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**Decision Maker:** EDUCATION, CHILDREN AND FAMILIES BUDGET AND PERFORMANCE MONITORING SUB-COMMITTEE

**Date:** 18<sup>th</sup> July 2017

**Decision Type:** Non-Urgent Executive Non-Key

**Title:** BUDGET MONITORING 2017/18

**Contact Officer:** David Bradshaw, Head of Education, Care & Health Services Finance  
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**Chief Officer:** Deputy Chief Executive & Director of Education, Care and Health Services

**Ward:** (All Wards);

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1. Reason for report

1.1 This report provides the budget monitoring position for 2017/18 based on activity up to the end of May 2017.

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2. RECOMMENDATION(S)

2.1 The Sub committee are invited to:

- (i) Note that the latest projected overspend of £627,000 is forecast on the controllable budget, based on information as at May 2017;
- (ii) Note the full year effect for 2017/18 of £1,130,000 as set out in section 4;
- (iii) Note the funding release requests as detailed in section 5 of this report;
- (iv) Note the comments of the Department in section 8 of this report;
- (v) Note the request to transfer £800,000 from earmarked reserves as detailed in paragraph 3.13;
- (vi) Note the request to drawdown £115k from the central contingency as per paragraph 8.8; and
- (vii) Refer the report to the Portfolio Holder for approval.

2.2 The Portfolio Holder is asked to:

- (i) Note that the latest projected overspend of £627,000 is forecast on the controllable budget, based on information as at May 2017;

- (ii) Agree to the release of the carry forward requests referred to in section 5;**
- (iii) Request the Executive agree to the release of £800k from the Earmarked Reserve as per paragraph 3.13; and**
- (iv) Request the Executive release £115k from the 2017/18 Central Contingency as per paragraph 8.8.**

### Corporate Policy

1. Policy Status: Not Applicable
  2. BBB Priority: Children and Young People
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### Financial

1. Cost of proposal: Not Applicable:
  2. Ongoing costs: Not Applicable:
  3. Budget head/performance centre: Education & Childrens Services Portfolio
  4. Total current budget for this head: £45.931m
  5. Source of funding: Education & Childrens Services Approved Budget
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### Staff

1. Number of staff (current and additional): 1,321 Full time equivalent
  2. If from existing staff resources, number of staff hours: N/A
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### Legal

1. Legal Requirement: Statutory Requirement
  2. Call-in: Applicable
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### Customer Impact

1. Estimated number of users/beneficiaries (current and projected): The 2017/18 budget reflects the financial impact of the Council's strategies, service plans etc. which impact on all of the Council's customers (including council tax payers) and users of the services
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### Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments:

### 3. COMMENTARY

3.1 The 2017/18 projected outturn for the Education and Childrens Services Portfolio is detailed in Appendix 1, broken down over each division within the service. Appendix 2 gives explanatory notes on the movements in each service. The current position is an overspend of £627k.

#### **Schools Budget**

- 3.2 An element of the Education budget within the Education Care and Health Services (ECHS) department is classed as Schools' Budget and is funded by the Dedicated Schools grant (DSG). Grant conditions requires that any over or under spend should be carried forward to the next financial year.
- 3.3 The Schools' Budget is predicted to underspend by £705k during 2017/18, which will be added to the £1.6m carried forward in 2016/17.
- 3.4 A summary of the main variations is provided in the table below, and further details of the variations can be found within Appendix 2.

|                                 | <b>Variations</b> |            |
|---------------------------------|-------------------|------------|
|                                 | <b>£'000</b>      |            |
| Primary Support Team            | Cr                | 12         |
| Other Small Balances            | Cr                | 3          |
| SEN:                            |                   |            |
| - Placements                    | Cr                | 535        |
| - Support in FE colleges        |                   | 26         |
| - Transport                     |                   | 216        |
| - High Needs Pre-school Service | Cr                | 159        |
| - Sensory Support               | Cr                | 96         |
| - SIPS                          | Cr                | 33         |
| - Pupil Support Services        | Cr                | 29         |
| - Complex Needs Team            | Cr                | 42         |
| - Outreach & Inclusion Service  | Cr                | 41         |
| - Other Small SEN Balances      |                   | 3          |
|                                 | <u>Cr</u>         | <u>705</u> |

#### **The Non Schools Budget**

3.5 The rest of the Education and Childrens budget is classed as Non Schools' budget, and this is projected to overspend by £627k. A summary of the main variances are listed below and further details are contained within Appendices 1 and 2.

