

**REPORT OF THE EDUCATION, CHILDREN & FAMILIES SELECT
COMMITTEE
2018/19**

**SUSTAINABILITY OF THE EDUCATION
BUDGET**

Meeting Date: Wednesday 12 DECEMBER 2018

The Committee gives its sincere thanks to the witnesses for their contribution to the Select Committee's Review.

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Foreword

This is the second of two reports on the sustainability of the budgets controlled by the Portfolio Holder for Education, Children and Families. Although education expenditure is £283 million only 2% (£5,775 Million) is controlled by the Council, the remainder is ring fenced as part of the delegated schools' budget. Nonetheless even though it is a small fraction of the total budget we believe that every line of spending which is under Council control should be scrutinised to ensure, Economy, Efficiency and effectiveness. We highlight in this report five key areas for further work



Cllr Nicholas Bennett JP
Chairman
Education, Children and Families Select Committee

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1. Introduction

- 1.1 The Education Children and Families Select Committee met on 12th December 2018 to undertake Scrutiny of the Education Budget.
- 1.2 The Committee also received a presentation from the Interim Director of Education concerning Educational Outcomes in Bromley, as well as a detailed update from the Portfolio Holder for Children, Education and Families. Details can be found in the [minutes](#)¹ from the meeting.

2. Executive Summary of Recommendations

- 2.1 Consider whether new provision could provided locally in conjunction with neighbouring authorities to replace the need for expensive independent provision out of borough.
- 2.2 That the Portfolio Holder convene a meeting of the School Places Working Group to consider what further provision of school places will be required.
- 2.3 That a in depth examination of the prevalence of speech, language and communication difficulties be undertaken in order to ensure that issues are identified at an early stage.
- 2.4 That the Select Committee be provided with more information concerning any ongoing work with the Health Visiting Service to identify speech, language and communication difficulties at an early stage.
- 2.5 That a specialist Education Lawyer be appointed as soon as practicable.
- 2.6 That the Council lobbies through London Councils for additional resources from the DfE for the High Needs Block.
- 2.7 That the Council continues to lobby the DfE concerning the issue of lagged funding for Free Schools opening in the Borough as the impact of the current arrangements is having a disproportionate impact in Bromley.
- 2.8 That further consideration be given to combining Adult Passenger Transport and Children's Passenger Transport fleets and to amend the times of adult day services to enable the use of the same vehicles for both services.
- 2.9 That the Local Authority consults with parents regarding any proposals in relation to the new SEN Transport Contract.

¹ Minutes can be found on the London Borough of Bromley Website at:
<https://cds.bromley.gov.uk/iListDocuments.aspx?CId=584&MId=6578>

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- 2.10 That where it is possible to charge for services, any changes that are levied fully cover the cost of the Service.**
- 2.11 That the Council discuss with neighbouring authorities the possibility of sharing some administrative functions and centrally controlled services.**

3. Scrutiny of the Education Budget

- 3.1. The Select Committee's main enquiry for this meeting focused on scrutiny of the Education Budget. The purpose of the review was to aid Member's understanding of the pressures within the Education Budget.
- 3.2. A range of written evidence was provided to Members in advance of the meeting. This included a report providing an overview of the Education Budget, the current 2018/19 budget forecast, and information around pressures facing the High Needs Block of the Dedicated Schools' Grant.
- 3.3. The Committee heard evidence from four witnesses at the meeting:
 - Ade Adetosoye, Deputy Chief Executive and Executive Director for Education, Care and Health Services (LBB)
 - Gillian Palmer, Interim Director of Education (LBB)
 - David Bradshaw, Head of ECHS Finance (LBB)
 - Rob Bollen, Head of Strategic Place Planning (LBB)

3.4 Background to the Education Budget

- 3.4.1 The vast majority of the Education Budget is covered by the Dedicated Schools Grant (DSG) which will amount to an estimated £277m in 2019/20 before any recoupment. The controllable budget funded by the Council amounts to £5,775K mainly SEN Transport, a contribution from the Council of £1m for costs in the High Needs DSG block and some statutory functions/staffing.
- 3.4.2 Baseline budgets are realistic, but taken at a point in time with an assumption that the appropriate agreed management actions will take place. Budgetary issues may arise if management action is not achieved or there is a slight deviation from plans.
- 3.4.3 In net terms, the Education Budget is a small proportion of the Council's overall budget. However, with continued demand, especially in the High Needs area of the budget and the fact that the DSG appears to be insufficient to meet expenditure requirements, Education is a risk area with growth emerging. This needs to be considered as part of the medium term financial strategy (MTFS).

