
Decision Maker: CHILDREN, EDUCATION AND FAMILIES POLICY
DEVELOPMENT AND SCRUTINY COMMITTEE

Date: 9th July 2019

Decision Type: Non-Urgent Executive Non-Key

Title: BUDGET MONITORING 2019/20

Contact Officer: David Bradshaw, Head of Finance, Education & Children's Social Care
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Chief Officer: Director of Education, Director of Children's Social Care

Ward: (All Wards);

1. Reason for report

- 1.1 This report provides the budget monitoring position for 2019/20 based on activity up to the end of May 2019.
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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 £1,323,000 is forecast on the controllable budget, based on information as at May 2019;
- (ii) Note the full year effect cost pressures of £1,249,000 in 2020/21 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 £1,323,000 is forecast on the controllable budget, based on information as at May 2019;
- (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: £55.175m
 5. Source of funding: ECF approved budget
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Staff

1. Number of staff (current and additional): 1,138 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 2019/20 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 2019/20 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 £1,323k. This position assumes that further management action will be taken throughout the year to at least maintain the current position. If this does not take place 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 - £155k underspend

- 3.3 Overall the position for Education is a predicted £155k underspend. This is due in the main to vacant posts and additional income expected to be collected in SEN Transport. These figures are subject to change and may change once the routes for the new cohort of children are confirmed in September.

Dedicated Schools Grant (DSG) - £426k 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 current projected underspend in Dedicated Schools Grant (DSG) of £426k. This will be added to the £2,495k carried forward from 2018/19. The Council have agreed to use £212k of the brought forward balance to support the services in-year.
- 3.6 The carry forward figure will also need to be reduced for the Early Year adjustment for 2018/19 once Department for Education (DfE) has released the figures (normally in July). This gives an estimated DSG balance of £2,709k at the end of the financial year.
- 3.7 It should be noted that the DSG can fluctuate due to pupils requiring additional services or needing to be placed in expensive placements. The Council are contributing £1.9m of core funding to DSG services in 2019/20 and potentially any underspend in DSG could be used to minimise the Council contribution.
- 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.

				Variations
				£'000
Primary Support Team				-31
Home & Hospital				100
Other Small Balances				11
SEN:				
- Placements				-589
- Transport				115
- High Needs Pre-school Service				24
- Sensory Support				-30
- SIPS				-7
- Darrick Wood Hearing Unit				-9
- Complex Needs Team				13
- Outreach & Inclusion Service				-21
- Early Support Programme				12
- Other Small SEN Balances				-14
Total				-426

Children's Social Care (CSC) - £1,478k overspend

- 3.9 The Children's Social Care division is currently overspending by £1,478k (net of management action of £186k). The main areas of over/underspend are highlighted in the paragraphs below and in Appendix 1B. For the budget in 2019/20 growth was given in the budget of 4,049k. This was partially offset by agreed mitigating management actions of £900k, leaving a net budget increase of £3,149k. The management actions have not all been found in year as yet but it is assumed that further sums will be found this financial year.
- 3.10 These figures include the contribution from Bromley Clinical Commissioning Group (BCCG) of £1.9m for 2019/20. Officers negotiated an increase of £900k over the previous 2018/19 contribution rate.
- 3.11 Placements for children continue to be a pressure area. The overspend before management action stands at £439k overspent (£253k with management action). The number of placements has further increased above budgeted levels, particularly in independent fostering arrangements and kinship arrangements. Overall Children Looked After (CLA) numbers have risen from the budgeted figure of 311 in 2019/20 to 326 which is the current position in May 2019.
- 3.12 Another main area of overspend is on Agency staff which currently stands at £806k overspent. The 2019/20 budget assumed the fall out of non-recurring costs of £1m in staffing £750k phase 4 funding plus £250k phases 1-3). Although the fall out of £750k could have been translated to staff numbers, the department intended to seek alternative savings through a reduction in Agency costs. This has not materialised. In CSC the number of Agency staff has remained fairly constant. Therefore this causes an overspend as they are more expensive than permanent staff.
- 3.13 Staff reductions could impact on the caseload promise and potentially leave children at risk and this would need to be considered. However this has not been reflected as the service are not going forward with this at present.
- 3.14 The other main area of overspend is direct payments in Children With Disabilities (CWD) which is currently £419k overspent. This has increased primarily with 4 families where their children have complex needs and whilst the increase is significant in terms of DP the cost should these children be in residential care would be far greater. The service is scrutinising the BCCG contributions in order to maximise them as far as possible.

