

Decision Maker: Education, Children And Families Portfolio Holder

Date: For Pre Decision Scrutiny by the Education, Children And Families Budget And Performance Monitoring Sub-Committee 17th January 2018

Decision Type: Non-Urgent Executive Non-Key

Title: **BUDGET MONITORING 2017/18**

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Chief Officer: Deputy Chief Executive & Director of Education, Care and Health Services

Ward: (All Wards);

1. Reason for report

- 1.1 This report provides the budget monitoring position for 2017/18 based on activity up to the end of September 2017.
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2. **RECOMMENDATION(S)**

2.1 **The Sub-committee are invited to:**

- (i) **Note that the latest projected overspend of £648,000 is forecast on the controllable budget, based on information as at September 2017;**
- (ii) **Note the full year effect cost pressures of £718,000 as set out in section 4;**
- (iii) **Note the comments of the Department in section 8 of this report; and**
- (v) **Refer the report to the Portfolio Holder for approval.**

- 2.2 **The Portfolio Holder is asked to note that the latest projected overspend of £648,000 is forecast on the controllable budget, based on information as at September 2017.**

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: £46.017m
 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 £648k.

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 £124k 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.

	Variations
	£'000
Free Early Education - 2 year olds	41
Free Early Education - 3 & 4 year olds (inc extra 15 hours)	122
Early Year Support	Cr 16
Primary Support Team	Cr 52
Schools Rates	58
Home & Hospital	169
Pupil Support Services	Cr 28
Education Welfare Officers	Cr 26
Other Small Balances	Cr 1
SEN:	
- Placements	428
- Support in FE colleges	Cr 663
- Transport	111
- High Needs Pre-school Service	Cr 118
- Sensory Support	Cr 66
- SIPS	Cr 34
- Darrick Wood Hearing Unit	33
- Complex Needs Team	Cr 20
- Outreach & Inclusion Service	Cr 45
- Early Support Programme	Cr 12
- Other Small SEN Balances	Cr 5
	<u>Cr 124</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 £648k. A summary of the main variances are listed below and further details are contained within Appendix 2.

		Variations
		£'000
Schools and Early Years		125
SEN and Inclusion	Cr	54
Other Education Strategic Functions		163
Bromley Youth Support Programme		54
Early Intervention and Family Support		-87
CLA and Care Leavers		445
Fostering, Adoption and Resources		201
Referral and Assessment Service		157
Safeguarding and Care Planning East	Cr	229
Safeguarding and Care Planning West		69
Safeguarding and Quality Improvement	Cr	207
Other small balances		11
		<u>648</u>

Education Division

- 3.6 The Education element of the Portfolio is predicted to overspend by £245k. The main areas of over/under spend are highlighted in the paragraphs below and in Appendix 2 and is due to three areas in the main of:-
- 3.7 Pressure in the in house nurseries of £172k. The budget for 2017/18 assumed that a review of the service would produce efficiencies. However the review has now been put on hold and will be looked at again at a later date. The overspend has been partially offset by additional income in Early Years support and an underspend in staffing in the School standard area.
- 3.8 SEN and inclusion is underspending by £54k, mainly due to the Transport service contract payments being less than budgeted. Demand remains high for this service and can be volatile and so this will continue to be monitored closely.
- 3.9 Other strategic functions is overspending by £163k. This is partially due to additional costs of business rates together with a £128k of a £300k efficiency target given to the Education Division that has not materialised.

Childrens Social Care

- 3.10 The Childrens Social Care division is currently predicted to overspend by £403k. The main areas of over/under spend are highlighted in the paragraphs below and in Appendix 2.
- 3.11 Placements for children continues to be a pressure area. The number of placements have increased above budgeted levels, 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. It is also assumed that further management action will take place amounting to £365k in year. If this does not materialise, then the overspend will increase further.
- 3.12 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. These costs amount to an overspend of £273k. 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 £220k above this level. It is assumed that within leaving care there will be management action of £100k which alleviates the

pressure and is already contained within the figures above. If this does not materialise, then the overspend will increase further.

- 3.13 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 £332k under budget for 2017/18.
- 3.14 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 the year end. If this is achieved this will reduce the pressure currently being experienced in the division. Current staffing pressures amount to over £650k.
- 3.15 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. Other one off funding streams have been identified such as contributions from grants which have alleviated the pressures

Management Action

- 3.16 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.
- 3.17 Senior Officers meet on a regular basis to scrutinise and challenge the expenditure position and formulate management action to address any issues. 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.

4. FULL YEAR EFFECT GOING INTO 2018/19

- 4.1 The cost pressures identified in section 3 above will impact in 2018/19 by £718k. However this figure assumes that management action will take place of £1,088k for the remainder of the year which will impact on the full year effect. Management action will continue to need to be taken to ensure that this amount does not rise and have a further impact on future years.