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3.4.4 Ongoing austerity and reductions in Government funding mean that the Council needs to find efficiencies and savings across the organisation. Education is a small part of the overall budget. It has in the past contributed to the overall position either by making savings or by limiting growth as far as possible thereby offsetting the need for reductions elsewhere in the Department/Council.

3.5 Current 2018/19 Forecast

3.5.1 The Committee notes that the total Council budget for Education is £5,775k. There is a projected overspend for 2018/19 of £34k.

<u>2018/19</u>	<u>Budget</u> <u>£'000</u>	<u>Outturn</u> <u>£'000</u>	<u>Difference</u> <u>£'000</u>
Adult Education	-525	-373	152
Schools and Early Years Commissioning & QA	529	496	-33
SEN & Inclusion	6,555	6,439	-116
Strategic Place Planning	96	96	0
Access and Inclusion	130	161	31
Schools Budgets	-1,348	-1,348	0
Other Strategic Functions	338	338	0
	5,775	5,809	34

3.5.2 The overspend in Adult Education results from a failure to achieve income targets since the reorganisation of the service. . The provision has been judged to 'Require Improvement' at both of the last two inspections. Investment of £80k in 2017/18 marked a step change in the drive to tackle the improvements, enabling the purchase of basic learning resources and, critically, Curriculum Leader capacity to improve the quality of teaching and learning. The Committee notes that the impact of this investment is evident in the marked improvement in educational outcomes in 2018 and an up-turn in learner numbers and retention rates.

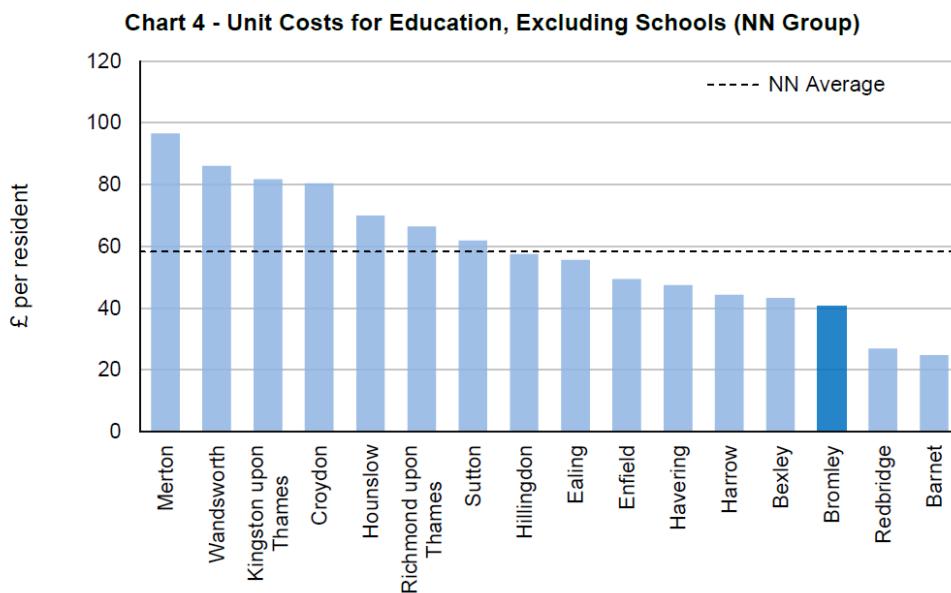
3.5.3 The DGG is currently predicted to overspend by £354k:

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Bulge Classes	-128
Classroom Hire	224
Early Year Support	-8
Primary Support Team	-43
Home & Hospital	112
Alternative Provision	-205
Education Welfare Officers	18
Late Adjustment to DSG Recoupment	83
Other Small Balances	-10
SEN Provision	311
Total	354

- 3.5.4 The Council currently has £1,180k of unspent DSG carried forward into 2018/19. The grant conditions allow that the grant can be carried forward to support future years' expenditure. Of the £1,180k available, £188k has been allocated to support the central DSG services in year. Additionally £166k of the carry forward amount has been set aside for a claw back of the early years funding. This, together with the £354k in year overspend gives an estimated DSG balance at the end of the financial year of £472k.
- 3.5.5 The Committee notes that forecasting is robust and that using data sources and knowledge from the Service at the time of budget preparation an accurate figure can be ascertained. However, for the most part, the Service is responding to the special educational and other additional needs of the cohort of children and is demand-led, making precise projections challenging. It is possible however to analyse trends and predict on that basis.
- 3.5.6 The findings of the LGFutures Financial Intelligence Toolkit² using Revenue Account (RA) data for 2018/19 show that LB Bromley spends £41 per 0-19 resident on Education (excluding schools, 30% lower when compared to our nearest neighbours.

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3.5.7 Levels of expenditure can also be derived from S251 data, which looks at all expenditure including all schools (Academies as well). Whilst Bromley has low spend (one of the lowest in London) there are pockets of expenditure where we spend above the average for London. For example, expenditure on non-maintained and Independent provision is £174 per head (based on the 0-19 aged population) compared with the lowest at £32 (Newham) and the highest at £213 (Merton). Bromley's spend is 4th highest in London.

3.5.8 The Committee notes that Average costs of independent placements are:-

Independent Provision		Total Cost	Average Cost
	Number		
Independent Day	185	6,921,180	37,331
Independent boarding	26	2,185,618	84,387

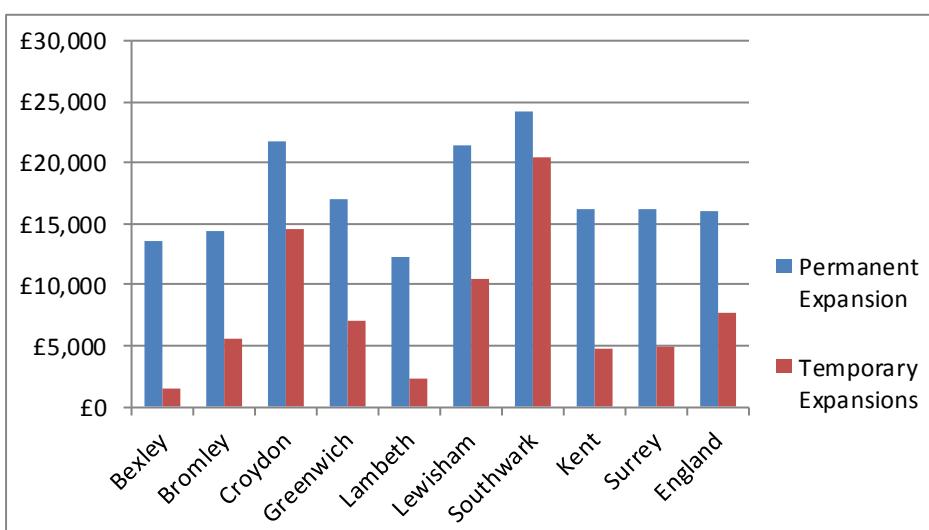
3.5.9 This compares to an average cost of a place in a special school of £27k. It is worth noting that the quality of Bromley special schools (all judged 'Good' and 'Outstanding' by Ofsted) is frequently better than the quality of provision in non-maintained and independent schools.

Recommendation 1: Consider whether new provision could provided locally in conjunction with neighbouring authorities to replace the need for expensive independent provision out of borough.