- 3.15 Another ongoing risk area for placements is the Unaccompanied Asylum Seeker Children (UASC) cohort. Bromley experienced higher levels of children coming to Bromley following being one of only 4 authorities remaining on the rota to reach 0.7%. Bromley reached its quota and therefore was taken off the rota leaving other Local Authorities who below the agreed quotient. .
- 3.16 Government have recently announced that funding rates for UASC children will increase from £91 per day to £114 per day. This equates to an additional £8,400 per annum for each UASC child, assuming they are in all the financial year. Whilst the additional income is welcomed, the grant does not cover all the costs. Moreover once they reach 18 and become Looked After children (LAC), the funding ceases although the responsibility continues to the age of 25.
- 3.17 Full details of all the over and underspends are contained in Appendix 1.

4. FULL YEAR EFFECT GOING INTO 2020/21

- 4.1 The cost pressures identified in section 3 above will impact in 2020/21 by £1,249k. Management action will continue to need to be taken to ensure that this does not impact on future years.
- 4.2 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.
- 4.3 Further details are contained within Appendix 1.

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

Step Up to Social Work Cohort 6 - £48,000

- 5.1 The Department of Education forward funded the initial set up costs for the new cohort of the Step Up to Social Work grant. The funding for this new cohort was agreed by Executive in February 2019 and is the continuation of a successful programme of training and developing Social Workers for Children's Social Care.

Reducing Parental Conflict - £40,100

- 5.2 The Department of Work and Pensions has provided funding totalling £40,100 to address local issues relating to the reduction in parental conflict. The purpose of the funding is to support the development of strategies and to purchase frontline practitioner training.

FGM Focused Outreach Grant - £10,135

- 5.3 Funding for locally driven Female Genital Mutilation (FGM) focussed outreach, engagement and communication. Provided by the Ministry of Housing, Communities and Local Government.

Delivery Support Fund - £26,774

- 5.4 The Delivery Support Fund was a capital grant awarded by the DfE for the implementation of 30 hours of funded childcare for working parents for which Bromley received £69,100.
- 5.5 To date a total of £42,326 has been spent on a range of projects to increase capacity. In an email dated 24/08/2018 the DfE advised LA's that any unspent money from the fund needs to be spent on aims that benefit 30 hours delivery or to implement necessary requirements in the IT system. The Early Years' service is seeking to purchase an IT system to support the flexibility and complexities involved in managing the 30 hours funding alongside all the existing funding

streams and the process is in the final stages of writing in terms of Gateway Report for this procurement.

- 5.6 It is therefore requested that the remainder of this grant, £26,774 is carried forward into the next financial year to be combined with the existing capital grant of £43k for the purchase of the new system. The initial start-up costs of the systems under consideration will cost from between £65k – 87k in year 1. It is hoped that the new system will be purchased for implementation later this calendar year.

Troubled Families Grant - £510,768

- 5.7 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. This sum represents the underspend in 2018-19.

SEND Reform Grant - £55,405

- 5.8 The 2018/19 SEND reform grant has been utilised to best effect in 18/19 and there has not been any further grant from DfE to support the SEND Reforms in 19/20. Bromley continue to drive improvements and are working at pace with a particular focus on the SEND local area inspection preparation. The inspection is anticipated to be in the next 12 months but likely within the Summer term of the 18/19 academic year. The carry forward funding is critical to staffing and urgent work that Bromley continues to require, with a clear focus on quality assurance and improvements. All remaining funding is therefore requested to be carried forward to maximise what is available as we drive improvements and continue to implement the action plan, which is scrutinised through accountability at the SEND Governance Board.

Pathfinder Grant - £8,161

- 5.9 The funding that remains will be consolidated with the SEND Reform grant carry over to maximise resource to implement the improvements at pace, with a focus on the forthcoming SEND local area inspection planning.

