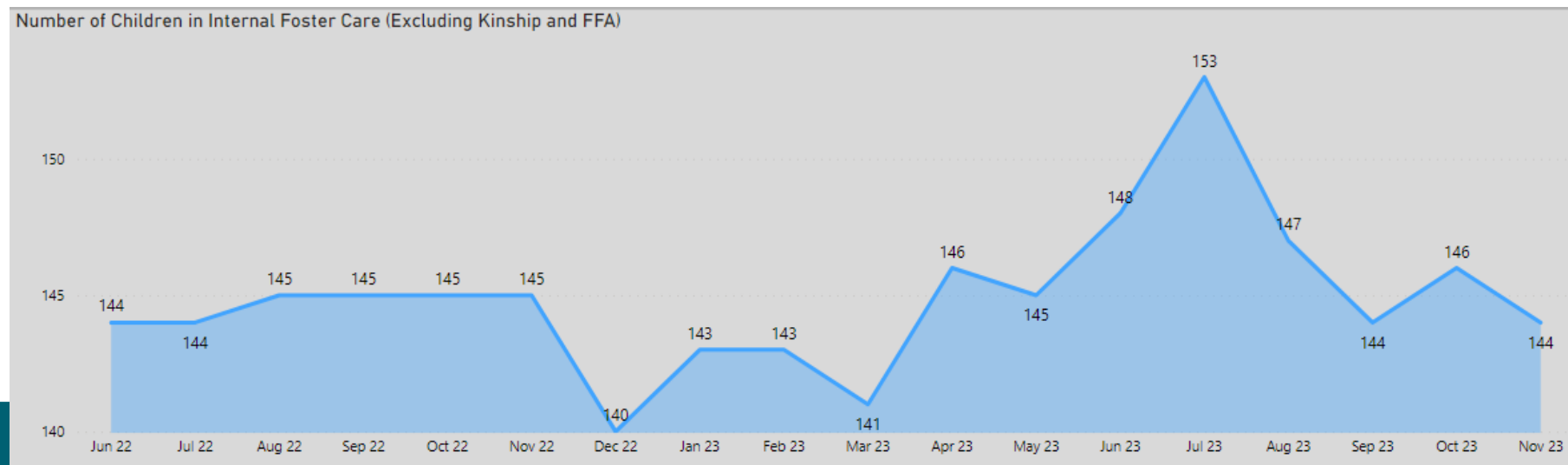
Fostering & Permanence Monitoring & Forecasting

The table opposite provides a breakdown of the Fostering and Permanence budgets.

The main area of underspend is fostering fees and allowances.

The graph below shows the number of in-house foster placements over the previous 18 months (excluding kinship and foster for adoption placements), which have remained largely stable during this period.

Fostering & Permanence	23/24 Budget	Full Year Projection	Month 6 Variance
	£m	£m	£m
Fostering fees & allowances	4.7	3.7	(1.0)
Special Guardianship	2.9	2.9	0.0
Adoption Allowances	1.0	1.0	0.0
Connected Persons	0.4	0.8	0.4
Staffing costs	4.1	4.0	(0.1)
Other costs	0.2	0.2	0.0
Total Expenditure	13.3	12.6	(0.7)



