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

Date: 18th July 2018

Decision Type: Non-Urgent Executive Non-Key

Title: BUDGET MONITORING 2018/19

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Chief Officer: Deputy Chief Executive & 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 2018/19 based on activity up to the end of May 2018.

2. **RECOMMENDATION(S)**

2.1 **The Education, Children and Families Budget and Performance Monitoring Sub-Committee are invited to:**

- (i) Note that the latest projected overspend of £1,619,000 is forecast on the controllable budget, based on information as at May 2018;
- (ii) Note the full year effect cost pressures of £1,421,000 in 2019/20 as set out in section 4;
- (iii) Note the funding release request of carry forward funding 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 is asked to:**

- (i) Note that the latest projected overspend of £1,619,000 is forecast on the controllable budget, based on information as at May 2018;
- (ii) Agree to the release of the carry forward funding as set out in section 5.

Corporate Policy

1. Policy Status: Not Applicable
 2. BBB Priority: Health and Integration
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Financial

1. Cost of proposal: Not Applicable:
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre: ECF Portfolio
 4. Total current budget for this head: £50.321m
 5. Source of funding: ECF approved budget
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Staff

1. Number of staff (current and additional): 1,139 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 2018/19 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 2018/19 projected outturn for the Education, Children and Families Portfolio is detailed in Appendix 1a, broken down over each division within the service. Appendix 1b gives explanatory notes on the movements in each service. The current position is an overspend of £1,619k. This position assumes that further management action will be taken throughout the year to maintain the current position. If this does not take place and cannot be evidenced then the position may change. Some of the main variances are highlighted below.
- 3.2 Senior officers meet on a regular basis to scrutinise and challenge the expenditure position and formulate management action to address any issues.

Education

- 3.3 Overall the position for Education is a predicted £95k overspend. The main areas of overspend are in Adult Education where there are pressures in staffing and on income generation from fee paying courses causing pressures of £155k. This is partially offset by underspends in other areas of the division mainly to do with staffing and vacancy levels

Dedicated Schools Grant (DSG)

- 3.4 An element of the Education Budget is classed as Schools' Budget and is funded by the dedicated Schools Grant (DSG). Grant conditions require that any over or under spend should be carried forward to the next financial year.
- 3.5 The Schools budget is predicted to overspend by £392k in year. This will be deducted from the £1,180k carried forward from 2017/18. £188k of the brought forward balance has been allocated to support the central DSG services in year. This gives an estimated DSG balance at the end of the financial year of £600k.
- 3.5 The High Needs element of the DSG received additional funding of £1m in 2018/19 from Council resources. The overspend includes this contribution.
- 3.6 A summary of the main variations is provided in the table below, and further details of the variations can be found within Appendix 1B.

				Variations	
				£'000	
Primary Support Team				Cr	62
Behaviour Support					98
Other Small Balances					7
SEN:					
- Placements					950
- Support in FE colleges				Cr	366
- Transport					119
- High Needs Pre-school Service				Cr	138
- Sensory Support				Cr	95
- SIPS				Cr	26
- Darrick Wood Hearing Unit				Cr	7
- Outreach & Inclusion Service				Cr	74
- Other Small SEN Balances				Cr	14
Total					392

Children's Social Care

- 3.7 The Children's Social Care division is currently overspending by £1,524k (net of management action of £985k). The main areas of over/underspend are highlighted in the paragraphs below and in Appendix 1B.

- 3.8 Placements for children continue to be a pressure area. The overspend before management action stands at £2,492k overspent. The number of placements has increased above budgeted levels, particularly in Residential homes, independent fostering arrangements and special guardianship 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.
- 3.9 There is also a small overspend predicted on staffing across the division of £58k. This is being monitored closely and it is hoped that further strides are made to move away from agency staff during the year. There is also a small overspend in expenditure on 'Staying Put' of £24k and an underspend in accommodation of £65k in Leaving Care.
- 3.9 This overspend has been partially offset by two areas of management action. Senior officers meet on a regular basis to scrutinise and challenge the expenditure position and formulate management action to address any issues. Strategies have been put in place to reduce the overspend where possible such as increasing the use on in house foster carers and the development of supported lodgings. This has led to an estimated management action of £480k.
- 3.10 There are also ongoing discussions with the Bromley Clinical commissioning Group (BCCG) regarding their contributions that they make to placements. Management action has been assumed of £505k of additional funding from the BCCG will be forthcoming during the year. The Department have been in correspondence with the BCCG and favourable terms have been agreed for 2018/19. We are awaiting final written confirmation.
- 3.11 With the management action the overspend is predicted to be £1,524k.

4. FULL YEAR EFFECT GOING INTO 2019/20

- 4.1 The cost pressures identified in section 3 above will impact in 2019/20 by £1,421k. Management action will continue to need to be taken to ensure that this does not impact on future years. Further details are contained within Appendix 1.

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

Delivery Support Fund – £69,100

- 5.1 The Early Years Quality and Funding Team, part of the Education Division, successfully bid for money to help benefit the delivery of 30 hours free childcare from the Department for Education. This funding was only confirmed in March 2018 and was received just before the end of the financial year. There are 9 small projects within the bid that the money must be spent on. The money needs to be spent by the 31st August and any money not spent must be returned to DfE.

High Needs Strategic Planning Fund - £13,019

- 5.2 Phase 2 of the send4change contract has been agreed for £32k, £19k of which was spent by 31st March 2018. This leaves a remainder to carry forward of £13k. The level of work that is still required to be carried out means that we will need the funding in 2018/19 to provide some scope for additional work where required - this is likely to cover contingency around the review of satellite provisions (Phoenix/Griffins), the efficiency and sufficiency strategy, together with the development of an EHC online portal in Bromley, which were endorsed at the SEND Governance Board on 25th January 2018.