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

- 5.10 The original plan for this money was be used to support the resourcing of a project developing a bespoke software solution for the early years funding team. After extensive discussions with both BT and the current provider, SDA, it was concluded that both the development costs and the associated risks involved made the proposal unviable. Therefore the service has recently undertaken a market review of the off-the-shelf packages available.
- 5.11 It will then be able to be combined with some existing funding of £43k for the purchase and start –up costs of the new digital solution. The initial start-up and first year costs of the solutions under consideration vary from £65k to £87k. Two of the packages will also require additional expenditure if the LA opts to include modules / software for producing data reports.

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 ill 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 2019/20 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 £1,323k (£1,249k overspend full year effect). The full year effect will be addressed in 2019/20 and 2020/21 in due course.

8. DEPARTMENTAL COMMENTS

- 8.1 The Children, Education and Families Portfolio has an overspend of £1,323,000 for the year.
- 8.2 The Education Division has an underspend of £155,000, due to vacant posts and additional income expected to be collected in SEN Transport. These figures are subject to change and may change once the routes for the new cohort of children are confirmed in September.
- 8.3 There is a current projected underspend in Dedicated Schools Grant (DSG) of £426k. This will be added to the £2,489k carried forward from 2018/19. We have agreed to use £212k of the brought forward balance to support the services in-year. The carry forward figure will need to be reduced for the Early Year adjustment for 2018/19 once Department for Education (DfE) has released the figures (normally in July). This gives us an estimated DSG balance of £2,703k at the end of the financial year. It should be noted that the DSG can fluctuate due to pupils requiring additional services or being placed in expensive placements. The Council are contributing £1.9m of core funding to DSG services in 2019/20 and potentially any underspend could be used to minimise the Council contribution.
- 8.4 In Children's Social Care (CSC) the overspend of £1,478k is due to the following:-

Staffing within Childrens Social Care (CSC)

- 8.5 This continues to be a major challenge and we are currently standing at around 75% of permanent staff. We continue to convert some of our agency workers – we currently have 6 workers who are now considering converting to permanent.
- 8.6 Currently Bromley offers a good package but our neighbours are reviewing and revising their permanent salaries and therefore we are competing again and in some cases there is around a £4k to £6K difference between boroughs. In addition as nearby authorities have received poor Ofsted outcomes they seek to increase the salary range to attract skilled and experienced staff.
- 8.7 We continue to recruit ASYE's (Assessed and Supported Year in Employment) who will begin their first year in practice; we will recruit around 14 this year which is less than 2018/19. This number will be smaller because there are some service areas where they have a full

complement of permanent staff. This includes Fostering and Adoption, Leaving Care and Children Looked After (CLA). This is a good news story but it leaves the front door and safeguarding teams with the highest number of agency staff and it is these areas that we need to be mindful of 'flooding' the system with ASYE's as they are unable to be allocated Child Protection cases which poses the most risk to the authority and children.

- 8.8 We have now appointed permanently to the two remaining Heads of Service posts who are experienced staff and who will be joining us in August and September. With any new appointment it is often the case that some staff will follow and this would be an added advantage to the authority.
- 8.9 In addition as part of our Roadmap to Excellence and the caseload promise ASYE's can only be responsible for a small caseload in their first year and by increasing this cohort of workers the caseloads will increase for more experienced staff .
- 8.10 If the current overspend was to be reduced instantly this would equate to 15 + social work posts being axed and not recruited to for the rest of the financial year and this would equate to 225 children without an allocated social worker or where caseloads would need to increase beyond the agreed promise which was recognised by our regulators .
- 8.11 This would breach the vision and values of the Local Authority (LA) and the assurance given to Ofsted of a caseload and small social work pods. In any event this would likely cause the current solid permanent workforce to leave the authority because whilst we might not be competing on a level playing field with salary we are with the caseload promise, excellent management oversight and training.
- 8.12 Such action would place children at risk – the improvement that any LA makes on its journey from inadequate to good is usually a 3 – 5 year journey. Bromley have exceeded this by turning the authority around within 19 months but we need to be mindful that the remainder of the journey is to ensure that we appoint and then retain good quality staff who can meet the needs of our children.
- 8.13 As part of our consideration we will continue to hold conversion events through HR; encourage staff in the authority to recommend Bromley; consider how we advertise our posts in a more aggressive manner; consider recruiting from overseas strong candidates.
- 8.14 The Heads of service (HOS) continue to offer interviews at any time throughout the week and ensure that if appointable we move the employment process quickly and efficiently.

