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

**Date:** 10<sup>th</sup> April 2019

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

**Title:** BUDGET MONITORING 2018/19

**Contact Officer:** David Bradshaw, Head of Finance, Education & Childrens Social Care  
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**Chief Officer:** Interim Executive Director of Education, Care and Health Services

**Ward:** (All Wards);

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1. Reason for report

- 1.1 This report provides the budget monitoring position for 2018/19 based on activity up to the end of December 2018.
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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 £2,997,000 is forecast on the controllable budget, based on information as at December 2018;**
- (ii) **Note the full year effect cost pressures of £3,931,000 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 £2,997,000 is forecast on the controllable budget, based on information as at December 2018.**

### 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: £50.638m
  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 £2,997k. This position assumes that no further management action will be taken throughout the year. 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 - £54k underspend**

- 3.3 Overall the position for Education is a predicted £54k underspend. 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 £128k. This is 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) - £281k underspend**

- 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 There is a total projected underspend of £281k on DSG funded services which will be added to the £1,180k carried forward from 2017/18. The carry forward figure has been adjusted by the Early Year adjustment which has reduced the amount we receive in 2018/19 by £166k. This gives an estimated DSG balance of £1,295k at the end of the financial year.
- 3.6 This figure includes the additional £788k extra funding in 2018/19 that Government announced on the 17th December 2018 for the High Needs Block. It has been agreed that £212k of this funding will be utilised in 2019/20 to cover High Needs Block costs. This will in effect come from the £1,295k that is estimated to be carried forward into 2019/20. Without the £788k funding LBB would only be carrying forward £507k into 2019/20.
- 3.7 The High Needs element of the DSG received additional funding of £1m in 2018/19 from Council resources. The figures above include this contribution. There continues to be pressures in the High Needs Block in 2019/20 and the Council have agreed to increase their contribution to the Block to £1.9m from Council resources.
- 3.8 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                         | 225               |  |
| Schools Rates                          | 6                 |  |
| Primary Support Team                   | -38               |  |
| Home & Hospital                        | 94                |  |
| Pupil Support Services                 | -135              |  |
| Behaviour Support                      | -70               |  |
| Education Welfare Officers             | 36                |  |
| Late Adjustment to DSG Recoupment      | 83                |  |
| Use of Reserves                        | 131               |  |
| In Year DSG Adjustments                | 98                |  |
| Additional High Needs Block Allocation | -788              |  |
| Other Small Balances                   | 4                 |  |
| SEN:                                   |                   |  |
| - Placements                           | 500               |  |
| - Support in FE colleges               | -366              |  |
| - Transport                            | 121               |  |
| - SIPS                                 | -27               |  |
| - Darrick Wood Hearing Unit            | 44                |  |
| - Complex Needs Team                   | 19                |  |
| - Outreach & Inclusion Service         | -77               |  |
| - Early Support Programme              | -13               |  |
| <b>Total</b>                           | <b>-281</b>       |  |

### **Children's Social Care - £3,051k overspend**

- 3.9 The Children's Social Care division is currently overspending by £3,051k (net of management action of £800k). 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 and it is unlikely that any further sums will be found this financial year. This has contributed to the overspend position. The management action of £800k includes an additional £300k of additional income that has been negotiated with the BCCG for 2018/19.
- 3.10 Placements for children continue to be a pressure area. The overspend before management action stands at £4,250k overspent. The number of placements has further 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. There has also been a significant increase in costs of outreach services connected to the placements.
- 3.11 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.

3.12 There is also an overspend predicted on staffing across the division of £189k (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.

3.13 Others areas of over and underspend include:-

- i) Overspend of £121k due to the increased usage of 'Staying Put' above the grant levels.
- ii) Reduction in the levels of expenditure of NRPF families of £179k below budget.
- iii) Budget for Care proceedings including community and residential parental assessments is £251k below budget. This is due to tighter controls and the use of in house resources to manage this more effectively.
- iv) An overspend of £65k in children with disabilities due to increased direct payments of £248k 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 £121k due to staffing and running expenses.
- vi) £12k underspend in BYSP due to an increase in professional fees, offset by staffing and income.
- vii) Contract savings on respite provision has realised a saving of £112k.
- viii) An underspend projected on direct accommodation support of £99k.

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

3.15 There are also discussions being 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 £800k from the BCCG will be forthcoming during the year. No further management actions are predicted for the remainder of the financial year.

3.16 With the agreement of the relevant Portfolio Holders £250k has been transferred to the ECF Portfolio from the Strategy/Programmes Division within Adult Social Care to alleviate in year pressure within Childrens Social Care. These areas cross Portfolios and this has been used strategically across ECHS as a whole.

3.17 With the management action the total overspend is predicted to be £3,051k.

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

4.1 The cost pressures identified in section 3 above will impact in 2019/20 by £3,931k (£3,801k 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.

4.2 A significant part of the above has been reflected in the 2019/20 budget setting process. However other additional costs identified will need to be mitigated by the services during the course of the 2019/20 financial year. The main increases in the full year effect compared to the last monitoring report are in the area of childrens placements.