|                                      | <b>Variations</b> |     |
|--------------------------------------|-------------------|-----|
|                                      | <b>£'000</b>      |     |
| Adult Education                      | Cr                | 19  |
| Bromley Youth Support Programme      |                   | 50  |
| Other Education Strategic Functions  |                   | 98  |
| CLA and Care Leavers                 |                   | 496 |
| Fostering, Adoption and Resources    |                   | 715 |
| Additional contribution from the CCG | Cr                | 300 |
| Referral and Assessment Service      |                   | 33  |
| Safeguarding and Care Planning East  | Cr                | 315 |
| Safeguarding and Care Planning West  |                   | 123 |
| Safeguarding and Quality Improvement | Cr                | 261 |
| Other small balances                 |                   | 7   |
|                                      |                   | 627 |

### **Childrens Social Care**

- 3.6 The Childrens Social Care division is currently predicted to overspend by £491k. The main areas of over/under spend are highlighted in the paragraphs below and in appendix 2.
- 3.7 Placements for children continues to be a pressure area. The number of placements have increased recently, particularly in independent fostering arrangements, special guardianship and kinship arrangements. These additional costs have been partially offset by increased income from the Bromley Clinical commissioning Group (CCG) of £800k. This is described in more detail in paragraph 3.13.
- 3.8 Leaving care continues to be an ongoing pressure for both the 16-17 age group and the 18+ for whom housing benefit contributes to the costs. Costs have increased as rent levels are high and the level of support needed increases. In addition the expenditure relating to the 'staying put' scheme whereby care leavers can remain with their foster carers after the age of 18 is also experiencing pressures. Bromley received a grant towards this provision of £113k but the expenditure is £288k above this level.
- 3.9 Court ordered Care proceedings are currently under budget. This was a major pressure in 2016/17 but is predicted to reduce significantly over the year and is currently £443k under budget for 2017/18.
- 3.10 Staffing pressures continue to be an issue in childrens social care with a high level of agency staff. However there is a drive to permanently recruit and the ambition is to have only 10% of staff being locums by September. If this is achieved this will reduce the pressure currently being experienced in the division
- 3.11 To help alleviate the overspend pressures, management have introduced a freeze on some areas of the budget in childrens social care. A similar exercise was carried out in 2016/17 to offset the pressures and it is anticipated that this will achieve £350k of savings when replicated in 2017/18.

### **Management Action**

- 3.12 The department are exploring ways of reducing the overspend position as far as possible including reviewing placements, recruitment and retention of foster carers, expenditure freezes and ensuring maximum contributions from partners. Any outcome from these activities will be assumed in the budget monitoring for the future and will be reported back to the sub committee in due course.

## **Contribution from the CCG**

- 3.13 Over the last few months discussions have been had with the Bromley Clinical Commissioning Group (CCG) regarding contributions from health for children's social care placements. Agreement has been reached where the CCG have agreed to:-
- A one off payment of £500k
  - A maximum contribution of £500k per year for the next two years (2017/18 and 2018/19)
  - £200k of this funding to be set aside to undertake a review of Hollybank , its use and funding
- 3.14 It has been agreed that CCG funding held by Bromley in an earmarked reserve be utilised for this purpose.
- 3.15 It is therefore recommended that a sum of £800k (£500k 2017/18 contribution and £300k of the one off contribution) be transferred from the earmarked reserve to children's social care for 2017/18. £300k is above and beyond the budget projection and is highlighted separately in Appendix 2 of this report.
- 3.16 The Portfolio Holder is asked to support the transfer of the funds from the earmarked reserve and request the Executive approve the transfer.

## **4. FULL YEAR EFFECT GOING INTO 2018/19**

- 4.1 The cost pressures identified in section 3 above will impact in 2018/19 by £1,130k. Management action will continue to need to be taken to ensure that this does not impact on future years.

## **5. RELEASE OF CARRY FORWARD AMOUNTS HELD IN CONTINGENCY BY THE PORTFOLIO HOLDER**

### Early Years Grant - Supporting early education of disadvantaged children - £14,800

- 5.1 It has taken longer than expected to work through the IT related agreements to purchase software and implement the changes needed with the introduction of additional hours of early years funding. To support this there will be a need to use the grant for additional hours for staff to steer the activity through to completion which the conditions of the grant allow.

### LA conversion Academies sponsor support - £28,000

- 5.2 This grant is to support the conversion of our remaining Schools into Academies. The grant was received late in 2016/17 and was unable to be spent in 2016/17.

### High Needs Strategic Planning Fund - £139,624

- 5.3 Grant received late in 2016/17 and was unable to be spent in year. Grant is to be used to review the services we support via the High Needs DSG Block. We are currently in the process of employing someone to carry out the review.