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3.6 Population Growth and School Expansion

- 3.6.1 The Committee notes that in Bromley, the population is set to grow by around 10% in the next ten years from 333,017 in 2017 to 364,600 in 2027. Children and young people (0-25 years) make up more than one in four of the population (96,400, 28.9%) and this is projected to continue through to 2027 (106,200, 29.1%).
- 3.6.2 Between 2010 and 2018 the population of school aged children grew by 8.45% (56,189-60,939). It is predicted to grow by a further 8.45% by 2025 (66,089).
- 3.6.3 The Council has received £77.8m in Basic Need funding since 2011 to enable it to meet its statutory duty for providing sufficient school places. As of July 2018 projects with a value of £60.8m had been completed through the Council's Basic Need programme. £47.9m of this funding came from Basic Need Capital Grant and £12.9m from other sources. Between 2009/10 and 2018/19 this has delivered 3,015 new permanent and 1,635 temporary places.
- 3.6.4 Based on most recent data the cost of creating a permanent school place in Bromley is £14,376 compared to a national average of £16,088 and a temporary place £5,334 compared with £7,751.



Source: DFE 2017 Basic Need Scorecard

- 3.6.6 The Committee notes that as Bromley has moved through the delivery of its Basic Need programme, the projects have become more complex with the need to increasingly in-fill and build above existing premises as opposed to making use of surplus capacity and providing new discreet blocks.
- 3.6.7 Within the Primary sector, a key feature of the effectiveness of Bromley's programme is the ability to forecast demand effectively. As part of their monitoring of school capacity data (SCAP) the DfE provides a measure of the accuracy of Council's forecasting the need for new school places through its basic need scorecard. Bromley short and medium term forecasts for primary

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school places are both accurate within 1.5%, with both showing a small over forecast. This margin of error compares favourably with other authorities.

- 3.6.8 Within the secondary sector whilst the short term forecast is in-line with other authorities the DfE have identified an over forecast in future growth. This has been reflected in recent data from the GLA that whilst still projecting significant increase in need is below the projections provided in 2015 and 2019.
- 3.6.9 Government policy is that wherever possible new places should be created in 'Good' or 'Outstanding' schools. It is not always possible to achieve this aim and in the past Bromley has expanded schools that have subsequently been categorised as Requires Improvement. In the most recent period all new places created were in good or outstanding schools.

Recommendation 2 :That the Portfolio Holder convene a meeting of the School Places Working Group to consider what further provision of school places will be required.

3.7 Children with Special Educational Needs and/or Disabilities

- 3.7.1 Between 2010 and 2018, the number of children with special educational needs requiring an Education, Health and Care Plan (EHCP) has increased by 12%, above the rate of population growth, with a steeper increase (15%) since 2014. Although, the increase in Bromley has been lower than national (40%), the rate nationally is slowing while in Bromley it continues to rise.
- 3.7.2 There were 422 requests for statutory assessment during 2017, a 56% increase on the previous year. Of these 105 (25%) were refused (against 23% nationally) but 31 of these decisions were subsequently challenged successfully at the SEN/D Tribunal. The Committee notes the plans to recruit a dedicated lawyer who will be a position to provide expert advice concerning the rules and procedures to be followed when assessments are completed. It is hoped that that valuable resource will assist with enhancing the experience of children and their families who are going through the statutory assessment process whilst also reducing the number of tribunal cases that are conceded by the Local Authority as a result of the failure to follow procedures. The ability of Council officers to secure informed legal advice at an early stage of the assessment process will, it is hoped, ensure that policies are followed and a good service is provided from the outset of the process.
- 3.7.3 Speech, language and communication are identified as the primary need for 41% of children in Bromley who have an ECHP and two thirds of the children with an EHCP require speech and language therapy. This is a much higher proportion than nationally, and is in marked contrast with the outcomes of developmental checks at two years, and educational assessments of children at five years. The Committee agrees with the Interim Director of Education that a deep dive into these issues is required. This will assist with ensuring that any issues with speech and language that exist are identified at an early

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stage by Health Visitors; ideally at developmental checks for two year olds and educational assessments of children aged five years.