4.3 The full year effect and the 2019/20 growth assumes that management actions take place to help mitigate against the growth. Assumptions have been agreed by Members and are included in these figures. These include the assumption that management action will continue to be

taken to limit the expenditure on Agency staff and therefore keep the staffing budget within budget as far as possible.

- 4.4 Given the significant financial savings that the Council will need to make over the next four years, it is important that all future cost pressures are contained and that savings are identified early to mitigate these pressures.
- 4.5 An example of the efforts to mitigate against future growth would be that Officers are in negotiations with the BCCG to increase their contribution to placements costs. These negotiations are ongoing but Officers are confident that a further additional contribution will be agreed for 2019/20.
- 4.6 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 will 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 £2,997k (£3,931k 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 £2,997,000 for the year.
- 7.2 The Education Division has an underspend of £54,000. Pressures in Adult Education, in house nurseries and the Education Welfare Service are currently being partly mitigated by Workforce Development and Governor Services, Early Years and SEN and Inclusion.
- 7.3 There is a current projected underspend in DSG of £281k. This will be added to the £1,180k carried forward from 2017/18. The carry forward figure has been adjusted by the Early Year adjustment which has reduced the amount we received in 2017/18 by £166k. This gives us an estimated DSG balance of £1,295k at the end of the financial year. This includes the additional £788k extra funding that Government announced on the 17th December 2018 for the High Needs Block. It has been agreed that £212k of this funding will be utilised in 2019/20 to cover High Needs Block costs. This will in effect come from the £1,295k that is estimated to

be carried forward into 2019/20. Without the £788k funding LBB would only be carrying forward £507k into 2019/20

7.4 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. The Council has contributed £1m in 2018/19 and £1m was top sliced from Schools DSG funding to support the High Needs Block. For 2019/20 the Council Contribution rises to £1.9m and the schools contribution reduces to zero. There is likely to be further increase pressures in this area that further funding streams will need to address.

7.5 In Children’s Social Care the overspend of £3,051k 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 59 more children (246) (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*    |

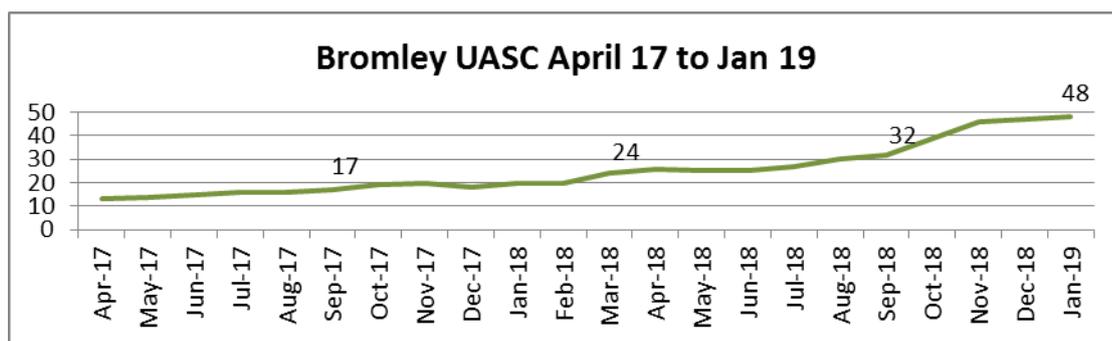
Table 2

| Code   | 2018/19 Approved Budget |                  | 2018/19 Forecast  |                  | 2018/19 Variation |                  |
|--|-------------------------|------------------|-------------------|------------------|-------------------|------------------|
|  | £                       | Full Year Equiv. | £                 | Full Year Equiv. | £                 | Full Year Equiv. |
| <b>RESIDENTIAL (all types)</b>                     | <b>5,596,870</b>        | 28.21            | <b>7,492,145</b>  | 46.61            | <b>1,895,275</b>  | 18.40            |
| <b>FOSTERING</b>                                   |                         |                  |                   |                  |                   |                  |
| Fostering IFA                                      | 2,617,790               | 60.56            | 3,889,747         | 87.66            | 1,271,957         | 27.10            |
| Fostering In house                                 | 2,873,890               | 98.53            | 2,687,417         | 112.15           | (186,473)         | 13.62            |
| <b>Total Fostering</b>                             | <b>5,491,680</b>        | 159.09           | <b>6,577,164</b>  | 199.81           | <b>1,085,484</b>  | 40.72            |
| <b>TOTAL RESIDENTIAL/<br/>FOSTERING PLACEMENTS</b> | <b>11,088,550</b>       | <b>187.30</b>    | <b>14,069,309</b> | <b>246.42</b>    | <b>2,980,759</b>  | <b>59.12</b>     |

7.6 We have continued to see an increase in the number of Looked After Children but are confident that the right children are being cared for and this is borne out by the Courts. LA applications to Court for orders and the care plans are being validated by the court which indicates that our thresholds are correct and that these children need to be safeguarded away

from their parents. The number of care proceedings has dropped slightly is currently at 81 sets of proceedings – this number is for families and may involve a number of children in each family. We also have 43 families currently under the PLO and a number of these families could also be issued for care proceedings if issues of safeguarding cannot be mitigated. These children are likely to be subject to CP plans and these plans are not having the impact anticipated. The LA applications to court for orders and the care plans are being validated by the court which indicates that our thresholds are correct and that these children need to be safeguarded away from their parents. There is a cost implication for these children who will be cared for through fostering either in house of IFA and/or residential settings.

