

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

**Date:** 30<sup>th</sup> October 2018

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

**Title:** BUDGET MONITORING 2018/19

**Contact Officer:** David Bradshaw, Head of Education, Care & Health Services Finance  
Tel: 020 8313 4807 E-mail: David.Bradshaw@bromley.gov.uk

**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 September 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 £2,030,000 is forecast on the controllable budget, based on information as at September 2018;
- (ii) Note the full year effect cost pressures of £2,230,000 in 2019/20 as set out in section 4;
- (iii) Note the comments of the Department in section 7 of this report; and,
- (iv) 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 £2,030,000 is forecast on the controllable budget, based on information as at September 2018.

### Corporate Policy

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

### 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: £50.403m
  5. Source of funding: ECF approved budget
- 

### 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
- 

### Legal

1. Legal Requirement: Statutory Requirement
  2. Call-in: Applicable
- 

### 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
- 

### 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 £2,030k. 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 - £34k overspend**

- 3.3 Overall the position for Education is a predicted £34k 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 £152k. This is partially offset by underspends in other areas of the division mainly to do with staffing, vacancy levels and additional collection of transport income from other authorities

#### **Dedicated Schools Grant (DSG) - £354k overspend**

- 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 £354k 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. Additionally £166k of the carry forward figure has been set aside for a clawback of Early years funding. This gives an estimated DSG balance at the end of the financial year of £472k.
- 3.6 The High Needs element of the DSG received additional funding of £1m in 2018/19 from Council resources. The overspend includes this contribution.
- 3.7 A summary of the main variations is provided in the table below, and further details of the variations can be found within Appendix 1B.

	<b>Variations</b>
	<b>£'000</b>
Bulge Classes	-128
Classroom Hire	224
Early Year Support	-8
Primary Support Team	-43
Home & Hospital	112
Pupil Support Services	-135
Behaviour Support	-70
Education Welfare Officers	18
Late Adjustment to DSG Recoupment	83
Other Small Balances	-10
SEN:	
- Placements	759
- Support in FE colleges	-366
- Transport	84
- High Needs Pre-school Service	-57
- Sensory Support	-43
- SIPS	-27
- Darrick Wood Hearing Unit	28
- Complex Needs Team	25
- Outreach & Inclusion Service	-80
- Other Small SEN Balances	-12
<b>Total</b>	<b>354</b>

### **Children's Social Care - £1,996k overspend**

- 3.8 The Children's Social Care division is currently overspending by £1,996k (net of management action of £700k). The main areas of over/underspend are highlighted in the paragraphs below and in Appendix 1B. For the budget in 2018/19 growth was given in the budget of 2,206k. This was partially offset by agreed 2018/19 management actions of £1,088k, leaving a net budget increase of £1,118k. The management actions have not all been found in year (about £500k remains). This has contributed to the overspend position.
- 3.9 Placements for children continue to be a pressure area. The overspend before management action stands at £3,085k 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.
- 3.10 Another risk area for placements is the Unaccompanied Asylum Seeker Children cohort. Bromley are experiencing higher levels of children coming to Bromley. Whilst there is grant available, this does not cover the costs of them being looked after. Further details are described in paragraph 7 of this report.
- 3.11 There is also a small overspend predicted on staffing across the division of £75k (excluding BYSP and EIFS). This is being monitored closely and it is hoped that further strides are made to move away from agency staff social workers during the year.
- 3.12 Others areas of over and underspend include:-

- i) Overspend of £111k due to the increased usage of 'Staying Put' above the grant levels
- ii) Reduction in the levels of expenditure of NRPF families of £174k below budget
- iii) Budget for Care proceedings including community and residential parental assessments is £283k below budget. This is due to tighter controls and the use of in house resources to manage this more effectively.
- iv) An overspend of £67k in children with disabilities due to increased direct payments of £280k offset in part by an underspend in group based short breaks, transport and a contract reduction in relation to respite
- v) An underspend in EIFS of £90k due to staffing and running expenses
- vi) £15k overspend in BYSP due to an increase in professional fees, offset in part by staffing and income

3.13 Full details of all the over and underspends are contained in Appendix 1.

3.14 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 £200k. this has reduced from £480k as some areas have been delivered and others recalibrated and reduced.

3.15 There are also discussions had with the Bromley Clinical Commissioning Group (BCCG) regarding their contributions that they make to placements. Management action has been successful and additional funding of £500k from the BCCG will be forthcoming during the year.

3.16 With the management action the total overspend is predicted to be £1,996k.

#### **4. FULL YEAR EFFECT GOING INTO 2019/20**

4.1 The cost pressures identified in section 3 above will impact in 2019/20 by £2,230k (£2,100k in Childrens Social Care and £130k in Education). 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. POLICY IMPLICATIONS**

5.1 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.

5.2 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.

5.3 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.

5.4 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.

## 6. FINANCIAL IMPLICATIONS

- 6.1 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.
- 6.2 Overall the current overspend position stands at £2,030k (£2,230k overspend full year effect). The full year effect will be addressed in 2018/19 and 2019/20 in due course.

