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

**Date:** 10<sup>th</sup> November 2020

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

**Title:** BUDGET MONITORING 2020/21

**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);

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1. Reason for report

- 1.1 This report provides the budget monitoring position for 2020/21 based on activity up to the end of September 2020.

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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 £1,792,000 is forecast on the controllable budget, based on information as at September 2020;**
- (ii) **Note the full year effect cost pressures of £1,255,000 in 2021/22 as set out in section 4;**
- (iii) **Note the comments of the Department in section 8 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 £1,792,000 is forecast on the controllable budget, based on information as at September 2020;**
- (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: CEF Portfolio
  4. Total current budget for this head: £
  5. Source of funding: CEF approved budget
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## Staff

1. Number of staff (current and additional): 1,155 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 2020/21 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 2020/21 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 £1,792k. 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 - £209k overspend**

- 3.3 Overall the position for Education is a predicted £209k overspend. The main areas of movement are as follows: -
- 3.4 Education Psychologists - £139k overspent - 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.
- 3.5 SEN Service – £192k overspent – This is in the main due to additional staffing requirements to meet demand including the larger than expected rise in EHCP's
- 3.6 There is also a centrally held vacancy factor that has not been identified. This has been partially offset by other underspend s resulting in a net position of £73k.
- 3.7 The above overspends are partially offset by underspends in Adult education where the ceasing of some costs has caused a £96k underspend.
- 3.8 The Nurseries/early Years are underspending by £107k 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.
- 3.9 The Education department is reviewing sold services as part of Transforming Bromley, including those referred to in paragraphs 3.4.

#### **Dedicated Schools Grant (DSG) - £3,241k overspend**

- 3.10 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.
- 3.11 There is a current projected in year overspend in Dedicated Schools Grant (DSG) of £3,241k. This will be deducted from the £1,733k carried forward from 2019/20. There is also an adjustment of £301k of additional income to the carry forward figure for Early Years Prior Year Adjustment.
- 3.12 It was also agreed to use £252k of the brought forward balance to support the services in-year. It was agreed that £1,100k of this years DSG allocation would be set aside to fund 2021/22 future pressures. However, as these pressures have emerged more rapidly the funding will be used to support additional expenditure in year.
- 3.13 Additionally this year we have identified £162k worth of spend within the DSG that is being incurred due to COVID-19 and will be funded from other sources.

- 3.14 This gives an estimated DSG deficit balance to be carried forward of £197k into the new financial year. It should be noted that the DSG can fluctuate due to pupils requiring additional services or being placed in expensive placements.
- 3.15 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 £'000</b>
Classroom Hire	164
Primary Support Team	-69
Home & Hospital	272
Behaviour Support	151
Education Welfare Officers	78
Other Small Balances	-7
SEN:	
- Placements & Alternative Programmes	1,414
- Matrix Funding	855
- Support in FE colleges	340
- Transport	257
- High Needs Pre-school Service	-52
- Sensory Support	-70
- SEN Inclusion Fund (SENIF)	-29
- Darrick Wood Hearing Unit	17
- Complex Needs Team	0
- Outreach & Inclusion Service	-95
- SEN Staff	17
- Other Small SEN Balances	-2
Total	<u><u>3,241</u></u>

- 3.16 Placements have increased mainly due to an increase in new placements, funding extending for another academic year and increase in fees for pupils moving up key stage. Alternative programmes have increased due to an increase in demand for Home Tuition funded via Personal budget and the Hospital and Home Tuition Team.
- 3.17 The Matrix funding overspend is mainly due to significant increase in EHCPs. Between June and September, 199 provisions at different Top up levels have been added against only 74 who have either left or move to another settings, so a net increase of 125. Of the 199, at least 90 CYPs have had plans issued for the first time.

### **Children's Social Care (CSC) - £1,583k overspend**

- 3.18 The Children's Social Care division is currently overspending by £1,583k (net of management action of £186k). The main areas of over/underspend are highlighted in the paragraphs below and in Appendix 1B.
- 3.19 These figures include the contribution from Bromley Clinical Commissioning Group (BCCG) of £2.35m for 2020/21. Officers negotiated an increase of £450k over the previous 2019/20 contribution rate.
- 3.20 The budgeted number of children looked after was 296 (excluding UASC) for 2020/21. The average number has been 314 in the current financial year, 18 more than budgeted.