### SEN Reform Grant – £20,703

- 5.4 This grant is to support a three year Government specified programme for the transition of statements into Education Health and Care Plans (EHCP). The underspends in 2016/17 are

required to continue to support this work in 2017/18 to meet the three year Government deadline. Bromley is the lead partner with Enfield.

#### SEN Pathfinder Grant - £14,427

- 5.5 This grant is to support our role as a Pathfinder Champion. This role has benefited the local authority in accessing high quality training and innovative practice. The carry forward of this grant allows the delivery of the training programme to continue.

### **6. POLICY IMPLICATIONS**

- 6.1 The Resources Portfolio Plan includes the aim of effective monitoring and control of expenditure within budget and includes the target that each service department will spend within its own budget.
- 6.2 Bromley's Best Value Performance Plan "Making a Difference" refers to the Council's intention to remain amongst the lowest Council Tax levels in outer London and the importance of greater focus on priorities.
- 6.3 The four year financial forecast report highlights the financial pressures facing the Council. It remains imperative that strict budgetary control continues to be exercised in 2017/18 to minimise the risk of compounding financial pressures in future years.
- 6.4 Chief Officers and Departmental Heads of Finance are continuing to place emphasis on the need for strict compliance with the Council's budgetary control and monitoring arrangements.

### **7. FINANCIAL IMPLICATIONS**

- 7.1 A detailed breakdown of the projected outturn by service area is shown in appendix 1 with explanatory notes in appendix 2. Appendix 3 shows the latest full year effects. Appendix 4 gives the analysis of the latest approved budget. Other financial implications are contained in the body of this report and Appendix 2 provides more detailed notes on the major services.
- 7.2 Overall the current underspend position stands at £627k (£1,130k overspend full year effect). The full year effect will be addressed in 2017/18 and 2018/19 in due course.

### **8. DEPARTMENTAL COMMENTS**

- 8.1 In Children's Social care we are continuing to interview permanent staff and the ambition is by September we will have around 10% locum staff in place and others permanent - this drive is through Permanent Social Workers and Newly Qualified Social Workers who will join the Authority in September. There continues to be a recruitment drive through June and July and locum cover is being managed to limit their use where possible.
- 8.2 In Leaving Care the 18+ panel has been established to consider the cost of placements for this age group; Housing are sitting on this panel to ensure benefits are claimed. This will reduce the current overspend ensuring that Housing Benefit is claimed when appropriate. There is a framework around providers through the housing action plan and commissioning; assessing late entrants through the MASH and in cooperation with housing assessments and Family Group Conferencing. The on stream beds with De Paul which can take 16+ for 8 weeks for assessment are preventing young people going outside the borough.
- 8.3 Staying Put is an area of growth and this will need to be considered in base budgets in future as we track the numbers coming through. There have been no predictions for this in the past as growth area.

- 8.4 We continue to monitor placements through Panel. The number of challenging Young People and their complexity has been a challenge for the service. We will be looking at obtaining discounts with the Independent Foster Agencies (IFA's) we use. This is being taken forward by Commissioning.
- 8.5 We have received some additional CCG funding. We continue to review the contribution ongoing of CCG. This is an area of concentrated challenge. We need to increase our pool of foster carers, recruitment has been poor and we need further negotiation with IFA's. This will be negotiation with providers on cost but also what they are providing. A monitoring officer has been appointed and this will ensure that they are visiting providers and challenging the services given.
- 8.6 The majority of Education DSG funded budgets come from the high needs block and overall are showing an underspend. Where overspends have been identified these have been covered off by underspends in other areas where possible.
- 8.7 The current root and branch review of the high needs block should help us to ensure that we are not having to manage significant overspends or underspends at the end of the financial year. However, it must be remembered that some of the budgets, particularly SEN transport and placements, are 'on demand' budgets which cannot always be accurately forecast.
- 8.8 There is a requirement for all existing statement of special educational needs (SEN) plans to be transferred to the new ECHP plan by 31 March 2018. Additional budget of £115,000 is required to enable the SEN Team to bring in additional staff to complete these assessments in order to meet our statutory obligations and duties.
- 8.9 The Deputy Chief Executive received a formal letter from the Department of Education seeking assurances that we will meet the key target date of 31 March 2018. A formal letter was also received by the Bromley Parents Forum seeking assurances that these plans will be transferred by the stipulated deadline.

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|---|---|
| <b>Non-Applicable Sections:</b>                       | Legal Implications<br>Personnel Implications<br>Customer Implications |
| Background Documents:<br>(Access via Contact Officer) | 2017/18 Budget Monitoring files in ECHS Finance Section               |