

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

**Date:** 27<sup>th</sup> March 2018

**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:** Borough-wide

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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 December 2017.

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2. RECOMMENDATIONS

2.1 The Sub-Committee is invited to:

- i) Note that the latest projected overspend of £874,000 is forecast on the controllable budget, based on information as at December 2017;
- ii) Note the full year effect cost pressures of £891,000 as set out in section 4;
- iii) Note the contingency funding release request as detailed in section 5 of this report;
- iv) 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 for Education, Children and Families is asked to:

- i) Note that the latest projected overspend of £874,000 is forecast on the controllable budget, based on information as at December 2017.
- ii) Agree to the contingency funding release and refer to the Executive for their approval as set out in section 5.

### 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: £45.886m
  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: Portfolio Holder decision
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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 £874k.

#### **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 £210k 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>	
Free Early Education - 2 year olds		181
Free Early Education - 3 & 4 year olds (inc extra 15 hours)	Cr	121
Early Year Support	Cr	20
Primary Support Team	Cr	47
Schools Rates		58
Home & Hospital		126
Pupil Support Services	Cr	16
Education Welfare Officers	Cr	8
Access & Admissions		33
Other Small Balances		4
SEN:		
- Placements		422
- Support in FE colleges	Cr	701
- Transport		121
- High Needs Pre-school Service	Cr	169
- Sensory Support	Cr	48
- SIPS	Cr	37
- Darrick Wood Hearing Unit		80
- Complex Needs Team	Cr	10
- Outreach & Inclusion Service	Cr	44
- Early Support Programme	Cr	10
- Other Small SEN Balances	Cr	4
	Cr	<u>210</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 £874k. A summary of the main variances are listed below and further details are contained within Appendix 2.

	<b>Variations</b>	
	<b>£'000</b>	
Adult Education		89
Schools and Early Years		110
SEN and Inclusion	Cr	57
Access and Inclusion	Cr	21
Other Education Strategic Functions		163
Bromley Youth Support Programme	Cr	105
Early Intervention and Family Support	Cr	87
CLA and Care Leavers		472
Fostering, Adoption and Resources		553
Referral and Assessment Service		24
Safeguarding and Care Planning East	Cr	223
Safeguarding and Care Planning West	Cr	17
Safeguarding and Quality Improvement	Cr	25
Other small balances	Cr	2
		<b>874</b>

## **Education Division**

- 3.6 The Education element of the Portfolio is predicted to overspend by £282k. 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 £152k due to a loss of recharge from Children's Social Care as fewer clients are being placed than budgeted for. 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 £57k, 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 Access and inclusion is underspending by £21k, mainly due to a decrease in costs of non SEN transport. More efficient alternatives are being utilised.
- 3.10 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**

- 3.11 The Children's Social Care division is currently predicted to overspend by £592k. The main areas of over/under spend are highlighted in the paragraphs below and in Appendix 2.
- 3.12 Placements for children continue to be a pressure area. The number of placements has increased above budgeted levels, particularly in independent fostering arrangements, special guardianship and kinship arrangements. This is in part due to the increase in the number of children reaching the threshold for secure placements and no secure placements being available. This is a national issue but the Council is experiencing an element of it. Within this overspend is an efficiency target of £200k given to the Children's Social Care Division that has not materialised.

- 3.13 These additional costs have been partially offset by increased income from the Bromley Clinical commissioning Group (CCG) of £1m.
- 3.14 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 £209k. 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 £208k above this level. Following a policy change at the back of the inadequate Ofsted inspection, bed and breakfast accommodation was not to be used. The additional costs are a result of using more appropriate accommodation for this client group.
- 3.15 In January 2018 the government announced additional funding to support unaccompanied asylum seeker children. Bromley received £141k which is being used, subject to the agreement of the drawdown of funds, against currently unfunded costs
- 3.16 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 due to increased management oversight and the operation of the legal gateway panel.
- 3.17 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 £1m.
- 3.18 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
- 3.19 Additional one off funding from the BCCG has been agreed of £200k which is in line with the joint placements strategy for children's placements.
- 3.20 £490k funding from Public Health has been used to offset additional costs accrued in relation to preventative services, early mental health and domestic violence in line with the JSNA. This has offset the increased expenditure.

### **Management Action**

- 3.21 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.
- 3.22 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.

### **In Year savings**

- 3.23 As part of the 2017/18 budget process three main areas of savings were agreed by Members in the Education and Care Services Portfolio. These were:-

	<b>£'000</b>
Efficiency Target in 2017/18 (as part of an overall £1m target across ECHS)	500
Adult Education	189
Car Allowances	11
	<b>700</b>

3.24 The efficiency target has not been delivered and forms part of the overall overspend position of the Portfolio.

3.25 It should also be noted that the as part of the 2017/18 budget process £5.157m was agreed by Members to be added to the Portfolio as growth. £4.407m in Children's Social Care and £750k in Education.