Home to School Transport

Mainstream and SEN Transport Net Budgets

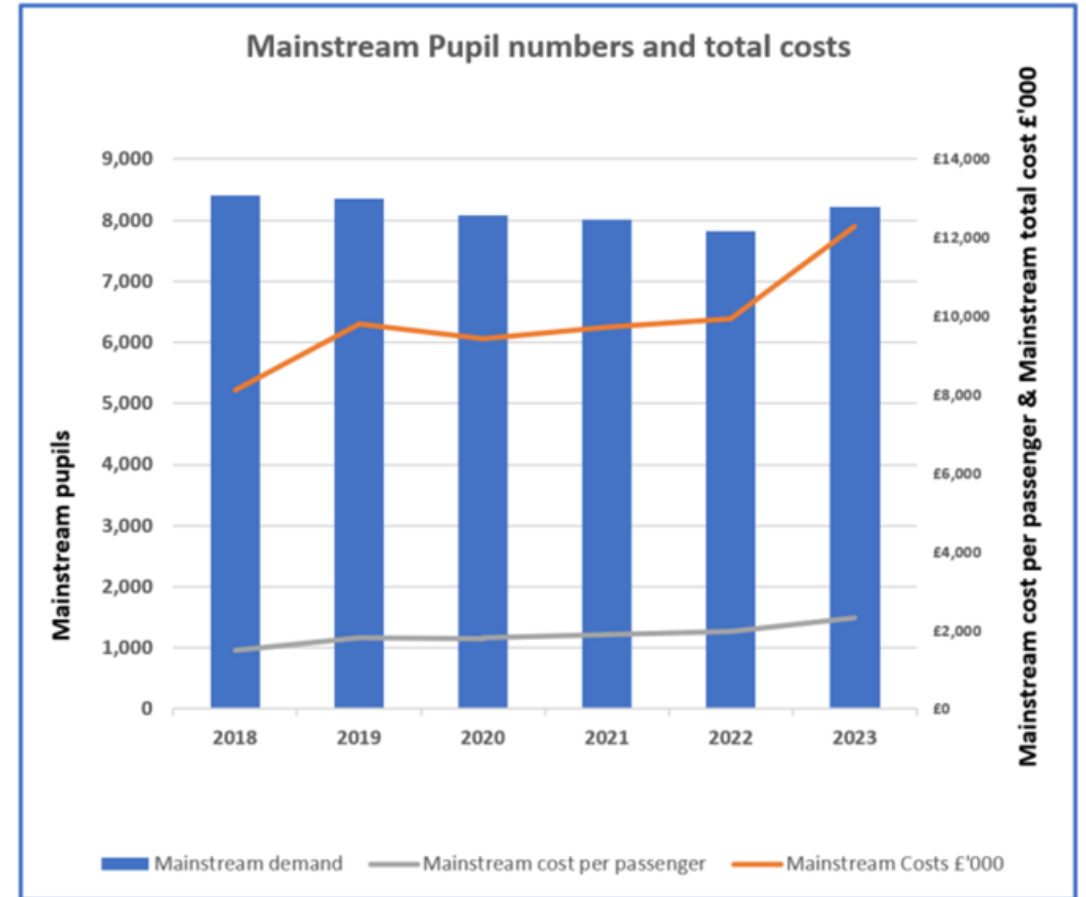
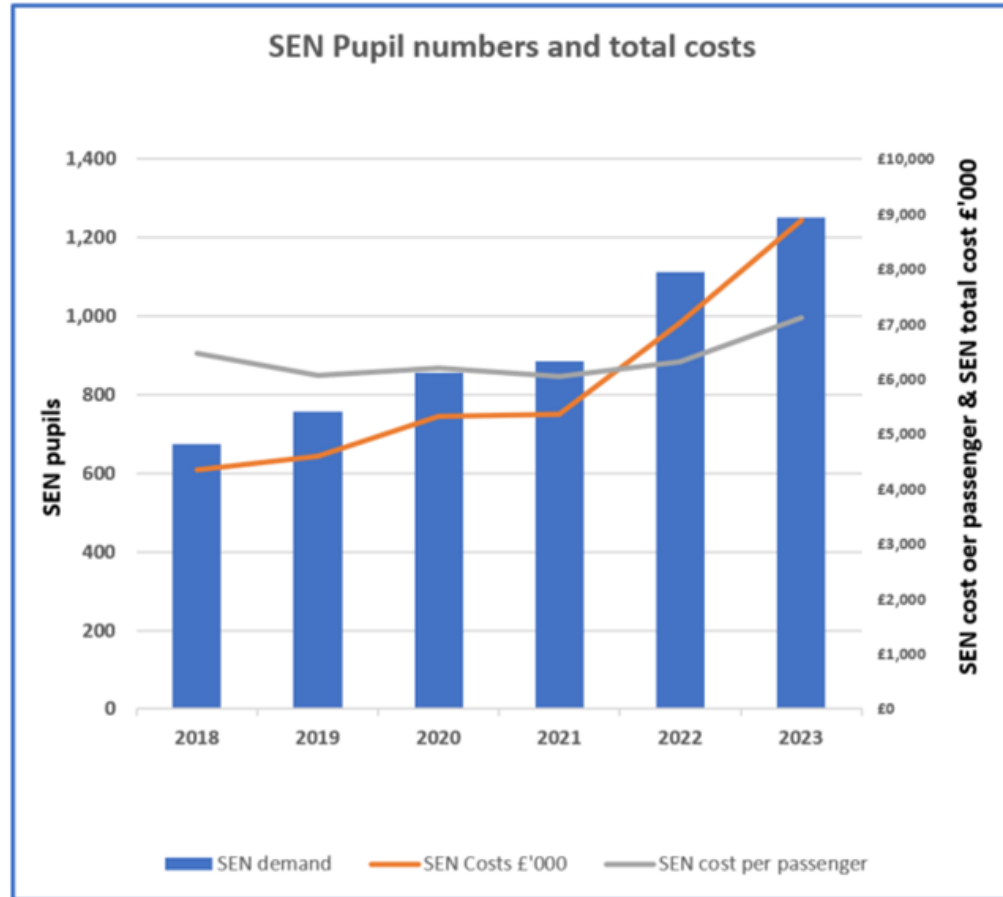
£12.9m Home to School Transport – transport from home to mainstream schools

