

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

Date: 10th March 2021

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);

1. Reason for report

- 1.1 This report provides the budget monitoring position for 2020/21 based on activity up to the end of December 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 (excluding the impact of COVID-19) of £370,000 is forecast on the controllable budget, based on information as at December 2020;
- (ii) Note the full year effect cost pressures of £3,469,000 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 £370,000 is forecast on the controllable budget, based on information as at December 2020.

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: £53,201k
 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 £370k. This position assumes that further management action will be taken for the remainder of 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 - £102k overspend

- 3.3 Overall the position for Education is a predicted £102k overspend. The main areas of movement are as follows: -
- 3.4 Education Psychologists - £135k 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 – £89k 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 The above overspends are partially offset by underspends in Adult education where the ceasing of some costs has caused a £61k underspend.
- 3.7 The Nurseries/early Years are underspending by £90k 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) - £4,254k overspend

- 3.9 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.
- 3.10 There is a current projected in year overspend in Dedicated Schools Grant (DSG) of £4,254k. 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.
- 3.11 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.
- 3.12 Additionally this year we have identified £363k worth of spend within the DSG that is being incurred due to COVID-19 and will be funded from other sources.

- 3.13 This gives an estimated DSG deficit balance to be carried forward of £1,009k 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.
- 3.14 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
Classroom Hire	164
Primary Support Team	-68
Home & Hospital	407
Behaviour Support	151
Education Welfare Officers	57
Other Small Balances	2
SEN:	
- Placements & Alternative Programmes	2,133
- Matrix Funding	1,094
- Support in FE colleges	340
- High Needs Pre-school Service	-40
- Sensory Support	-20
- Pupil Support Services	18
- SEN Inclusion Fund (SENIF)	-31
- Darrick Wood Hearing Unit	52
- Outreach & Inclusion Service	-77
- SEN Staff	80
- Other Small SEN Balances	-8
Total	<u><u>4,254</u></u>

- 3.15 Placements have increased mainly due to an increase in new placements, and additional funding requests agreed for existing placements. Alternative programmes have increased due to an increase in demand for Home Tuition funded via Personal budget and the Hospital and Home Tuition Team.
- 3.16 The Matrix funding overspend is mainly due to significant increase in EHCPs. Between September and December 2020, 77 new Plans have been issued and PRA funding for 19 pupils has been agreed. Additional funding has been agreed for a number of placements and a proportion of this can be described as exceptional.

Children's Social Care (CSC) - £268k overspend

- 3.17 The Children's Social Care division is currently overspending by £268k (net of management action of £60k). The main areas of over/underspend are highlighted in the paragraphs below and in Appendix 1B.
- 3.18 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.
- 3.19 The budgeted number of children looked after was 296 (excluding UASC) for 2020/21. The average number has been 316 in the current financial year to December 2020, 20 more than budgeted.
- 3.20 Placements are overspending by £183k. there is no further management action expected to take place. 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.

- 3.21 Leaving care is another area with a significant overspend, currently projected at £236k. there are 3 or 4 placements that are particularly expensive costing £4k per week each which accounts for the majority of the overspend.
- 3.22 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. We have staff in pipeline to take us to 85%, but this figure will also depend on the level of those leaving the organisation.
- 3.23 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. Some of this issue has been covered by COVID grant.
- 3.24 The overall position of the salaries budget is an overspend of £4k
- 3.25 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 £3,469k. 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. However, the continuation of the impact from Covid is a further factor in relation to these financial pressures. Whether there is an easing of measures in the foreseeable future, the increase in referrals and the complexity is likely to continue over the next year.
- 4.3 Further details are contained within Appendix 1.

5. IMPACT OF COVID-19

- 5.1 The figures above and shown in the appendices all exclude the financial impact of the COVID-19 pandemic. Based on figures submitted to MHCLG, the impact on the CEF Portfolio budgets could potentially be around £8m.
- 5.2 Further details are included in the Council-wide Budget Monitoring report that will be scrutinised by the Executive, Resources and Contracts PDS Committee on 24th March and then by the Executive on the 31st March.
- 5.3 The impact of COVID-19 will be closely monitored throughout the year and further updates will be included in future budget monitoring 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 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 £370k (£3,469k overspend full year effect). The full year effect will need to be addressed in 2020/21 and 2021/22 in due course.
- 7.3 Costs attributable to individual services have been classified as "controllable" and "noncontrollable" in Appendix 1. Budget holders have full responsibility for those budgets classified as "controllable" as any variations relate to those factors over which the budget holder has, in general, direct control. "Non-controllable" budgets are those which are managed outside of individual budget holder's service and, as such, cannot be directly influenced by the budget holder in the shorter term. These include, for example, building maintenance costs and property rents which are managed by the Property Division but are allocated within individual departmental/portfolio budgets to reflect the full cost of the service. As such, any variations arising are shown as "non-controllable" within services but "controllable" within the Resources Portfolio. Other examples include cross departmental recharges and capital financing costs. This approach, which is reflected in financial monitoring reports to budget holders, should ensure clearer accountability by identifying variations within the service that controls financial performance. Members should specifically refer to the "controllable" budget variations relating to portfolios in considering financial performance.

8. DEPARTMENTAL COMMENTS

- 8.1 The Children, Education and Families Portfolio has an overspend of £370,000 for the year.
- 8.2 The Education Division has an underspend of £102k. This is mainly to do with staffing costs in SEN and Inclusion.
- 8.3 The DSG projected to overspend by £4,254k. 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. We have agreed to use £252k of the brought forward balance to support the services in-year. This year it has been agreed that we will use £1,100k of this year's allocation to support future years pressures. Additionally, this year we have identified £363k worth of spend within the DSG that is being incurred due to COVID-19 and will be funded from other sources. This gives us an estimated DSG deficit balance to be carry forward of £1,009k in to 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 £268k.

- 8.5 The ongoing impact of C19 on Children Services and we continue to experience the fallout from this pandemic and will continue to do so for some time to come particularly in relation to the increasing referral rate and complexity of the children coming into care. We continue to see the significant impact on the most vulnerable families and our efforts to safeguard them but the cost of supporting them through the last year and what will inevitably be the ripple effect in 21/22. We continue to concentrate on ensuring that children are safeguarded throughout the current crisis and we move forward over the next year to 18 months. Of course, if children come into the system and are unable to be reunified within 6 months the likelihood is that these young people will remain long term and move through to increase the numbers and cost as care leavers up until the age of 25 years. We are visiting more families physically and offsetting this with virtual visits where appropriate and safe to do so. Staff have adapted to new ways of working and using skills to assess families virtually through remote working, but it makes those professional judgements more difficult. Cases progressing through courts continue to be delayed due to the court closing which has created a backlog delaying some cases being finalised We currently have around 100 children within the court system. Covid 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 we have maintained our caution in relation to closing cases which was acknowledged as good practice by Ofsted, but where children in ordinary circumstances may have been removed from plans multi agency professionals and families have a heightened anxiety requesting the LA to remain involved. During the second wave as predicted this continued and whilst we review all cases regularly this is likely to continue until the summer.
- 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 – Covid pressures.
 - 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) Long term closure of short breaks throughout 2020 resulting in demand and cost pressures.
 - viii) Shortage of local school places.
 - ix) Increasing High Needs Block expenditure not matched by a commensurate increase in Government Grant
 - x) 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)	2020/21 Budget Monitoring files in CEF Finance Section