## 7. EXECUTIVE DIRECTOR COMMENTS

- 7.1 The Children, Education and Families Portfolio has an overspend of £2,030,000 for the year.
- 7.2 The Education Division has an overspend of £34,000. Pressures in Adult Education, in house nurseries and the Education Welfare Service are currently being partly mitigated by Workforce Development and Governor Services and SEN and Inclusion.
- 7.3 Pressures also continue in the Dedicated Schools Grant (DSG) element of the service. In 2018/19 there will be an in year overspend of £354k 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.
- 7.4 In Children's Social Care the overspend of £1,996k 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 48 more children (235) (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*

Table 2

Code	2018/19 Approved Budget		2018/19 Forecast		2018/19 Variation	
	£	Full Year Equivalent	£	Full Year Equivalent	£	Full Year Equivalent
<b>RESIDENTIAL (all types)</b>	<b>5,346,870</b>	28.21	<b>6,476,415</b>	43.13	<b>1,129,545</b>	14.92
<b>FOSTERING</b>						
Fostering IFA	2,617,790	60.56	3,656,096	80.91	1,038,306	20.35
Fostering In house	2,873,890	98.53	2,613,764	111.80	(260,126)	13.27
<b>Total Fostering Placements</b>	<b>5,491,680</b>	159.09	<b>6,269,860</b>	192.71	<b>778,180</b>	33.62
<b>TOTAL RESIDENTIAL/ FOSTERING PLACEMENTS</b>	<b>10,838,550</b>	<b>187.30</b>	<b>12,746,275</b>	<b>235.84</b>	<b>1,907,725</b>	<b>48.54</b>

- 7.5 The extension of the statutory age of children in care to 25 is another factor that is impacting on our budget – the increase in children looked after and therefore their continuing rights and our duties to them now expands from 21 to 25. This will have financial implications in relation to services offered but also will impact on the numbers of social workers/Young Person Advisors to support them. This is an area of growth that is as yet untested in terms of budget setting and implications. We have currently sent out 115 letters to relevant children who are entitled to services up to 25 when before they ceased at 21.
- 7.6 Bromley is part of the Pan London Agreement in relation to receiving unaccompanied minors.
- 7.7 Bromley now have 34 unaccompanied minors in the system. There are currently only 7 Local Authorities that are on the rota that are able to take children and who have not reached the threshold. The children that are coming to Bromley are averaging two children a week. In addition these children are under the age of 16 and very few are age disputed. These young people are very vulnerable and traumatised and therefore cannot or should not be placed in semi-independent placements. They require suitable foster carers to be identified who can support and manage some of the behaviours manifested by these children. This is therefore a growth area which will continue until Bromley reach the threshold of 53 children, a further 19 children to be Looked After. At the point we reach the threshold we will be removed from the Rota for a period of time.
- 7.8 Although the Council are given grant (£91 per day for a 16+, £114 per day for an U16) this does not cover the costs of the placements and the on costs. An additional 30 children (based on 23 last reported in May and the maximum allocation of 53) placed in independent foster

care could cost as much as £1,350k gross per annum in a full year in placements alone. There would also be costs of additional social workers and other back office costs of £400k. This would be offset by grant of £930k leaving a net position of £820k.

- 7.9 This is the worst case scenario and assumes that all of the children are placed in more expensive settings so the final amount will be subject to the actual setting they are placed in.
- 7.10 Residential Placements - As has been highlighted recently in a Judgement and in the in the press Judge Lazarus who was hearing an application for secure accommodation in respect of one our children confirmed the young person met the secure criteria and whilst being certain this would be the right placement we were unable to acquire a secure bed. She highlighted that at any one time there are 30 applications for one or two beds and stated 'this then leads to a distortion of a negative filtering exercise where children in need of accommodation are repeatedly rejected' as has happened in the case of our child. This means the child remains at risk, unsafeguarded by virtue of no secure bed available or willing to take him and the Local Authority are left with trying to find residential care and placing 3:1 support around him. This support is unable to prevent a child from leaving any establishment because they do not have the mandate to restrain him. The fact the Local Authority are left with the risk they are also left with a huge financial responsibility often amounting to around £8,500 per week and more and this cannot be predicted when setting budgets. She complimented this Local Authority and its social workers for their tenacity and efforts but acknowledged it was unlikely to yield a secure bed due to the issues in the secure estate.
- 7.11 During the course of this year we have had 4 children who met the secure threshold and no bed was available this has resulted in a cost of between £8,500 and £8,900 per week for each child. These 4 children at any one time has cost the Authority £34k per week at the lower rate and £36k at the high rate. These costs continue until a secure bed is available.
- 7.12 Colleagues within the placement team have approached over 180 providers to consider if they will offer a placement and they have refused because of the risk he poses hence he has to be in a standalone placement with 3:1 around him for 24 hours each day.
- 7.13 At the current time he is the only young person in such a placement with 2 other young people presently now in secure but these children will only remain in secure for the maximum of 6 months and they will require a step down which again will require increased staffing of 2:1 equating to around £7,000 to £7,500 per week until their profile reduces.
- 7.14 At any one time we have at least 2 children requiring and reaching threshold of secure to ensure that they are safeguarded from themselves and sometimes others.
- 7.15 If we were to consider with the shortage of secure beds at least 2 children requiring high cost placements in place of secure this would cost per child £442,000 per year per child.
- 7.16 Management action has been put in place of £700k to reduce the overall financial position of Children's Social Care to £1,996k overspent. Further management action will be explored to mitigate the overspend as far as possible.
- 7.17 Agency staff continues to be a cost burden although this has been managed within the overall staffing budget. Children's social care recently recruited 30 newly qualified social workers who are permanent and have received their 3 weeks induction and have now been placed within their teams and this will reduce the agency spend. We will not see the full impact of this until

they are able to take cases – they will be on a protected caseload as NQSW and we need to be mindful of our caseload promise to social workers within the service

7.18 The risks in the Education, Children & Families Portfolio are:-

- i) Recruitment and retention of permanent staff/ ability to recruit skilled staff for the posts vacant.
- ii) Limited supply and increasing costs of residential placements – including the specialist placements for very complex young people.
- iii) Increase in the Looked After Population – particularly in our Looked After Unaccompanied Minors population.
- iv) Increased complexity of children (SEND).
- v) Impact of Social Work Act 2017 implementation.
- vi) Income from partners reducing.
- vii) School place issues.

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