- Spend is more predictable as children travel to local school and start/end at regular points in year.
- Key driver for increased costs in inflation.

£10.1m SEND Transport – transport to school setting for children with SEND

- Spend is less predictable as children need transport to nearest appropriate school and this will depend on where places are available.
- Key driver for increased costs is demand.

Impact of inflation and SEND demand



SEN Transport Monitoring & Forecasting

- Budget monitoring meetings are held monthly between finance, the Inclusion team, transport teams and commissioning.
- Currently forecasting is based on basic data available i.e. using estimated growth data on EHCPs and CPI forecasts.
- Financial data is held in Capita however this is a difficult system to work with and it is not routinely reconciled with Dynamics.
- Further modelling work is being worked on between finance and the service to improve forecasts and budget models.
- Currently working on extracting data and a KPI dashboard e.g. numbers travelling, average costs by type of transport, income assumptions.

Dedicated Schools Grant (DSG)

DSG Blocks

The DSG is a ring-fenced grant which is allocated in four blocks:

- **Schools** funds the Individual Schools' Budgets of Academies and Local Authority Maintained schools.
- **Early Years** funds the provision of education for children from age three up to age five and for qualifying two-year olds.
- **High Needs** funds the place budgets at special schools, Enhanced Resource schools and Pupil Referral Units within the local authority's geographical boundary and other expenditure required to support children and young people with additional educational needs.
- **Central Schools Services** funds limited central expenditure on behalf of all schools and academies plus historic commitments that have been agreed by the Schools' Forum

23/24 Budget Monitoring Report

Forecast outturn as at the end of September (Month 6)

Dedicated Schools Grant (DSG)

£15.5m forecast in year deficit; cumulative £37.5m deficit

Note – verbal update on latest position will be provided at the Scrutiny Meeting

DSG Block £m	Total funding available for services 2023/24	2023/24 Forecast Month 6	Forecast in-year variance surplus/ (deficit)	DSG Block £m	Balance b/f at 1 Apr 2023 Surplus/ (Deficit)	NFF drawn from Growth Fund	Forecast in-year variance surplus/ (deficit)	Forecast carry forward 31 Mar 2024
Schools	2.5	2.9	(0.4)	Schools	2.6	(1.2)	(0.4)	1.0
Central Schools	5.0	5.0	-	Central Schools	5.6	-	-	5.6
Early Years	31.1	31.1	-	Early Years	0.9	-	-	0.9
High Needs	73.5	88.6	(15.1)	High Needs	(29.8)	-	(15.1)	(44.9)
Total	112.1	127.6	(15.5)	Total	(20.7)	(1.2)	(15.5)	(37.5)

Statutory override

At the end of 2022/23, the DSG was overspent by £20.7million.

