

Appendix B – Month 5 Children, Families & Education Services

Children & Family Services

Lead Member for Children, Families & 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 August 2024 (Month 5)

- 2024/25 net budget £141.882m, is forecasting an overspend of £7.512m, an increase of £1.112m from Month 4.
- 2023/24 net budget £127.1m, outturn overspend £12.3m

Service Area	Current Expenditure Budget £m	Current Income Budget £m	Current Net Budget £m	Full Year Projection £m	Month 5 Variance £m	Overspend / (Underspend)	RAG Status	Movement From Month 4 £m
Children & Families								
Prevention Services	7.320	(1.139)	6.181	6.124	(0.057)	Underspend	Green	0.043
Fostering and Permanence	13.508	(0.032)	13.476	12.962	(0.514)	Underspend	Green	0.286
External Placements	60.049	(14.133)	45.916	56.300	10.384	Overspend	Red	0.484
Fieldwork East	4.978	-	4.978	4.819	(0.159)	Underspend	Green	0.041
Fieldwork West	5.753	-	5.753	5.642	(0.111)	Underspend	Green	0.089
Disabilities	8.035	(0.333)	7.702	7.296	(0.406)	Underspend	Green	(0.006)
Partnership, Audit & Quality	3.206	(0.405)	2.801	2.794	(0.007)	Underspend	Green	(0.007)
CLA East	2.947	-	2.947	2.855	(0.092)	Underspend	Green	(0.092)
CLA West	2.135	-	2.135	2.397	0.262	Overspend	Red	(0.038)
Leaving Care	2.719	(0.318)	2.401	2.516	0.115	Overspend	Red	0.015
CSC Management	3.698	-	3.698	1.401	(2.297)	Underspend	Green	0.003
sub total	114.348	(16.360)	97.988	105.106	7.118	Overspend	Red	0.818
Commissioning & Performance								
C&P Commissioning	10.379	(7.822)	2.557	2.661	0.104	Overspend	Red	0.004
Performance and Transformation	3.423	-	3.423	3.019	(0.404)	Underspend	Green	(0.004)
Business Support	5.298	(0.137)	5.161	5.072	(0.089)	Underspend	Green	(0.089)
sub total	19.100	(7.959)	11.141	10.752	(0.389)	Underspend	Green	(0.089)
Education								
Special Educational Needs and Disabilities	4.980	(2.006)	2.974	3.513	0.539	Overspend	Red	0.439
Vulnerable Learners	5.479	(5.353)	0.126	0.223	0.097	Overspend	Red	0.097
Educational Psychology	3.068	(1.150)	1.918	1.918	-	On-budget	Green	-
Inclusion Transformation and Partnerships	13.735	(0.354)	13.381	13.381	-	On-budget	Green	(0.100)
Inclusion Strategic Management	1.653	(1.750)	(0.097)	0.479	0.576	Underachievement	Red	(0.024)
Education Leadership	1.488	(1.617)	(0.129)	(0.287)	(0.158)	Overachievement	Green	(0.058)
Education Operations	4.824	(5.371)	(0.547)	(0.644)	(0.097)	Overachievement	Green	0.003
Curriculum and Literacy	3.825	(3.935)	(0.110)	(0.107)	0.003	Underachievement	Amber	0.003
Education Places	15.858	(2.227)	13.631	13.129	(0.502)	Underspend	Green	0.098
EPS Management	4.368	(3.114)	1.254	1.579	0.325	Overspend	Red	(0.075)
sub total	59.278	(26.877)	32.401	33.184	0.783	Overspend	Red	0.383
Children Services								
Children, Families & Education Team	0.353	(0.001)	0.352	0.352	-	On-budget	Green	-
sub total	0.353	(0.001)	0.352	0.352	-	On-budget	Green	-
Children, Families & Education Services Total	193.079	(51.197)	141.882	149.394	7.512	Overspend	Red	1.112

