
Decision Maker: **PORTFOLIO HOLDER FOR EDUCATION, CHILDREN AND FAMILIES**

Date: **For Pre Decision Scrutiny by the Education, Children and Families PDS Committee on 9th July 2019**

Decision Type: Non-Urgent Executive Non-Key

Title: **PROVISIONAL OUTTURN REPORT 2018/19**

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Chief Officer: Director of Education, Director of Childrens Social Care

Ward: (All Wards);

1. Reason for report

1.1 This report provides the provisional outturn position for 2018/19.

2. **RECOMMENDATION(S)**

2.1 **The Education, Children and Families Budget PDS Committee are invited to:**

- (i) **Note that the latest projected overspend of £3,192,000 on controllable expenditure at the end of 2018/19 and consider any issues arising from it: and,**
- (ii) **Note that the Executive on the 21st May 2019 have agreed the net carry forwards as detailed in Appendix 2;**

2.2 **The Portfolio Holder is asked to:**

- (i) **Endorse the 2018/19 provisional outturn position for the Education, Children and Families Portfolio.**

Corporate Policy

1. Policy Status: Not Applicable
 2. BBB Priority: Children and Young People
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Financial

1. Cost of proposal: Not Applicable:
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre: Education, Children and Families Portfolio
 4. Total current budget for this head: £54.334m
 5. Source of funding: Education, Children and Families 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 This report provides the provisional outturn position for the Education, Children and Families Committee, which is broken down in detail in Appendix 1, along with explanatory notes.
- 3.2 The provisional outturn for the “controllable” element of the Education, Children and Families Committee budget in 2018/19 is an overspend of £3,192k compared to the last reported figure of an overspend of £2,997k which was based on activity at the end of December 2018.

FINAL POSITION

- 3.3 The £3,192k overspend is summarised in the table below. All of the pressures and savings are further detailed and broken down in Appendix 1B.

| | |
|--|--------------|
| Adult Education - Preparing for the Ofsted inspection, lower than expected income generation, offset by savings in running costs | 84 |
| Schools, Early Years Commissioning and QA - In house nursery income shortfall offset by additional income and underspends in staffing elsewhere within the division | -140 |
| Access and Inclusion - Under collection of income, additional transport costs, use of agency staff and additional IT upgrades | 122 |
| Central Schools Budgets - Recharge overspend offset by corresponding amount in non controllable expenditure | 8 |
| Other strategic Functions - Running costs underspend | -68 |
| Bromley youth Support - Staffing underspends and additional income received from Health | -65 |
| Early Intervention and Family Support - Salary and running expenses underspend | -192 |
| CLA and Care leavers - Additional costs of accommodation relating to 'Staying Put', increased educational support at the virtual school partially offset by underspend in direct accommodation support | 224 |
| Fostering, Adoption and Resources - Increase in costs and number of Children's Placements over the budget | 3,006 |
| Referral and Assessment - Underspend in no recourse to public funds costs | -179 |
| Safeguarding and Care Planning East - costs of court ordered care proceedings was lower than expected. | -280 |
| Safeguarding and Care Planning West - Overspend on Children with Disabilities, particularly around direct payments, partially offset by other contract savings | 210 |
| Safeguarding and Quality Improvement - Overspend on staffing costs, recruitment and retention payments and other recruitment costs | 480 |
| Other minor variances | -18 |
| | 3,192 |

DSG GRANT POSITION

- 3.4 An element of the Education budget within the Portfolio is classed as Schools' budget and is funded through the Dedicated schools Grant (DSG). Grant conditions requires that any over or underspend should be carried forward to the next financial year.

- 3.5 The DSG Schools Budget has underspent by £1,481k during 2018/19, which will be added to the £1,180k carried forward from 2017/18. The carry forward position has been adjusted by an Early Years funding adjustment, made by DfE which has reduced the amount available by £166k. Therefore the DSG balance carried forward into the new financial year stands at £2,495k. This includes the additional £788k extra funding that the Government announced on the 17th December 2018 for the High Needs Block.
- 3.6 A summary of the main variations is provided in the table below, and further details and variations can be found in Appendix 2

CARRY FORWARDS

- 3.7 On the 21st May 2019 the Executive were asked to approve a number of carry forward requests relating to either unspent grant income, or delays in expenditure where cost pressures will follow through into 2019/20. Appendix 2 provides a detailed breakdown of all of the carry forward requests. As you will see from Appendix 2 the carry forwards included in section 1 will have repayment implications if not approved, those in section 2 relate to grants which will not have to be repaid if not agreed but will impact on service delivery in 2019/20. Future reports to the Portfolio Holder will be required to approve their release.

FULL YEAR EFFECT GOING INTO 2019/20

- 3.8 Appendix 3 provides a breakdown of any full year implications arising from the final 2018/19 outturn. Overall there are £3,686k of full year effect pressures in 2019/20. Almost all of these are all in the Children's Social Care area. As part of the budget setting process the vast majority of these full year effects have been dealt with and additional funding has been added to the budgets for 2019/20. There are still some management actions that were assumed to be taken that have not delivered in 2018/19. They are mainly around the review of Agency Staff levels and the costs. If these are not addressed in 2019/20 then there will be an additional pressure on the budget.

| | <u>£'000</u> |
|--|---------------------|
| Adult Education - Grant reductions and non fee paying courses | 130 |
| Residential/Fostering/Adoption placements | 4,425 |
| Management Action (additional CCG income) | -500 |
| Leaving care (including Staying Put and HB clients) and Virtual school | 210 |
| Referral and Assessment - NRPF | -187 |
| Safeguarding and Care Planning East - Parental assessments | -174 |
| Safeguarding and Care Planning West - Direct Payments | 182 |
| Safeguarding and Quality Improvement - Agency costs | 945 |
| Management action - no further Agency staff costs and further CCG income | -1,345 |
| | <u>3,686</u> |

- 3.9 Appendix 4 provides a detailed reconciliation of the original 2018/19 budget to the latest approved 2018/19 budget

DIRECTOR OF EDUCATION AND DIRECTOR OF CSC COMMENTS

- 3.10 The Children, Education and Families Portfolio has an overspend of £3,192,000 for the year.