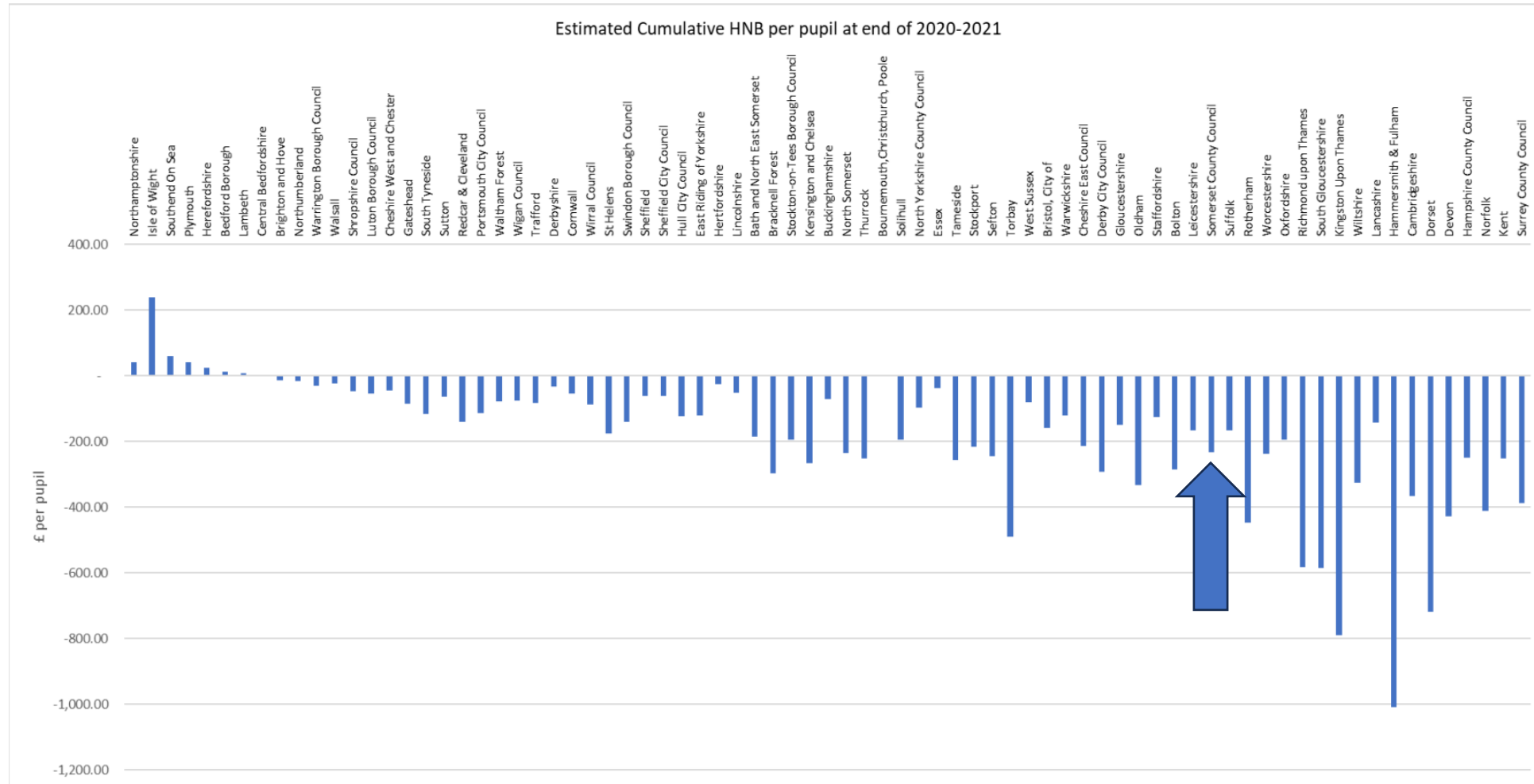
This would normally be recognised within the Council's financial statements as a negative (overspent) reserve, but it is currently subject to a 'statutory override' which allows it to be ringfenced and accounted for separately to the Council's overall reserves.

The combined value of all DSG overspends nationally is forecast to be £2.5billion by March 2025.

Were the statutory override to end, as is planned in April 2026, it is likely that three quarters of all councils would immediately need to issue notices under Section 114 of the Local Government Finance Act 1988.

The Council is refreshing its DSG Deficit Management Plan (DMP). Proposal to present the DMP to C&F Scrutiny Committee in February.