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 Over / (Under) £m	Movement from Month 4 £m
	£m	£m	£m	£m
Residential Placements	29.704	34.221	4.517	(0.281)
Independent Fostering Agencies	7.915	8.090	0.175	(0.020)
16+ Supported Accommodation	5.630	4.523	(1.107)	0.449
Homes & Horizons	5.943	5.943	-	-
Unregistered Placements	0.818	3.415	2.597	0.764
UASC Placements	2.472	3.000	0.527	(0.181)
Residential Parent & Child	0.748	2.279	1.531	0.182
Secure	1.333	0.764	(0.569)	0.035
Thrive 16+	4.065	3.636	(0.428)	(0.428)
Other	1.421	2.784	1.363	(0.055)
Total Expenditure	60.049	68.655	8.606	0.464
DSG Grant	(6.500)	(5.311)	1.189	-
UASC Grant	(2.305)	(2.392)	(0.087)	0.012
NHS Funding	(4.511)	(3.888)	0.624	(0.046)
Other	(0.817)	(0.764)	0.053	0.053
Total Income	(14.133)	(12.355)	1.778	0.019
Net Expenditure	45.916	56.299	10.384	0.484

The external placements budget has a total overspend of £10.384m which is partly offset by the £2.800m external placements contingency fund held in Children's Social Care (CSC) Management resulting in a net pressure of £7.584m. This is an increase from Month 4 of £0.484m.

Of this overall variance, the unregistered placement overspend is £2.597m and the residential overspend is £6.330m (including the 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 10-15 age group. The increase in cost pressures mainly relates 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 £0.514m. In Month 5. This has decreased significantly particularly in relation to kinship care allowances where family members are supported financially to offer both short- and longer-term care for children who are looked after by the local authority. Whilst financial modelling accounted for some lag in fostering sufficiency, the increase in numbers of children coming into care also impacts negatively against the external placements budget.

Children's Commissioning

Underspends across this service of £0.389m relate to vacancy savings and contract costs being less than anticipated.

Education

Dedicated Schools Grant pressures remain as in previous months. Further details on the Dedicated Schools Grant forecasts is provided below.

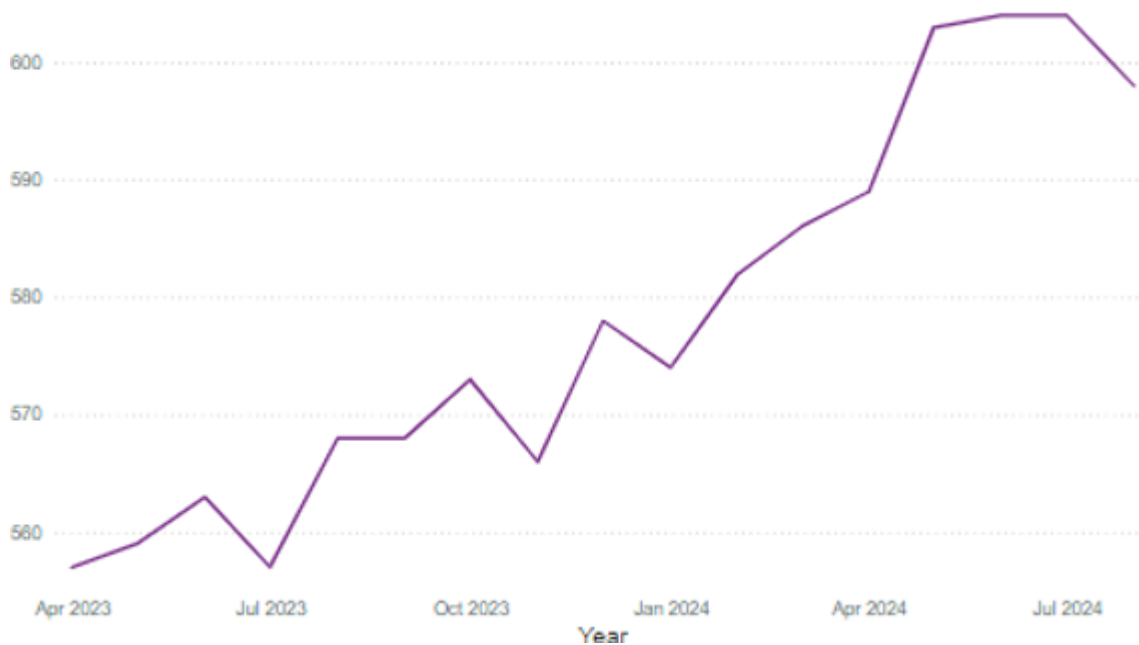
There is an overall forecast pressure to Local Authority education budgets of £0.783m as of Month 5 (an increase of £0.383m from month 4). This overspend is largely due to increasing costs from mediation and Local Government Ombudsman fines within SEND services. Where fault has resulted in a loss of educational provision, the Ombudsman usually recommend a remedy payment of between £900 to £2,400 per term to acknowledge the impact of that loss. The increase at Month 5 reflects the addition of a full year forecast which was not incorporated at Quarter 1, alongside the additional forecast for mediation costs.