SEND Reform Grant - £20,013

5.3 The 2018/19 SEND reform grant has now been announced (£189k) and this funding is critical to staffing and urgent work that Bromley continues to require in terms of restructuring and immediate changes to services. All remaining funding was therefore requested to be carried forward to pull together 2017/18 and 2018/19 funding to maximise what is available as we implement the action plan that was endorsed at the governance board on 25th January 2018.

5.4 School Improvement Grant - £46,500

Grant payment received late into the autumn term so insufficient time to plan and implement all interventions. Funding was required to be carried forward for continuing support to 3 maintained primary schools and two school conference events planned for later in the year focussing on narrowing the achievement gap in schools with underperforming pupils.

5.5 Tackling Troubled Families Grant - £497,885

This grant is to fund the development of an ongoing programme to support families who have multi faceted problems including involvement in crime and anti social behaviour with children not in education, training or employment. This support is delivered through a number of work streams cross cutting across council departments and agencies. The sum represents the underspend in 2017/18.

5.6 Pathfinder Grant - £16,489

The money will be used to deliver training and complete some of the unfinished work of 2017/18 during which time cross-borough evaluations have highlighted the key SEND priorities across London for 2018/19.

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

This funding relates to the purchase of software for the early education of disadvantaged children. The carry forward is required to purchase and implement further IT solutions. There may be a need to use some of the money to fund additional hours for a member of staff to steer this activity through to completion.

5.8 It is requested that the Portfolio Holder agree to the contingency funding release.

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 2018/19 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(a) with explanatory notes in appendix 1(b). Appendix 1 (c) shows the latest full year effects. Appendix 2 gives the analysis of the latest approved budget. Other financial implications are contained in the body of this report and Appendix 1b provides more detailed notes on the major services.
- 7.2 Overall the current overspend position stands at £1,619k (£1,421k overspend full year effect). The full year effect will be addressed in 2018/19 and 2019/20 in due course.

8. EXECUTIVE DIRECTOR COMMENTS

- 8.1 The Children, Education and Families Portfolio has an overspend of £1,619,000 for the year.
- 8.2 The Education Division has an overspend of £95,000. Pressures in Adult Education are currently being partly mitigated by Early Years and SEN and Inclusion.
- 8.3 Pressures also continue in the Dedicated Schools Grant (DSG) element of the service. In 2018/19 there will be an in year overspend of £392k of DSG. Whilst this can be absorbed by carry forward DSG balances, there continues to be ongoing pressures in the DSG, especially in the High Needs Block, for 2019/20 onwards. The introduction of the National Funding Formula (NFF) means there are severe restrictions in how the grant is spent and in what areas. High Needs are experiencing increases in demands. Although there has been funding of £1m from the Council in 2018/19 and £1m top sliced from Schools DSG funding, for 2019/20 there is likely to be further increase pressures in this area that further funding streams will need to address.
- 8.4 In Children's Social Care the overspend of £1,524k due to the increased number of children in care. The table below (table 1) sets out the position in respect of the number of CLA in Bromley, National and Statistical Neighbours. Post Ofsted, we saw a nominal increase per 10,000 as set out below. However, we are still below our statistical and national neighbours (an area that Ofsted has asked us to explain). Regardless, we have 36 more children (223) (in year/projected) above an agreed (financial baseline) of 187 children in independent fostering, in-house fostering and residential care (see table 2).

Table 1

Rate of CLA	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Bromley	41	41	39	37	39.6	39.3	41.7	40.5
Statistical Neighbours	48	47.5	50	49.7	50.7	54.3	TBC*	TBC*
National	59	60	60	60	60	62	TBC*	TBC*

* TBC 30th June 2018

Table 2

Code	2018/19 Approved Budget		2018/19 Forecast		2018/19 Variation	
	£	Full Year Equivalent	£	Full Year Equivalent	£	Full Year Equivalent
RESIDENTIAL (all types)	5,325,720	28.21	7,009,336	35.08	1,683,616	6.87
FOSTERING						
Fostering IFA	2,617,790	60.56	3,244,761	70.17	626,971	9.61
Fostering In house	2,873,890	98.53	2,689,769	118.48	(184,121)	19.95
Total Fostering Placements	5,491,680	159.09	5,934,530	188.65	442,850	29.56
TOTAL RESIDENTIAL/ FOSTERING PLACEMENTS	10,817,400	187.30	12,943,866	223.73	2,126,466	36.43

- 8.5 The extension of the statutory age of children in care to 25 is another factor that is impacting on our budget.
- 8.6 Bromley now have 23 unaccompanied minors in the system. Bromley is one of 16 LAs left that have not met their quota. The implication of this is that we expect more children to be allocated to Bromley as part of the Pan London agreement
- 8.7 Management action has been put in place of £480k to reduce the overall financial position of Children's Social Care to £1,524k overspent. Further management action will be explored to mitigate the overspend as far as possible. Discussions are ongoing with the CCG regarding their financial contribution and it is expected that this will increase. This has already been assumed in the overall projections.
- 8.8 Agency staff continues to be a cost burden although this has been managed within the overall staffing budget. Work continues to recruit further permanent workers and a further estimated 40+ social workers will be joining us in September 2018.
- 8.9 The risks in the Education, Children & Families 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 (SEND).
 - iv) Impact of Social Work Act 2017 implementation.
 - v) Income from partners reducing.
 - vi) School place issues.

vii) Increases in the number of Children Looked After (CLA).

Non-Applicable Sections:	Legal Implications Personnel Implications Customer Implications
Background Documents: (Access via Contact Officer)	2018/19 Budget Monitoring files in ECHS Finance Section