DSG overspend – deficit per pupil

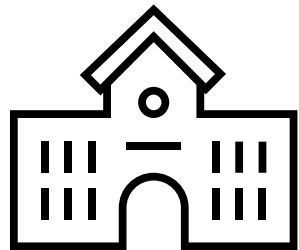


High Needs Block

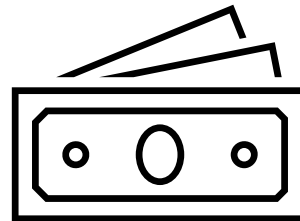
The purpose of the high needs block (final allocation of £83.7m, current budget £73.5m after allocations to academies, LA Special Schools and PRUs) is to fund the additional costs incurred by education providers and councils in providing for children and young people with significantly higher needs than most.



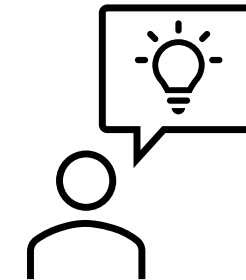
High needs funding pays for:



Special schools and
pupil referral units



Extra money to
mainstream schools,
colleges and early years
settings

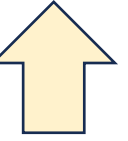
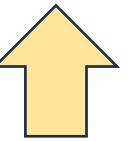


Council staff with
specialist expertise

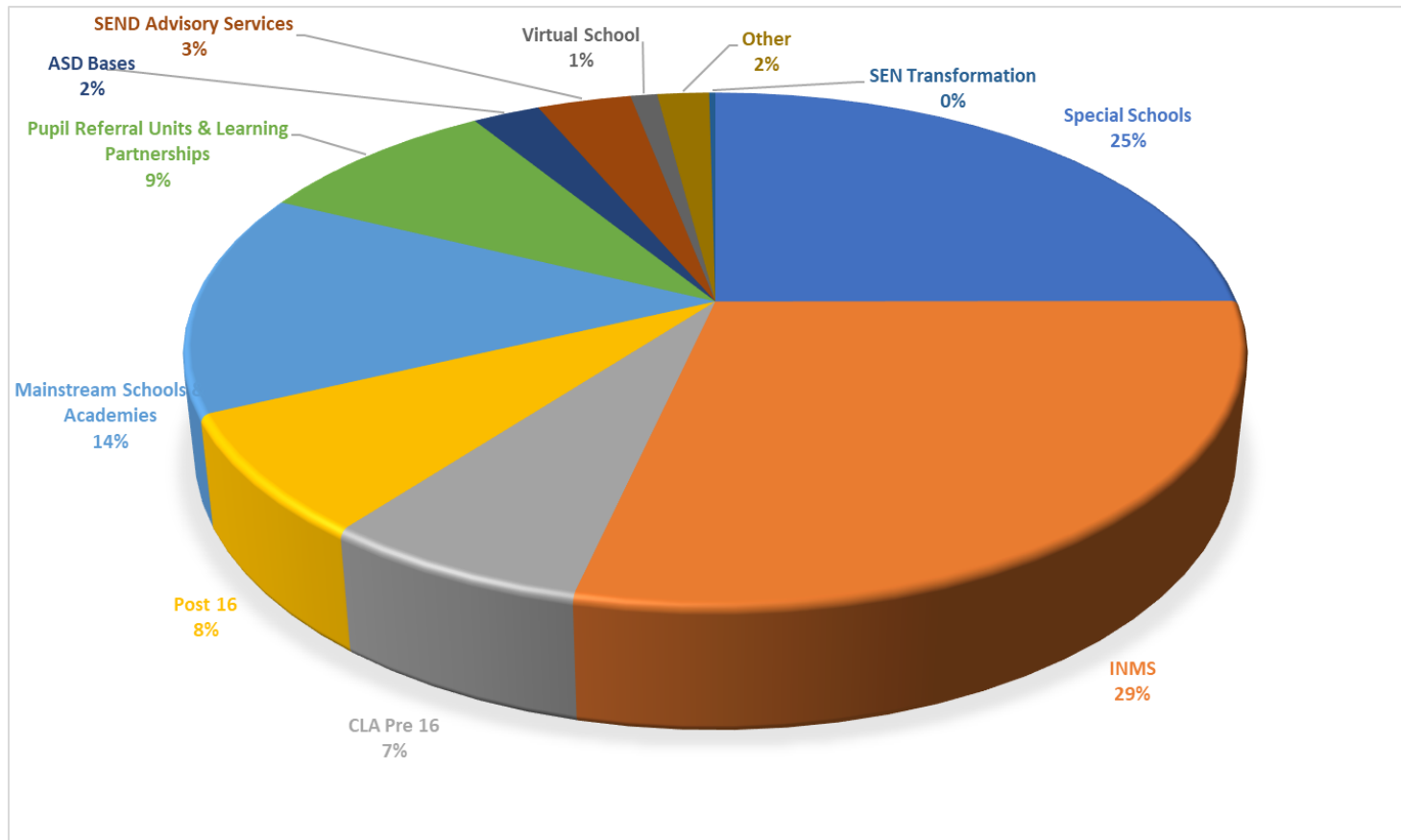
Why is the High Needs block stretched?