Home to Schools Transport for Mainstream and SEN

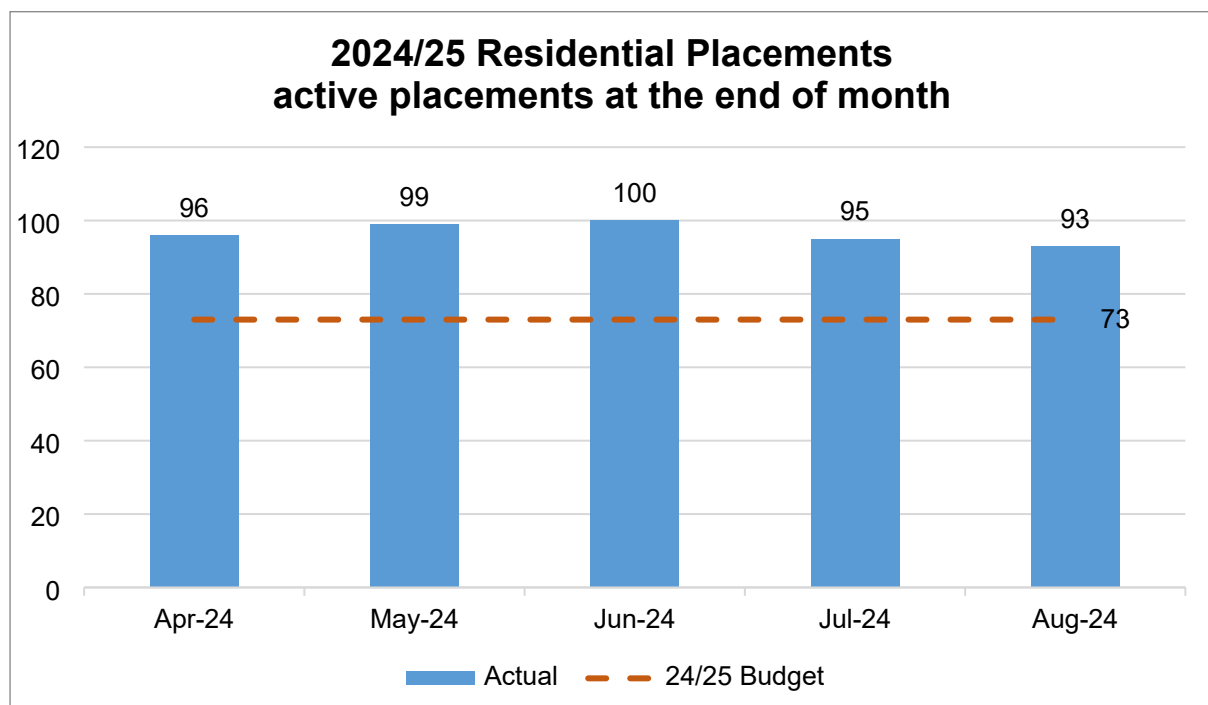
Budget monitoring undertaken on mainstream and SEN school transport indicates that budget will be met for 2024/25, and therefore the spend is forecast to budget. There is no change to this position as at Month 5. We are forecasting additional income of £0.502m on our Extended Rights to Travel grant for 2024/25 due to additional unbudgeted grant expected to be received. Indications remain that transport working groups are over-delivering on the MTFP projected savings and cost avoidance.