- 7.7 The continuing impact of the Social Work Act to support our children to the age of 25 is not yet fully showing itself but we can see the impact following the statutory letters sent out to 115 young people and the flow of young people contacting the authority for support. Some of this support is merely ‘touch base’ and others because they have found themselves in financial difficulty and threatened with tenancy breakdowns – at the current time we are receiving 2 or 3 contacts per week. We know that once Universal Credit is fully implemented this will likely increase the work required to support these young people. This in turn will have an impact on staffing and the likely need for growth in respect of YPA’s.
- 7.8 Bromley as part of the Pan London agreement had 48 UASC minors in January 2019. Our current cohort of Looked After is 338 and 48 of these are UASC. Currently there are only 6 boroughs who remain on the rota below their 0.7% – 53 children and Bromley is one of these. Two other boroughs are nearing their capacity and this will have a further impact on the Looked After population in Bromley. We are currently awaiting the most up to date figures regarding those young people who would turn 18 at the beginning of January but the government figures are 2 months behind and therefore at the current time is not taking account of those borough’s declaring their 18+ cohort.



- 7.9 Of the 48 young people 19 of them are 16 years and below and 29 are 17 years and below – 5 have turned 18 in January and will now be eligible for leaving care services and a further 4 will turn 18 between February and April. We currently have 51 care leavers eligible for services and 63 will be in this cohort within 6 months. This is currently 24% of the current workload for the service and is having an impact on social work time.
- 7.10 Due to the cultural match and complexity of these young people a number of them are in IFA placements which are more expensive. We are currently setting up a specialist fostering service to support these young people and provide more in house carers for emergencies which will reduce cost but ensure that young people receive wrap around services from us. At the present time we have 20 placements with IFA at a cost £450k

- 7.11 The increase is having an impact on staffing and at the current time we have 1 social work post and 3 YPA's. A growth bid was agreed for 2019/20 which acknowledged the increases in UASC's coming through the system.
- 7.12 We have already created as an interim measure a 4th team manager post which is being paid for from vacancies – this is not sustainable. In addition this has an impact on the financial capacity to make the necessary and somewhat complicated home office claims.
- 7.13 Alongside this are hidden costs of social work time, IRO's and services required to support these very vulnerable young people.
- 7.14 In addition this has a knock on effect to the capacity within the Virtual School.
- 7.15 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.
- 7.16 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. Growth has also been agreed and put into the budget to mitigate against this.

#### Residential Placements:

- 7.17 This continues to be a challenge for the authority and across other Local Authorities with regard to suitable quality placements for children with complex needs and especially those who meet the secure threshold. This is being addressed through the building of two further educational secure units but these will not come on stream for a couple of years. Therefore the issues of lack of suitable safe placements persists.
- 7.18 At the current time we have 2 young people in secure and when they step down to residential this is likely to continue to be a high cost responsibility in terms of having to put 2:1 and then 1:1 staffing around them. The costs for this type of residential continue to remain around £8,900 per week - we should be predicting that a repeat of last year is likely to occur and therefore this should be calculated for 2 young people at any one time for a period of 6 months each in the region of £442, 000 per year and an expected uplift from providers during the year 18/19
- 7.19 In addition we are discussing with the West London Alliance whether Bromley should join this hub and how this would support us going forward in terms of suitable placements and have more strength in negotiating terms with IFA's
- 7.20 A meeting regarding this is taking place the week of 18th February 2019.
- 7.21 The Virtual School is being challenged in respect of the numbers of adopters in Bromley who under the Social Work Act are now able to request support from the Virtual School – this is at present around 2 or 3 enquiries per week together with school requests. This is predicted to grow as Bromley is likely to have a richness in adoptive families where children have been placed by other adoption agencies. The Government when including this in the SW Act

considered that this would not have an impact on the work of the VS however this is dependent on the particular Borough and its demographics.

- 7.22 Agency staff continues to be cost burden although we have maintained around 85% of permanent social worker staff coming from the low figure of 42% in 17/18.
- 7.23 We have developed our 23 one hundred day students and anticipate that a number of these students will be offered placements to offset the agency figures. In addition we will repeat the same exercise as of last year in recruiting up to 30 ASYE in September to replace the agency workers. We continue to convert as many workers as possible and as such a recruitment campaign will recommence in February with a ‘conversion’ event and advertising campaign on the back of our Ofsted outcome. This area will continue to be a challenge as we are competing with other LA who are raising their salaries and costs to attract the small pool of skilled experienced workers. Our caseload promise and training continues to attract some workers to Bromley. The recruitment and retention board meets monthly to consider how best to address this.
- 7.24 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) Shortage of local school places.
  - viii) Increasing High Needs Block expenditure not matched by a commensurate increase in Government Grant
  - ix) Continuing impact of 2014 Children and Families Act extending the age range to 25 for Education, Health and Care Plans.

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