Recommendation 3 : That a in depth examination of the prevalence of speech, language and communication difficulties be undertaken in order to ensure that issues are identified at an early stage.

Recommendation 4: That the Select Committee be provided with more information concerning any ongoing work with the Health Visiting Service to identify speech, language and communication difficulties at an early stage.

- 3.7.4 This group of children is more likely to be placed in non-maintained and independent special schools.
- 3.7.5 Responding to the needs of children, Bromley has increased places in its good and outstanding special schools (236 more places since 2010) but this provision is now full, resulting in more children being placed outside the Borough and, frequently in non-maintained and independent schools because provision in other LA schools is also full. Bromley places more children with EHCPs in the non-maintained and independent sector than nationally (6% of Bromley children in 2017 compared with 3.8% nationally). The cost of these placements has increased by 20% since 2014 and accounts for 26% of Bromley's spend on SEN placements for 11% of the children with EHCPs.
- 3.7.6 Recognising the gap in local provision for children with ASD and associated needs (including high levels of anxiety and behaviours that challenge), the Local Authority has bid for DfE funding to establish a new junior special school providing 54 places. If the bid is successful, the new school is planned to open for the 2020/21 academic year.
- 3.7.7 Despite increase demand for statutory assessment of special educational needs since 2014, the structure of the SEN Service has not been reviewed. The result is that the service is overstretched, with high caseloads and inefficient processes reliant on paper records. Existing resources have been re-aligned to create a new post of Casework Manager to oversee and improve quality of assessments, decision making and plans. This will provide a more robust basis from which to challenge the rate of conversion of assessments to plans
- 3.7.8 There are two further areas where mitigation action is required to improve the efficiency and effectiveness of arrangements for special educational needs and to ensure that children are placed in the provision they need to support their progress and development.
- 3.7.9 Appeals to the SEN/D Tribunal are increasing in Bromley and nationally and the financial risk from each challenge can be significant. The average

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additional cost incurred from failing to defend a Tribunal case in 2017/18 was £24k per year. When considering that many of the cases lead to a change in placement for 10 or more years, the cost can be very substantial. Bromley Legal Services are seeking to recruit a suitably experienced lawyer (filling a vacant post). A dedicated lawyer for education would allow work to begin as soon as appeals are lodged and should reduce the cost of counsel.

Recommendation 5: That a specialist Education Lawyer be appointed as soon as practicable.

3.7.10 Many parents report that they would prefer their children to attend a local school, in their local community. The Committee notes that the intention is to develop local provision to meet the changing needs of our population. This means not just educational provision but health services, particularly integrated therapies and wrap around activities out of school hours and respite care (i.e., short breaks) which improves the quality of life for some of our most vulnerable children and their families.

3.7.11 During the 2016/17 school year, 17 children under the age of 11 were excluded permanently from school. This is a much higher rate than nationally and led to challenge by the DfE. In 2017/18, two children were excluded permanently (plus one carried over from 2016/17). The challenge now is for schools and the Local Authority to sustain the progress in primary schools with support from Primary Outreach Service (funded by the Local Authority for two years). Permanent exclusions from secondary schools, having reduced to below London and national rates, are increasing and similar intervention through alternative provision is being considered.

3.7.12 The Committee congratulates Officers who, in partnership with Bromley CCG, made a successful CAMHS Trailblazer application for DoH grant to develop school-based CAMHS support. One of the expected outcomes of the funding is to help sustain the placements of children with social, emotional and mental health needs in their local mainstream school.

3.8 Dedicated Schools' Grant

3.8.1 The Committee recognises that there are growth issues. Over the last few years there has been increased pressure on the DSG, especially the High Needs Block. The introduction of the National Funding Formula (NFF) has further restricted the Council's flexibility in what it can do with DSG funding. In 2017/18 the Local Authority recognised the increasing demand for provision for children with special educational needs and the consequent cost pressures on the High Needs Block, and put £1m of growth into that budget from Council resources.