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

4.1 The cost pressures identified in section 3 above will impact in 2018/19 by £819k. However this figure assumes that management action will take place of £646k in 2018/19.

#### **5. RELEASE OF FUNDING HELD IN CONTINGENCY**

##### Education Services Grant - £15k

5.1 The Education Services Grant ceased at the end of the 2016/17 academic year and during the period from the start of the financial year to the end of the grant one school converted. This caused a shortfall in the grant we received of £15k. The effect of the reduction in the grant is included within the Central Contingency and it is requested that this amount be drawn down and allocated to the Education and Children Services Portfolio.

##### Unaccompanied Asylum Seeker Children (UASC) Grant - £141k

5.2 In January 2018 the government announced additional funding of £141k to support unaccompanied asylum seeking children (UASC). It is requested that this funding be allocated to offset some of the costs of looking after these children that are currently not funded by grant from the Government and are a cost to the Council.

##### South London Connexions Consortium Balance - £51k

5.3 The £51k was a share of the residual balance of funding of the South London Connexions Consortium after that organisation ceased. The funding will offset costs in Children's Services.

#### **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 £874k (£891k 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 in a bid to reduce our agency staffing. In December/January we have appointed another 9 permanent staff – 3 of which have converted from locum to permanent. We currently have 11 appointments in the 'pipeline' 5 of which are locum staff converting to permanent. We have planned another agency recruitment event on the 22nd March to continue to conversion success. Further advert is being produced to specifically target specific teams rather than the generic advert produced earlier in the year when we needed to fill a large number of posts. We are now around 75% but our target is to recruit a further 20 permanent workers and the ambition to be in a position where there is only a 10% reliance on agency staff.
- 8.2 Our adoption and fostering service is now fully staffed with all permanent workers.
- 8.3 We continue to interview with great flexibility to ensure that we do not miss an opportunity to interview good quality staff. The pool of highly skilled and experienced staff is becoming smaller but our efforts to attract continue
- 8.4 The plan to ensure that locum staff take 4 weeks leave every year to reduce agency cost continues and this will continue through to the end of March which will produce savings; we are starting to see some of these savings filter through. We have been exercising the plan of when staff leave and recruitment there is a two week gap to support the budget savings – we will only do this on a case by case basis to ensure that we are not placing children or the service at risk.
- 8.5 Within the Leaving Care Service the 18+ panel continues to scrutinise placement costs and we continue to see a reduction in costs but also value for money in terms of the support being given to young people.
- 8.6 Our financial target of savings for this area was £100K and to date we have made savings of £111K. Leaving Care has also ensured that housing benefit is claimed at the earliest opportunity in order not to repeat the issues that have accrued over the last few years. To this end we have been working closely our housing colleagues and Liberate to reclaim some of this money and to date there is a reclaim/of benefit of around £100K. We have now introduced systems to ensure that this practice is not repeated.
- 8.7 We have made great strides in terms of recruitment of in house foster carers in a relatively short space of time since July – we have now recruited 25 foster carers to date (our target to the end of year was 20) and with the dedicated recruitment team we feel positive of securing further carers for our children. We are also developing our carers through training to become specialist carers to mother and baby placements to decrease the reliance on residential assessments which are often outside the borough.

- 8.8 We continue to monitor placements through the weekly Placement Panel. The number of complex and challenging young people continues to require specialist placements. Our colleagues from both education and health continue to attend this and joint and tripartite funding continues to become more embedded.
- 8.9 An ongoing programme of reviewing high cost placements continues but as in previous reports the complexity and lack of secure beds continues to be a challenge for us in relation to the cost of staffing and ensuring safeguarding and protection measures are in place for young people.
- 8.10 We have reviewed all our S20 children and continue to scrutinise the use of S20 and any child where there is a request to accommodate comes to the Director of Children Services to ensure that this is the only intervention suitable.
- 8.11 There has been a dedicated piece of work looking at the fostering, SGO payments and reviewing those in line with policy and procedure and to date this work has identified savings of around £22K
- 8.12 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.

#### Analysis of Risks

- 8.13 The risks in the Education and Children's portfolio are:-
- 1) Loss of permanent staff/ Inability to recruit permanent staff/recruitment and retention of social workers.
  - 2) Limited supply and increasing costs of residential placements.
  - 3) Increased complexity of children.
  - 4) Impact of Social Work Act 2017.
  - 5) Income from partners reducing.
  - 6) School place issues.
  - 7) Introduction of the National Funding Formula and the impact of schools/local authority.

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