- 3.21 Placements are overspending by £994k. However, there is an expectation that there will be further management action to alleviate this of £459k which leaves a net overspend position of £535k. Within this there has been a movement away from residential placements and more into fostering, both in house and IFA. This has caused corresponding over and under spends in these respective areas.
- 3.22 Leaving care is another area with a significant overspend, currently projected at £802k. there are 3 or 4 placements that are particularly expensive costing £4k per week each which accounts for the majority of the overspend.
- 3.23 The other main area of overspend is in staffing. The budget was set on the basis of 85% permanency across all staff in CSC in 2020/21. Levels of Agency staff across CSC have been fairly static all year at around 82 to 83% (of all CSC staff). There is an allowance for agency staff within the budget, but this has still resulted in a small overspend.
- 3.24 Another factor is the vacancy factor which equates to £548k for CSC. Although some of this has been found some remains. It will be difficult to eradicate all of this and still maintain the case load promise, especially as numbers have remained higher than budget
- 3.25 The overall position of the salaries budget is an overspend of £272k
- 3.26 Full details of all the over and underspends are contained in Appendix 1.

#### **4. FULL YEAR EFFECT GOING INTO 2021/22**

- 4.1 The cost pressures identified in section 3 above will impact in 2021/22 by £1,255k. Management action is assumed and contained within this figure. 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**

##### Delivery Support Fund - £18,074

- 5.1 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.
- 5.2 A total of £42,326 was spent on a range of projects to increase capacity within the local sector. 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 has recently purchased an IT system to support the flexibility and complexities involved in managing the 30 hours funding alongside all the existing funding streams. Bromley Early Years are now working with the service provider to develop their existing off the shelf product into a comprehensive funding support and delivery product. To date £51,700 has been spent on the procurement, initial installation, training and

licencing of the product. These costs have been met through the capital grant 30 Hours Funded Childcare IT Solution Scheme (£43k) with an additional £8,700 from the Delivery Support Fund.

- 5.3 It is therefore requested that the remainder of this grant, £18,074 is drawn down to contribute to the remaining costs for the next phase of development of the system, estimated to be £34k. This work has commenced and will be completed during the 2020/21 financial year.

#### Investing in Practise Grant - £104,300

- 5.4 The new programme, Supporting Families; Investing in Practice, will help families work on issues together, including those impacted by domestic violence, substance misuse or addiction, in order to help create stability in the home for young people and prevent them being taken into care, where that is in their best interests. This is part of wider Government work to improve outcomes for children in need of support of a social worker, by creating home and school environments in which they can thrive. This grant was received late in the previous financial year and will be used to extend Family Group Conferencing in 2020/21 and other relevant projects.

#### Extension of Virtual Head - £34,365

- 5.5 The Service are developing the provision to support Bromley children specifically targeted by this grant.

#### Reducing Parental Conflict - £40,100

- 5.6 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.

#### Tackling Troubled Families - £542,798

- 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 2019-20.

## **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 will 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 2020/21 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 £1,792k (£1,255k overspend full year effect). The full year effect will need to be addressed in 2020/21 and 2021/22 in due course.

## **8. DEPARTMENTAL COMMENTS**

- 8.1 The Children, Education and Families Portfolio has an overspend of £1,792,000 for the year.
- 8.2 The Education Division has an underspend of £209k. This is mainly to do with staffing costs in SEN and Inclusion.
- 8.3 The DSG is projected to overspend by £3,241k. This will be taken from the £1,733k carried forward from 2019/20. There is also an adjustment of £301k of additional income to the carry forward figure for Early Years Prior Year Adjustment. It was agreed to use £252k of the brought forward balance to support the services in-year. It was agreed that £1,100k of this year's DSG allocation would be set aside to fund 2021/22 future pressures. However, as these pressures have emerged more rapidly the funding will be used to support additional expenditure in year. Additionally, this year we have identified £162k worth of spend within the DSG that is being incurred due to COVID-19 and will be funded from other sources. This gives an estimated DSG deficit balance to be carried forward of £197k into the new financial year. It should be noted that the DSG can fluctuate due to pupils requiring additional services or being placed in expensive placements.
- 8.4 In Children's Social Care the overspend is £1,583k.
- 8.5 The ongoing impact of C19 on Children Services and the ongoing work has had a significant impact not only in safeguarding families but the additional cost to support them. We have concentrated on ensuring that children continue to be safeguarded throughout the current crisis. We are visiting families both physically and virtually. Staff have had to adapt to new ways of working and using skills to assess families virtually through remote working and making judgements. Cases progressing through courts have been delayed due to the court closing which has created a backlog delaying some cases being finalised. This has caused courts to be cautious around final decisions leaving the LA (and children) in challenging situations and delaying permanency moves thus increasing the cost of placements.
- 8.6 There has been increased requests for support particularly in CWD and caution in relation to closing cases and where children in ordinary circumstances may have been removed from plans but where multi agency professionals and families have a heightened anxiety requesting the LA to remain involved. With the second wave this is likely to continue.
- 8.7 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 due to C19 and families being unable to cope
  - 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 Personnel Implications Customer Implications
Background Documents: (Access via Contact Officer)	2020/21 Budget Monitoring files in CEF Finance Section