Children's Services - key performance cost drivers

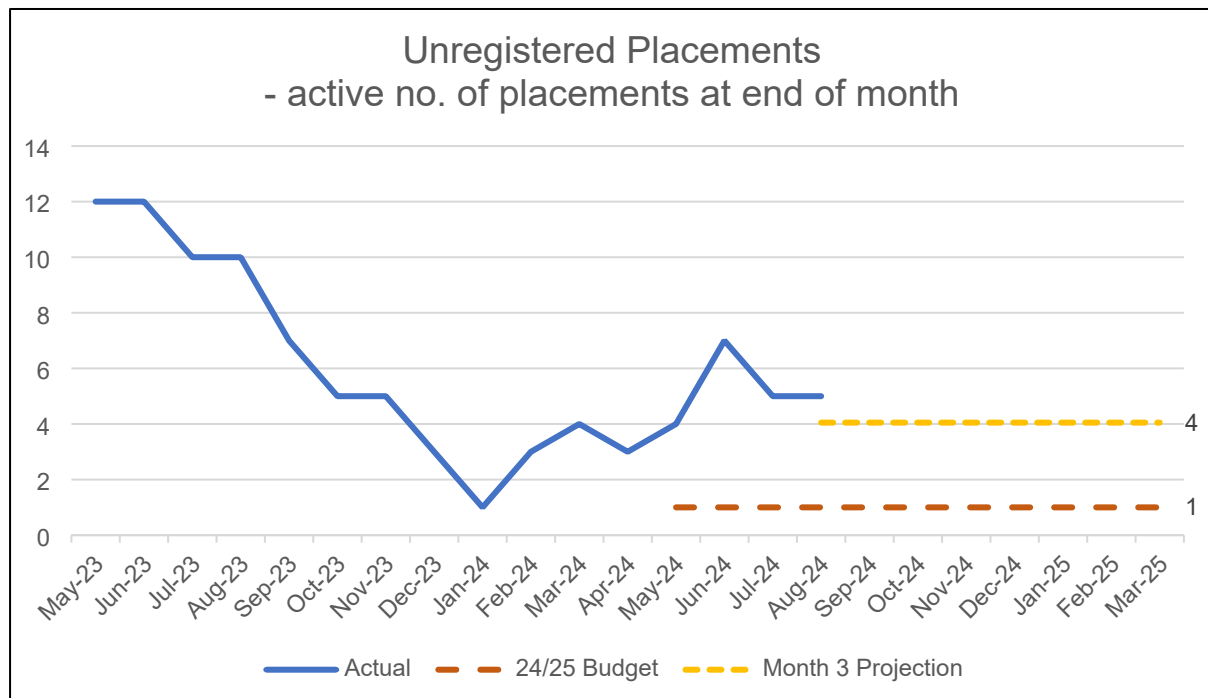
CLA Total by Month



In the last 12 months up to August 2024, we have seen a rise of 30 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 2024/25. The budgeted number of residential placements for 2024/25 is 73.



Although we have seen a decline in unregistered placements throughout 2023/24 this is gradually starting to increase with active number of placements at the end of August 2024 being 5. The budgeted number of unregistered placements for 2024/25 is 1.



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

The DSG brought forward deficit as of 1 April 2024 amounts to **£35.940m**. Forecasts for Month 5 project that there will be an in year **overspend of £7.509m** on the High Needs Block above the **budgeted deficit of £18.853m** for 2024/25. This is an increase to the forecast overspend of £2.100m from month 4. The DSG is now forecast to be **£25.840m overspent** on a budget of £134.709m as shown below. The projected DSG deficit as of 31 March 2025 is **now £61.780m**.

	Balance b/fwd at 1 Apr 2024 surplus/ (deficit)	Forecast in- year variance (over)/ under spend	Forecast carry forward 31 Mar 2025
Forecast deficit carry forward	£m	£m	£m
Schools	1.090	-	1.090
Central Schools	5.977	0.002	5.979
Early Years	1.878	0.520	2.398
High Needs	(44.885)	(26.362)	(71.247)
Total	(35.940)	(25.840)	(61.780)

There continues to be significant pressure on costs within the High Needs Block, which relates to low inflationary increases to mainstream school funding, a range of factors putting pressures on school budgets and historic underfunding of Special Educational Needs (SEND). These factors combined along with lack of sufficient appropriate places 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).