- 3.11 The Education Division has an underspend of £12,000. Pressures in Adult Education, in house nurseries and the Education Welfare Service are currently being mitigated by Workforce Development and Governor Services, Early Years and SEN and Inclusion.
- 3.12 There is a final underspend in DSG of £1,481k in 2018/19. This will be added to the £1,180k brought forward from 2017/18. The 2017/18 brought forward figure has had to be adjusted by the Early Year funding adjustment which has reduced the amount of DSG we received in 2018/19 by £166k. This gives us a final DSG balance of £2,495k at the end of the financial year to be carried forward. 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 which will in effect be the first call of the total carried forward sum. Without the £788k funding LBB would only be carrying forward £1,707k into 2019/20.
- 3.13 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.
- 3.14 In Children's Social Care the overspend of £3,204k 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 43 more children (236) (in year/projected) above an agreed (financial baseline) of 194 children in independent fostering, in-house fostering and residential care (see table 2).

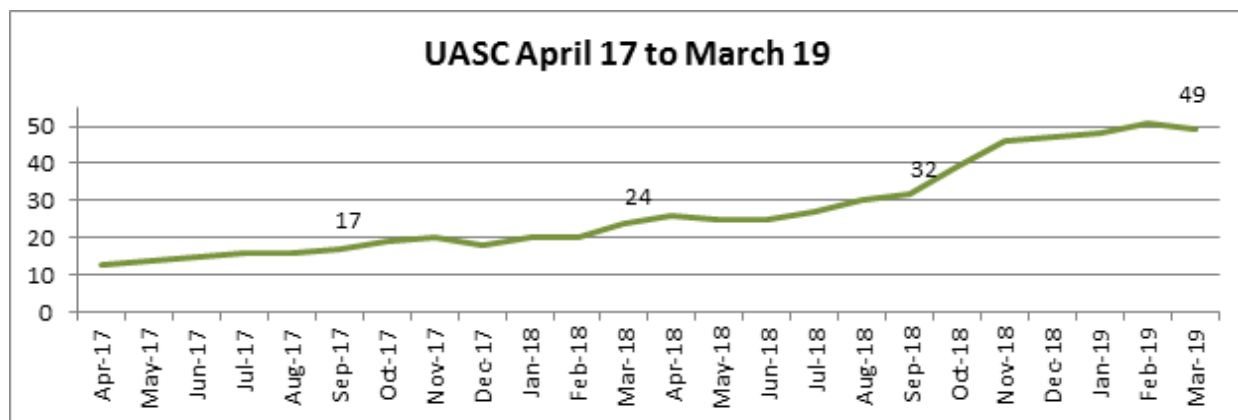
Table 1

| 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 Outturn | | | 2018/19 Variation | |
|--|-------------------------|------------------|--|-------------------|------------------|--|-------------------|------------------|
| | £ | Full Year Equiv. | | £ | Full Year Equiv. | | £ | Full Year Equiv. |
| RESIDENTIAL (all types) | 6,396,870 | 32.56 | | 7,474,185 | 38.70 | | 1,077,315 | 6.14 |
| FOSTERING | | | | | | | | |
| Fostering IFA | 2,709,040 | 62.67 | | 3,840,682 | 85.43 | | 1,131,642 | 22.76 |
| Fostering In house | 2,873,890 | 98.53 | | 2,702,235 | 112.15 | | (171,655) | 13.62 |
| Total Fostering Placements | 5,582,930 | 161.20 | | 6,542,917 | 197.58 | | 959,987 | 36.38 |
| TOTAL RESIDENTIAL/ FOSTERING PLACEMENTS | 11,979,800 | 193.76 | | 14,017,102 | 236.28 | | 2,037,302 | 42.52 |

- 3.15 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.
- 3.16 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.
- 3.17 Bromley as part of the Pan London agreement had 48 UASC minors in January 2019 which rose to 51 and in February Bromley came off the rota having reached its quota - leaving other Local Authorities who were below the quota of 0.7%. Our current cohort of Looked After is 342 and 49 of these are UASC.



- 3.18 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.
- 3.19 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.
- 3.20 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.
- 3.21 Alongside this are hidden costs of social work time, IRO's and services required to support these very vulnerable young people.
- 3.22 In addition this has a knock on effect to the capacity within the Virtual School.
- 3.23 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. This would be offset by grant but would still leave a net position to be funded by the Council.
- 3.24 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:

- 3.25 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.
- 3.26 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.

- 3.27 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.
- 3.28 An initial interest meeting took place in February and a further meeting is due to take place in May to consider if this would support better efficiencies and improve the pool of placements for more complex children.
- 3.29 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.
- 3.30 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.
- 3.31 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 May 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.
- 3.32 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.

The Education, Children and Families Portfolio has an overspend of £925,000 for the year.

4. POLICY IMPLICATIONS

- 4.1 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.
- 4.2 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.
- 4.3 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.
- 4.4 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.

5. FINANCIAL IMPLICATIONS

- 5.1 The financial implications are in the body of the report. A detailed breakdown of the projected outturn by service area is shown in appendix 1(a) with explanatory notes in appendix 1(b). Appendix 2 outlines the requested carry forwards to 2019/20. Appendix 3 shows the latest full year effects and Appendix 4 gives the analysis of the latest approved budget.

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