There are pressures nationally on High Needs funding because:

- 1) There is increased identification of children with more complex needs.
- 2) There are more pupils in special schools, and where there are not enough state-maintained special school places, councils need to use independent special schools which cost 3-4 times more per pupil.
- 3) The funding system (focused on Education, Health and Care Plans) was well intentioned but poorly designed
- 4) Once a need has been identified it is incredibly rare for the support or placement for that child to subsequently be withdrawn
- 5) The length of time children have entitlements has been extended to age 25 without this being properly funded

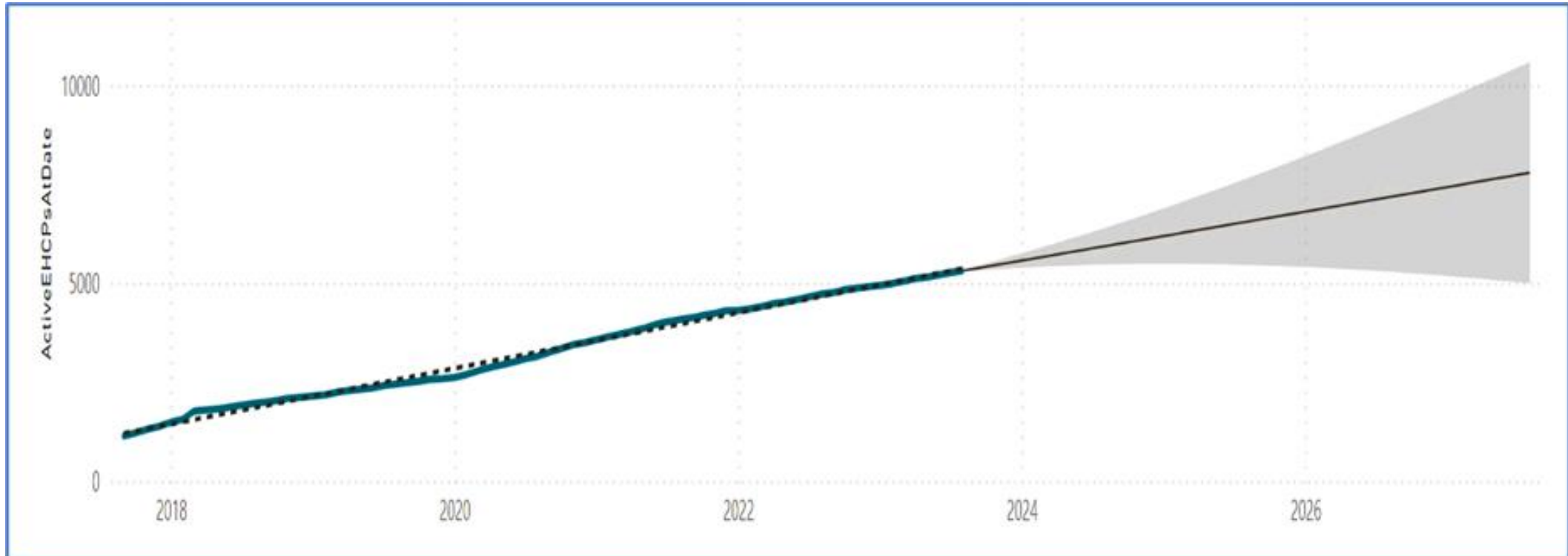


High Needs Block Forecast – Month 6



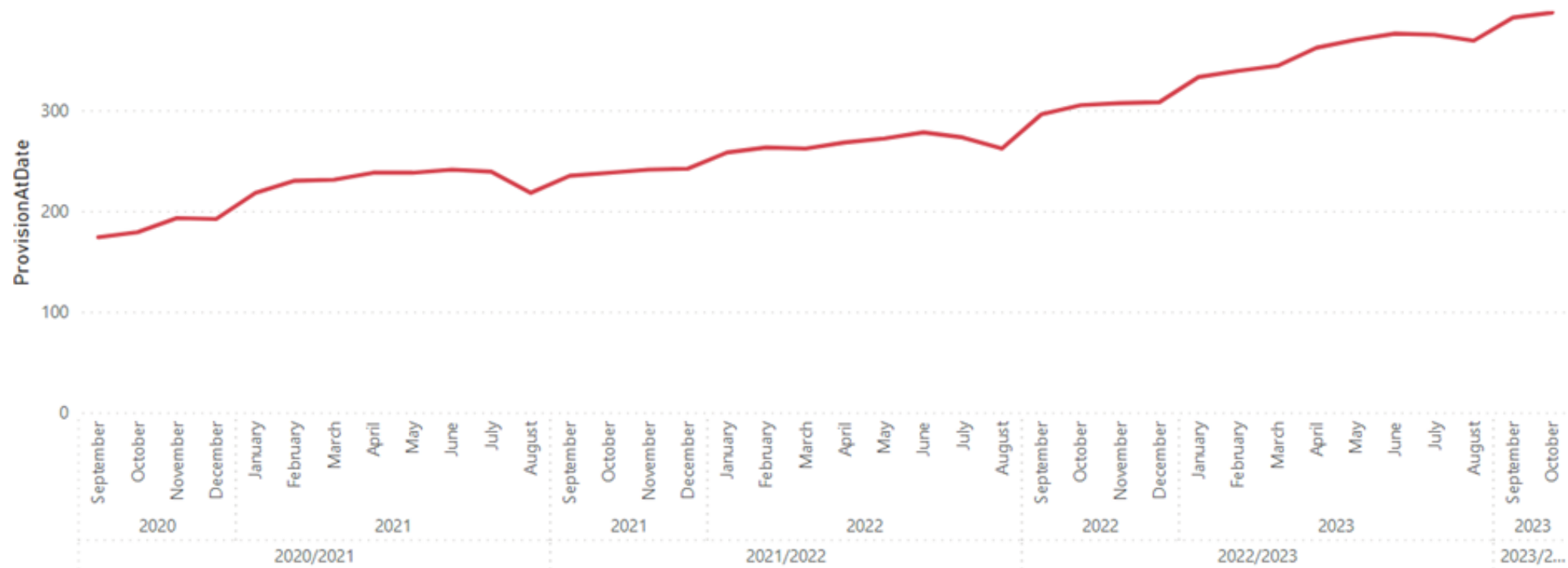
- Approx 60% of the budget (£42.7m) was set aside for INMS & Special Schools. INMS budgets are forecast to be overspent by £4.7m at month 6.
- A £5.5m projected overspend was built into the budget, along with a £1.5m transfer from the Growth Fund. These are not forecast to be received.
- Mainstream schools & academies & Children Looked After (pre-16 education contribution) are forecasting an overspend of £3.4m.

High Needs Block Key Cost Drivers



Somerset has experienced a steady growth in the number of children with Education, Health and Care Plans (EHCPs). From 2018 to 2023 increase nationally in the proportion of school pupils from 2.9% to 4.3%. Somerset is not slightly above the national level at 4.6% of pupils with EHCP. Trajectories show the numbers are expected to continue to increase in future years

High Needs Block Key Cost Drivers



Increasing numbers of children accessing independent non-maintained specialist (INMS) schools is a result of not having sufficient maintained provision in Somerset to meet the range of needs.

Time for Questions