DSG forecast at the end of August 2024 (Month 5)

The DSG is monitored monthly, and the table below shows the 2024/25 full year forecast, with a comparative position showing the movement to month 4. Note that any Early Years Block surplus is ringfenced and will be drawn down for distribution to Early Years providers in the following year.

Movement from Prior month	Original budget £m	Current budget £m	Full year projection £m	Month 5 Variance £m	RAG Status	Movement from prior month £m
Schools	2.082	2.082	2.082	-	Green	-
Central Schools	4.689	4.689	4.687	(0.002)	Green	-
Early Years	51.283	50.443	49.923	(0.520)	Green	-
High Needs	77.421	77.496	103.858	26.362	Red	2.100
Total	135.474	134.709	160.549	25.840	Red	2.100

DSG Allocations 2024/25

The gross DSG funding allocation as of Month 5 amounted to £520.242m.

From this final allocation, the amounts shown in the table below have been allocated to Mainstream and Special School Academies and Local Authority Maintained Schools.

The amounts allocated to Academies shown below are recouped by the Department for Education prior to payment to the Local Authority. The remaining balance is the funding available for services for 2024/25. The remaining £2.082m on the Schools Block represents the remaining Growth Fund allocation for the year.

In year allocations	Gross DSG funding allocation 2024/25 £m	Transfers between blocks £m	Allocated to Academies £m	Allocated to LA Schools £m	Funding available for services 2024/25 £m
Schools	387.699	(0.085)	(267.900)	(117.633)	2.082
Central Schools	4.604	0.085	-	-	4.689
Early Years	50.443	-	-	-	50.443
High Needs	77.496	-	-	-	77.496
Total	520.242	-	(267.900)	(117.633)	134.709

High Needs Block budget 2024/25

The main risk area for the DSG Block is within the High Needs Block. A detailed summary of the High Needs Block budget and the forecast outturn position is set out below:

	Current Budget 2024/25 £m	Forecast Outturn 2024/25 £m	Variance Over/ (Under) £m	%
Special Schools	24.728	25.500	0.772	3%
INMS & CLAPre 16	32.842	34.841	1.999	6%
Post 16	8.883	8.989	0.106	1%
Mainstream	12.510	17.038	4.528	27%
Pupil Referral Units	8.916	8.916	-	0%
Autism Spectrum Disorder Bases	2.152	2.172	0.020	1%
Advisory Services and Virtual School	4.063	4.063	-	0%
Other	2.255	2.339	0.084	4%
Total	96.349	103.858	7.509	7%
Allocation after deductions	77.496	77.496	-	0%
In year deficit	(18.853)	(26.362)	(7.509)	28%

The most significant variances are within Independent Non-Maintained Schools and education for Children Looked After pre-16, and mainstream top ups and costed plans. Explanations for these variances are set out below:

INMS & CLA Pre-16 (£1.999m overspent at Month 5)

The budget for INMS placements forecast an average number of placements of 415 for the financial year 2024/25. Current forecasts project an average of 454 for the year, at an average cost of £68,000 per new placement.

Mainstream top ups and costed plans (£4.528m overspent at Month 5)

The budget was prepared on the basis that the average cost of mainstream top ups and costed plans was £5,889 per child. However, the average cost of top ups and costed plans for the year to date is £7,706, for 2,066 children. Several factors have contributed to this increase including: a backlog of prior year claims from 2023/24, an increase in the average cost of a costed plan of approximately 10%, and a shift in the profile of need to higher banded children.

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

LA Maintained Schools - key risks, issues, and mitigations

As of 31 March 2024, 14 schools shared a cumulative revenue reserve deficit position of £2.433m and 104 schools shared a cumulative surplus of £23.657m.

Budget plans submitted by schools for 2024/25 show significant budgetary pressures with 98 out of 109 plans submitted showing in year deficits totalling £8.9m. 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, although additional funding for teachers pay should reduce these deficits by an estimated £2.3m.

Deficit recovery plans have been received from 29 schools with projected closing deficits, and the Local Authority has recruited additional finance resource to review and challenge these plans over the next six to twelve months.

Nine schools with the most significant overall deficits have met with Local Authority representatives to discuss mitigations to their overspends. School Resource Management Advisers (SRMA's) have also met with five schools with significant deficits. We await