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- 3.8.2 The Dedicated Schools Grant (DSG) is estimated to be £278m in 2019/20. It is split into four distinct blocks:-
- 1) Schools Block - £207m - (goes to all mainstream schools including academies)
 - 2) High Needs Block - £48m - (goes to SEN schools/settings but also pays for independent provision and other SEN services)
 - 3) Early Years Block - £21m - (pays for early years provision across the borough)
 - 4) Central Block - £2m - (pays for residual central LA services, statutory/regulatory duties)
- 3.8.3 The funding blocks are now very rigid in terms of the flexibility available to move funding between blocks to assist with funding issues. Prior to 2018/19 there was the ability to do this; however, with the introduction of the National Funding Formula (NFF), this is now more difficult to achieve.
- 3.8.4 In 2018/19, the Department for Education (DfE) agreed that Bromley could transfer £1m from the Schools Block to the High Needs Block in order to balance the budget and meet ongoing pressures (a disapplication request). This was a one year agreement only. In 2019/20, the pressures remain and although we are expecting £1m of additional DSG funding, Bromley are expecting further demand challenges to be filtering through. Therefore a request to continue the transfer will be made in 2019/20.
- 3.8.5 In response to mounting pressures in the High Needs Block the Local Authority contributed £1m of Council funds to the budget in addition to the £1m transferred from the Schools Block.
- 3.8.6 As a result of increasing demand, pupil growth and additional in-Borough placements there continues to be additional pressures across DSG. The service has identified some mitigation to this growth but this does not cover all of the growth issues.
- 3.8.7 Early indications suggest that LBB will get an additional £1m of DSG High Needs Block grant in 2019/20. This is assumed in the budget. It is assumed in the budget that the £1m funding from 2018/19 from the Local Authority continues for the High Needs Block. It is also assumed that the £1m from the Schools (via the Schools Block) that was utilised in 2018/19 also continues in the High Needs Block. Even with these assumptions, there is still a shortfall of around £856k (after mitigation identified so far) in the High Needs Block which the Council will have to fund as growth in 2019/20.
- 3.8.8 The Committee notes that the issue of a funding shortfall in the High Needs Block is not just a Bromley issue. Nationally there are problems with High

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Needs expenditure due to increasing demands, greater need and grant funding not aligning with expenditure. Securing adequate local provision will be an important step towards addressing the funding pressures. Less reliance on more expensive independent provision would have a positive impact on the budget position as a local provision would be more cost effective than independent provision.

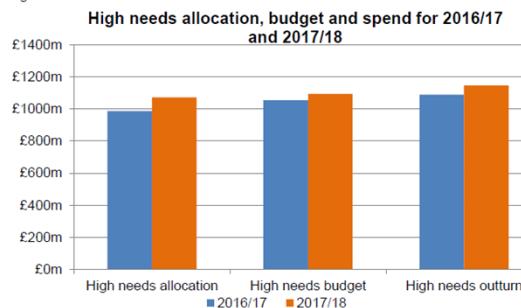
- 3.8.9 Members note with interest the work carried out in this area by London Councils. This demonstrates that, in London at least, this is a major cause for concern amongst the Boroughs. Across London there was a £74.4m shortfall in funding with a 36% reduction in funding since 2016/17 across the 30 London Boroughs sampled. The Bromley figure was a deficit of £1.3m (or 3.5% of the allocation).

High needs block – 2017/18 shortfall



	Allocation shortfall	Budget overspend
Total shortfall/overspend (of boroughs overspending)	£74.4m	£55.7m
Overspend as a % of allocation/budget	7%	6%
Number of boroughs overspending	31	27

