

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

Date: 10th March 2020

Decision Type: Non-Urgent Executive Non-Key

Title: BUDGET MONITORING 2019/20

Contact Officer: David Bradshaw, Head of Finance, Children, Education and Families
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Chief Officer: Director, Children, Education and Families

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 December 2019.
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2. **RECOMMENDATION(S)**

2.1 **The Children, Education and Families Policy Development and Scrutiny Committee are invited to:**

- (i) **Note that the latest projected overspend of £1,332,000 is forecast on the controllable budget, based on information as at December 2019;**
- (ii) **Note the full year effect cost pressures of £1,970,000 in 2020/21 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 £1,332,000 is forecast on the controllable budget, based on information as at December 2019;**
- (ii) **Recommend that the Executive approve the allocation of £365k from contingency for Tackling Troubled Families as set out in paragraph 3.19.**

- (iii) Recommend that the Executive approve the allocation of £52k from contingency for Family Group Conferences as set out in paragraph 3.21**
- (iv) Recommend that the Executive approve the allocation of £79k from contingency for the refurbishment of North Lodge as set out in paragraph 3.22**

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: £55.233m
 5. Source of funding: CEF 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 Children, Education 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 £1,332k. 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 - £150k overspend

- 3.3 Overall the position for Education is a predicted £150k overspend. The main areas of movement are as follows:-
- 3.4 SEN Transport - £143k overspent - This is due to pressures in providing the SEN Transport service. The costs of providing transport is overspent by £258k. There has also been the cost of specialist legal advice which is estimated to cost £21k. This has been offset by staffing savings (£42k) and overachievement of income for services provided to other Councils (£94k), making the overall position £143k overspent. SEN Transport is one of the Transforming Bromley projects being considered by the Transformation Board.
- 3.5 Education Psychologists - £29k overspent – The EPS Service has been significantly affected by the increase in statutory assessments for an EHCP. This has resulted in having to employ agency staff to meet statutory service requirements and reductions to the services sold to schools. There are currently vacant posts which are being recruited to, which will reduce the agency spend and increase the capacity to undertake traded work this academic year.
- 3.6 Adult education is overspending by £34k due to an under collection of income, additional staffing costs, partially offset by an underspend in running costs.
- 3.7 The Nurseries are underspending (£56k) due to underspends on staffing and running costs partially offset by an under collection of income. However the service continues to contribute to corporate overheads.
- 3.7 There are other minor differences across the Division which net out to zero.
- 3.8 The Education department is reviewing sold services as part of Transforming Bromley, including those referred to in paragraphs 3.5.

Dedicated Schools Grant (DSG) - £1,095k overspend

- 3.4 An element of the Education Budget is classed as Schools' Budget and is funded by the dedicated Schools Grant (DSG). Grant conditions require that any over or under spend should be carried forward to the next financial year.
- 3.5 There is a current projected in year overspend in Dedicated Schools Grant (DSG) of £1,095k. This will be deducted from the £2,495k carried forward from 2018/19. The Council have agreed to use £278k of the brought forward balance to support the services in-year.
- 3.6 The carry forward figure will also need to reflect the retrospective early years adjustment for 2018/19 of an additional £869k of DSG grant. This gives an estimated DSG balance of £1,991k 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.

	<u>Variations</u>
	<u>£'000</u>
Classroom Hire	271
Free Early Education - 2 year olds	140
Free Early Education - 3 & 4 year olds (Inc. extra 15 hours)	-449
Early Year Support	-30
Primary Support Team	-25
Home & Hospital	130
Education Welfare Officers	-18
High Needs Place Funding	167
6th Form Grant Allocation Changes	373
Recoupment and Other Expected DSG Allocation Changes	-162
Other Small Balances	-2
SEN:	
- Placements	46
- Matrix Funding	512
- Transport	115
- SIPS	-22
- Pupil Support Services	7
- Complex Needs Team	10
- Business Support	24
- Other Small SEN Balances	8
Total	<u>1,095</u>

Children's Social Care (CSC) - £1,182k overspend

- 3.9 The Children's Social Care division is currently overspending by £1,182k (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.
- 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 Whilst there is a small projected underspend of £2k predicted for the financial year, placements for children continue to be a pressured area. This is a reduction from the projected underspend of £79k underspend due to no further management action being expected for the remainder of the year. The number of placements has decreased since the last report but is still 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 314 which is the current position in December 2019.
- 3.12 Another main area of overspend is on Agency staff which currently stands at £995k 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 pursuing this route at present as this would jeopardise the improvement journey and may impact on safeguarding children in Bromley.
- 3.14 The other main area of overspend is direct payments in Children With Disabilities (CWD) which is currently £682k overspent. This is an increase on the projection in May. The overspend is primarily due to the costs of 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 were below the agreed quotient.
- 3.16 Government have 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 Care Leavers 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.

Drawdown of £365k from Contingency – Tackling Troubled Families

- 3.18 A report on the outcomes of the Tackling Troubled Families is on the same PDS agenda. It is requesting that approval be sought to drawdown £365k of grant funding to cover the remaining estimated cost of the Tackling Troubled Families expenditure for 2019/20.
- 3.19 This funding requires approval of the Executive and therefore it is requested that the Portfolio Holder recommend that the Executive approve the allocation of £365k to the Portfolio.