5. RELEASE OF CARRY FORWARD AMOUNTS HELD IN CONTINGENCY

Tackling Troubled Families - £796k

- 5.1 On the 7th November 2017, the Executive agreed the drawdown of £796k to support the work of Tackling Troubled Families. As in previous years this expenditure is all grant backed. Future grant allocation will depend on the number of targeted families and the results that are achieved.

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 ill 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 £648k (£718k 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 December we will have around 10% locum staff in place. A recruitment drive over the spring/summer period has resulted in permanent staff being appointed and in the pipeline with waiting notice periods being undertaken. In addition we have been successful in converting 15 locum staff to permanent. At the beginning of the year there was only 42% permanent staff and with the work undertaken this should result in a significant increase to around 80%.
- 8.2 In addition we are ensuring that locum staff take 4 weeks leave every year which further reduces the agency cost. We are ensuring that there is a gap in terms of staff leaving and recruiting and this will support the focus on the budget. We have been very determined in Bromley we would only recruit high calibre skilled staff to work with our children and we continue with this ambition. During our Ofsted monitoring visits this has been borne out by the improvement we are making and the quality of staff and improvement in practice and outcomes for children. We are beginning another round of recruitment drives and in addition a further locum conversion event.
- 8.3 In Leaving Care the 18+ panel has been established to consider the cost of placements for this age group, we have seen reductions in the cost of placements in this cohort but equally ensuring that such placements are of good quality and support available. Our colleagues in housing are part of this panel and going forward housing benefit is being claimed. Historically there has not been such rigour around this and we are visiting the legacy cases to ensure we can reduce the historic overspend and housing benefit is claimed as appropriate. The officer in the leaving care team has worked with certain providers and has negotiated a reduction in fees for this cohort of young people. There is a stronger more developed 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 some young people going outside the borough.
- 8.4 Staying Put is increasing within the service and this is a very positive outcome for our children but will need to be considered as growth within base budgets going forward, there have been no predictions for this in the past as growth area. In addition with the recent Social Work Act we will be responsible for young people up to the age of 25 and this will add a further unforeseen impact.
- 8.5 We continue to monitor placements through the weekly Placement Panel. The number of complex and challenging young people continues to require specialist placements. In addition

there is a lack of secure placements for young people who would meet the threshold but where there is no bed available. We are aware for every bed vacant there is a large number of referrals from across all Local Authorities. This is an area that is being raised at national level. The outcome of this is that young people are therefore requiring not only more specialised placements but required 2 or 3 to 1 staffing which greatly inflates the costs – resulting in being around £1,000 or more per week than a secure bed at the cost of around £6,500. In addition London Care Placements have requested increase in costs of placement by certain provider to around 8.9% and 3.9% for IFA's overall which is an example of market pressure and demand. Some costs are negotiated for less for those providers inside this agreement but other providers primarily outside London are not affiliated. There is likely to be a further rise of around 3% in the forthcoming year – these costs cannot be controlled by the Local Authority.

- 8.6 We have reviewed our children subject to S20 and any rehabilitation plans and 9 children have been returned home this year safely to parents. We continue to review all high cost placements regularly to ensure that they are meeting the needs of the children but that where possible we are returning children to resources within the borough.
- 8.7 We have received some additional CCG funding but also continue to review and concentrate on 'fair' funding with our CCG colleagues around our complex and challenging young people especially the risks and impact on their mental health and wellbeing. . We have reviewed our fostering service and how we improve the number of foster carers; how placements are used and the training that can be given to encourage them to support our young people in Bromley. We have already identified a small number of foster carers who are keen to become mother and baby placements – this carries a high risk factor and training and support is needed. However if this is achieved our children will be local to us; they will be assessed in their community and the cost of residential placements which can be in excess of £50,000 for a 12 week assessment reduced. We are also looking with Bromley College to recruit, train, support and reward those carers who are skilled to support our more challenging young people.
- 8.8 We have reviewed those children with our education colleagues who are now equally funding those children in residential placements receiving education. 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. However there are future pressures manifesting themselves in the High Needs Block of the DSG where it is predicted that there will be significant pressures over the next few years due to growing demands without the necessary increases in funding. The current root and branch review of the high needs block should help to mitigate such pressures. 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.
- 8.9 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 bring in additional staff to complete these assessments in order to meet our statutory obligations and duties. 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.
- 8.10 Funding to support costs in CAMHS has been identified from the Better Care Fund (BCF) of £125k for both 2017/18 and 2018/19. This will offset costs being incurred in this area. It is recommended that the Executive agree to the transfer of these funds from BCF.
- 8.11 Analysis of Risks
The risk in the Education and Children's Services Portfolio are:

- i) loss of permanent staff/inability to recruit permanent staff/recruitment and retention of social workers
- ii) limited supply and increasing costs of residential placements
- iii) increased complexity of children
- iv) impact of Social Work Act 2017
- v) income from partners reducing
- vi) school place issues
- vii) introduction of the National Funding Formula and the impact on schools/local authority

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