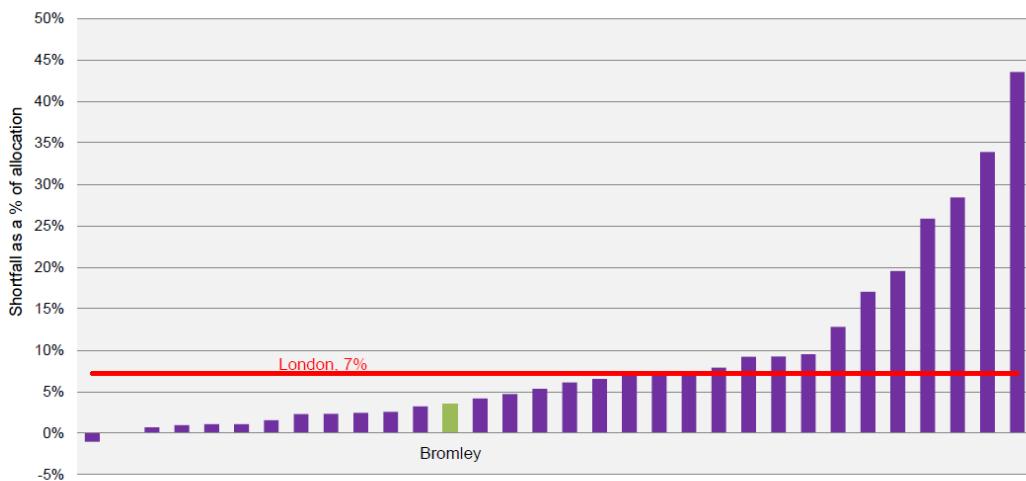
Sample: 32 boroughs



Sample: 32 boroughs

- All but one LBs reported an overspend vs allocations in 2017/18 (an increase of five since 2016/17)
- The aggregate funding shortfall is **£74.4m** (down by 36% since 2016/17 across those 30 LBs)
- Allocations increased by 8.6% and outturn spend by 5.2% from 2016/17 to 2017/18
- This year (2018-19) allocations have only increased by 3.7%

High needs block – 2017/18 outturn v allocation by borough



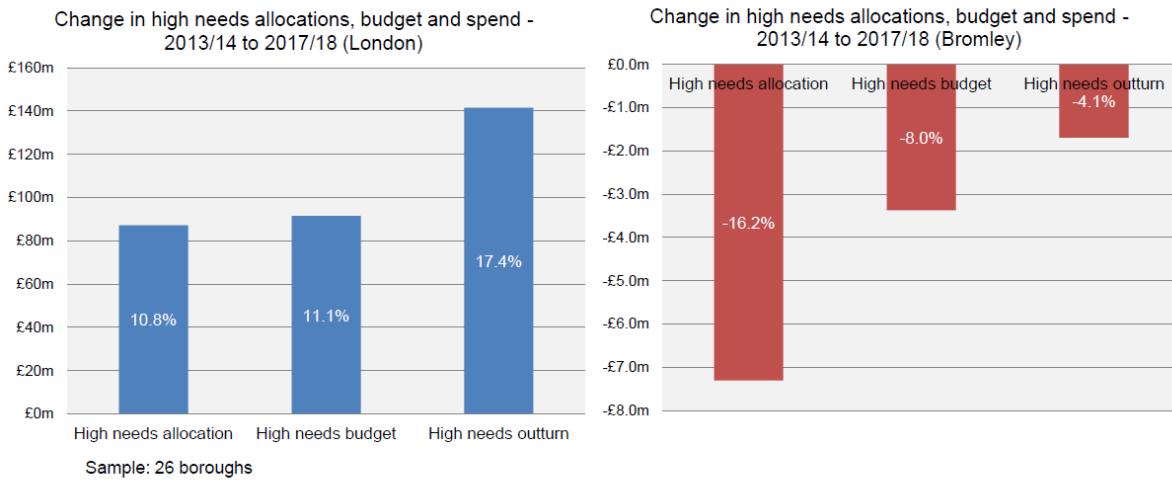
- Borough ranged from a surplus of 1% of allocation to a shortfall of 44% of allocation.
- Seven boroughs have a shortfall of over 10%

3.8.10 The London Council's research shows how funding for the High Needs Block has moved over the last five years and the adverse impact for Bromley compared to other London Boroughs. In 2016/17, the High Needs Block was effectively supporting an overspend in the Schools Block – the DSG was set with an overall overspend in that year as it was agreed with the Schools Forum and Members in order to redistribute some of the DSG underspend from previous years to schools. However in March 2017, the DFE undertook a re-baselining exercise which resulted in too much funding moving from the High Needs Block to the Schools Block as it did not take account of the reserves that were being used to support the overspend in the Schools Block. This in effect froze allocations across the different DSG blocks. As a result of this there were insufficient funds in the High Needs Block to cover the expenditure for 2017/18 which required a movement of approximately £1m from the Schools Block to cover this.