Placements

- 8.15 We have worked hard to reduce the current placement overspend and this has now reduced to £439k and with the management action will reduce further to £253k.
- 8.16 This year we have only one young person (YP) in secure and we were able to find the appropriate secure bed which is at much less cost than the 4 young people we had at the last time of reporting – those children who could not be found a bed cost the LA around £8,500 each per week.
- 8.17 We have worked hard to extend some of our experienced foster carers to take our children from expensive step down residential placements. These are some of our most complex children and we have 4 carers who have received/receiving intense training and being supported by the psychologist funded through the Adoption Support Fund. Currently we have matched one young person who has made the transition – this has saved the LA £214k per year and more

importantly means that a young person has the experience and support of a family life. If we can move 3 other young people to similar placements we can triple the savings which significantly reduce the overspend going forward. We currently have 5 potential children to step down.

- 8.18 We have 12 children who will move out of the care system with a care plan of adoption and a further 8 children currently in care proceedings which will result in SGO – the net result of this would mean better outcomes for children but reduce the numbers of CLA and reduce the spend both in terms of actual cost and hidden cost of social worker and Independent Reviewing Officer (IRO) time.
- 8.19 In addition our CLA numbers are reducing with around 62 children moving out of the system by March 2020. Our Staying Together team is working with 40 children in total and these are our teenagers who would be candidates for coming into the care system and qualifying for leaving care services up until 25 years – at the current time of those being worked with we have only accommodated 2 children.
- 8.20 We have 29 Unaccompanied Asylum Seeking Children (UASC) who will reach 18 between June 2019 and March 2020 - whilst these young people will move from the CLA cohort to leaving care which is not covered by the grant. We know that whilst the Government have increased the funding from £91 to £114 per day for CLA there is a shortfall in the funding for the leaving care cohort. All LA's through various groups are pressurising the Minister to consider this position. These are traumatised young people whose needs do not diminish at 18 and with the Social Work Act we are responsible for their leaving care duty until 25.
- 8.21 We have a further 26 Children Looked After who will be reaching 18 in this financial year which will reduce the numbers of our looked after cohort, although more children will inevitably come into the system.

Fostering and adoption

- 8.22 We have continued to improve our numbers of foster carers and at the current time we have 25 fostering households being assessed which would equate to 50 carers for our children. This will further reduce our reliance on Independent Foster Agencies (IFA's).
- 8.23 We have established a group of foster carers who will accept emergency placements during out of hours, weekends and will receive children who are in police custody or need immediate protection. The purpose of this group is to prevent children moving to IFA's in the first instance and this in time will reduce the dependency on these providers.
- 8.24 We have been in consultation with the West London Alliance to consider whether we partner with them in regard to our residential, IFA and Independent providers for our Care Leavers – this is an ongoing conversation but from a diagnostic there is a prediction of further savings.

Transitions

- 8.25 We have identified 4 young people between now and November who will be reaching 18 and will require a high level of adult care – whilst this reduces the CSC budget this will be a burden on Adult Social Care (ASC).

Children with Disabilities (CWD)

- 8.26 There has been an increase in Direct Payments (DP) - this has increased primarily with 4 families where their children have complex needs and whilst the increase is significant in terms of DP the cost should these children be in residential care would be far greater. However we

are scrutinising the way we take contributions from the Bromley Clinical Commissioning Groups (BCCG). We have achieved this well in our placement budget with the BCCG contributing to £1.9m in placements up front.

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.

Non-Applicable Sections:	Legal Implications Personnel Implications Customer Implications
Background Documents: (Access via Contact Officer)	2019/20 Budget Monitoring files in ECHS Finance Section