Drawdown of £52k from contingency - Family Group Conferencing

- 3.20 At the end of November 2019 the Department for Education announced grant funding of £52,150 for Bromley as part of the Supporting Families; Investing in practice programme. The division are using the funding to enhance and extend a current contract.
- 3.21 This funding requires approval of the Executive and therefore it is requested that the Portfolio Holder recommend that the Executive approve the allocation of £52k to the Portfolio.

Drawdown of £79k from contingency - Refurbishment of North Lodge

- 3.22 It is proposed to refurbish the North Lodge in order to provide a Care Leavers Hub, improving services for young people. The house will allow the service to meet and engage with young people in a less formal environment. Additional group work events are planned for young people who are NEET (not in education employment or training) as well as group sessions for young

mothers and young people preparing to leave care. The group work programme will offer important life skills as well as create new relationships and benefit from support from staff. The active involvement team also run the Living in Care Council (LinCC) and the Change for Care Leavers Forum (CFCL) which operate fortnightly. Both groups offer social opportunities for young people to meet other care experienced young people but those involved also work with officers to inform thinking around how practice is delivered to ensure we are responding to their needs.

3.23 Originally Bromley ran these groups from a space we hired which was on the border with Lewisham. Take up was poor and the distance from the Civic Centre where the team is based made it harder to engage young people. Care leavers are familiar with the setting here which is fairly central and are more confident to engage in a location they feel comfortable in. It will also allow greater staff support and expansion of the offer.

3.24 Funding is available from the Central Contingency. This funding requires approval of the Executive and therefore it is requested that the Portfolio Holder recommend that the Executive approve the allocation of £79k to the Portfolio.

4. FULL YEAR EFFECT GOING INTO 2020/21

4.1 The cost pressures identified in section 3 above will impact in 2020/21 by £1,970k. 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. 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 2019/20 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 £1,332k (£1,970k overspend full year effect). The full year effect will be need to be addressed in 2019/20 and 2020/21 in due course.

7. DEPARTMENTAL COMMENTS

- 7.1 The Children, Education and Families Portfolio has an overspend of £1,332,000 for the year.
- 7.2 The Education Division has an overspend of £150,000, mainly due to SEN Transport and staffing pressures in some areas of the division.
- 7.3 There is a current projected overspend in DSG of £1,095k. This will be added to the £2,495k carried forward from 2018/19. It was agreed that £278k of the brought forward balance could be used to support services in-year. The carry forward figure will need to be adjusted for the Early Year adjustment for 2018/19 of an additional £869k of grant. This gives us an estimated DSG balance of £1,991k 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.

- 7.4 In Children's Social Care (CSC) the overspend of £1,182k is due to the following:-

Staffing within Childrens Social Care (CSC)

- 7.5 This continues to be an ongoing challenge and we are currently standing at around 82% of permanent staff. We continue to convert some of our agency workers. We have now appointed permanently to the Assistant Director post which was a previous Head of Service – we will now appoint to HOS post in Safeguarding Bromley offers a good package but Local Authorities in and out of London compete with their permanent salaries, in some cases there is a round a £4k to £6k difference between boroughs. In addition as authorities continue to receive poor Ofsted outcomes they increase the salary range to attract skilled and experienced staff.
- 7.6 We continue to recruit ASYE's (Assessed and Supported Year in Employment). The number this year is smaller because there are number of service areas where they have a full complement of permanent staff. The front door and safeguarding teams have 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.
- 7.7 In addition as part of our Roadmap to Excellence and the caseload promise ASYE's can only be responsible for a small caseload in this first year and by increasing this cohort of workers the caseloads will increase for those staff who are more experienced.
- 7.8 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.
- 7.9 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.
- 7.10 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.

- 7.11 As part of innovative strategy and address permanent staff we have successfully recruited 6 overseas experienced social workers who have settled very well into their teams.

Placements

- 7.12 We continue to work hard to reduce the current placement overspend and this has now reduced to a small underspend of £2k, a reduction from the reported underspend of £79k in September mainly due to management action previously expected to reduce costs of £186k now removed. Some of this management action would have been achieved, and this would be imbedded in the variation reported, but it is now not expected that any further reductions in cost's are achievable that would impact on the current financial year.
- 7.13 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.
- 7.14 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 intense training and are supported by a psychologist. 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. We have now moved a further 2 children into similar placements which will make significant savings and improve the outcomes for our children. We have a fourth placement being planned at the current time.
- 7.15 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.
- 7.16 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 3 children from this cohort.
- 7.17 We have 10 Unaccompanied Asylum Seeking Children (UASC) who will reach 18 between January 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.

Fostering and Adoption

- 7.18 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).
- 7.19 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.

7.20 We have now joined the West London Alliance framework at the end of January 2020 and will be monitoring the savings a choice of placements over the coming months.

Transitions

7.21 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)

7.22 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