3.8.11 The table below outlines this and shows the reduction in grant, budget and outturn that Bromley have had to manage compared to other London Boroughs.

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High needs block – trend since 2013/14



- Across 26 boroughs providing high needs data for 2013/14 and 2017/18, high needs allocations have increased by £87.2m (11%), budgets by £91.5m (11%) and outturn by £141.6m (17%)

3.8.12 There is significant growth being predicted even after mitigating actions. It is assumed at this stage there will be no further increases in DSG grant and therefore any financial burden will rest with the Council who will have to fund this from Council funds.

Recommendation 6: That the Council lobbies through London Councils for additional resources from the DfE for the High Needs Block.

3.8.13 A further pressure on the DSG is that of lagged funding for new Free Schools in the borough. Any funding for new Free Schools is ‘top sliced’ from the DSG thus impacting on the funding available for existing schools in the Borough. Head Teachers across the Borough have highlighted the impact of this on all pupils in Bromley school who receive less funding. It is essential that Bromley Council continues to lobby the DfE concerning this issue as it is clear that the current arrangements are having a disproportionate impact in Bromley. The Committee notes that the Portfolio Holder, Head Teacher representatives, and local MP Bob Neill had written to the Minister of State, Nick Gibb, seeking a meeting at which this issue can be discussed. It is essential that lobby continues and involves all four of the MPs representing the Borough in order to ensure a fairer funding settlement for Bromley.

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Recommendation 7: That the Council continues to lobby the DfE concerning the issue of lagged funding for Free Schools opening in the Borough as the impact of the current arrangements is having a disproportionate impact in Bromley.

3.9 SEN Transport

- 3.9.1 The Committee notes that overspends within the budget are primarily around Transport.
- 3.9.2 Over the past few years Members of the Committee have supported a continued drive to supporting greater independent travel and transport. It is noted that one key issue going forward is that of rising fuel costs. With this in mind it is imperative that, in order to control cost increases as much as possible, each bus is utilised to the maximum. This necessitates further consideration of combining Adult Passenger Transport and Children's Passenger Transport.

Recommendation 8: That further consideration be given to combining Adult Passenger Transport and Children's Passenger Transport fleets and to amend the times of adult day services to enable the use of the same vehicles for both services.

- 3.9.3 The Committee emphasise that travel is an important part of children's school experience and the quality of that experience. The Committee have received assurances that there will be full consultation with parents at the point at which the Local Authority makes a proposal in relation to the provision of SEN Transport.

Recommendation 9 : That the Local Authority consults with parents regarding any proposals in relation to the new SEN Transport Contract.

3.10 Conclusion

- 3.10.1 Historically Bromley has been poorly funded and as a result it has been necessary to identify ways to efficiently deliver services. This has meant that fewer opportunities are remaining to identify significant savings within the Education Budget. The Committee acknowledges that in the main Bromley has remained a low cost authority. The Education Budget is predicated on the need for the Local Authority to deliver its statutory duties and these are the minimum services that the Local Authority is required to deliver.
- 3.10.2 The budget under consideration is not big within the context of the Council's overall budget. One of the key challenges for officers going forward is to identify further opportunities for traded services and ensure that where it is

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possible to charge for services, any changes that are levied fully cover the cost of providing the Service.

Recommendation 10 : that where it is possible to charge for services, any changes that are levied fully cover the cost of the Service.

Recommendation 11 : That the Council discuss with neighbouring authorities the possibility of sharing some administrative functions and centrally controlled services.