

APPENDIX C

**SUBJECT: CHILDREN, FAMILIES & EDUCATION DEPARTMENT REVENUE
OUTTURN 2019-20**

Report of: Director Children, Families & Education
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LEAD EXECUTIVE MEMBERS: Councillor Mahmood Hussain (Children – Health & Wellbeing), Councillor Aslam Khan (Children’s Services – Enhancing Skills & Education)

REPORT

General Fund Revenue Budget Overview for the Year

1. Net expenditure for the Children, Families & Education Department (GF) for 2019/20 is £58.535 million, an over-spend of £4.245 million for the year, a variation of 7.4% from the operating budget before recharging internal support.

Forecast Movements Reported in the 2019/20 Monitoring

2. **Education** division projected a net underspend which mainly relates to additional income from appeals in respect of school admissions, staff vacancies and underspends on mainstream home to school transport. It is worth noting that underspend in mainstream statutory home to school transport was re-directed to supplement additional staffing costs for the SEND improvement programme. In **Operations, Statutory Social Work, Early Help & Prevention** division as previously reported for a number of years, the budget of children’s placements and staffing was still under severe pressure during the year due to the high levels of care and support needed by children and families in the town and the agency staff required to cover the increased level of vacancies. Children’s services approved budget for 2019/20 included £8.365m of increased budget reallocation with the assumption that work streams created under Luton families programme would deliver £2.837m of savings/cost reduction during 2019/20. This means a net £5.532m of additional budget was allocated in 2019-20 base line budgets within Children Services including social care grant of £1.346m. Although £217k cost reductions delivered following placement reviews, transfers to lower cost support settings and successful adoptions however a number of invest to save projects under the Luton Families programme have not delivered the expected cost reductions for a range of complex reasons including changes of leadership, impact of Ofsted planning and inspection and capacity linked to this . The whole Children Deficit recovery plan is being reviewed to understand the alternative approaches to address the un-achieved cost reduction work streams. Other cost pressures are within Emergency Duty Team and in Legal costs. **Quality, Improvement & Practice Innovation** division projected an overspend mainly due to use of agency staff in the Child Protection Team and agency covering senior management position to help support commissioning activity following transfer of some positions from Public Health and Wellbeing.
3. Based on the 2019/20 final outturn placement costs, it is also worth noting that the average cost per placement in 2019/20 remained almost identical to 2018/19.

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4. The cumulative position forecast for the department in this year's monitoring was a net overspend of around £4.128m million for the year. The main variations reported in the monitoring include:

Overspends & Income pressures

- £0.03m planned overspend on Additional staff spend regarding the SEND improvement programme (underspends identified and re-aligned to deliver this cost pressure)
- £0.193m overspend on Children's Residential Placements
- £2.001m overspend on Independent Fostering Agency placements
- £0.389m overspend on Special Guardianship Orders
- £0.233m overspend on 16+ Placements (LAC & Non LAC)
- £0.436m overspend on 18+ UASC
- £0.142m overspend on Legal costs
- £0.951m overspend on the staffing costs due to of agency use
- £0.267m overspend on the Emergency Duty Team
- £0.211m overspend on the Adoption Fees

Underspends, Savings or Additional Income:

- £0.167m underspend on Home to School Transport
- £0.252m underspend on Section 17 payments
- £0.200m underspend on various staffing and supplies & services lines

Final 2019/20 Position and Changes from the Forecast

5. The department's final spend compared to the approved budget and to the monitoring forecast is attached at Appendix C(i), summarised by service level for each Service Director. This shows a small increase of around £0.117 million in the final overspend for the year compared to the forecast. This is as a result of various minor movements in staffing and placements costs.

There were four departmental 2019/20 budget carry forward to 2020/21 requests made, subject to approval by Executive, to meet the ongoing one-off commitments as following:

- £0.041m for commitment related to PLAC grant as a result of late receipt of grant meant delay in recruitment to temporary post. The post will need funding in 2020-21.
- £0.033m to help meet statutory duties and actions specified at the Ofsted inspection.
- £0.050m in SENAT team to clear the backlog of Education, Health and Care (EHC) plan reviews caused by staffing shortages.

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- £0.007m for the Luton Children’s Safeguarding Board which is the balance remaining on the Luton hosted pooled budget. This money will be used to continue the work programme of the board in 2020-21.

Departmental Outlook from the 2019/20 Outturn

6. The current pressures on the children and families budget are not short term and will continue to impact beyond the current financial year. However, this pressure is not unique to Luton or any particular type or group of councils. Across the country, local authority children’s services are under significant and increasing pressure. According to LGA published data, at national level the last decade has seen an 84% increase in children being supported on child protection plans, and an additional 15,920 children in care resulting in severe funding shortages and huge demand pressures meant that councils were forced to overspend on their children’s social care budgets by nearly £800 million in 2018/19 despite of Councils budgeting an additional £542 million for Children Social Care. At the same time, government funding has reduced to the point that children’s services will face a funding gap of almost £3.1 billion by 2025 at the national level. A one year spending round for 2020/21 was announced by the Chancellor in September which confirmed that the Troubled Families Grant and Social care Grant would be available in 2020/21 with an additional £1.0 billion for Adults and Children’s Social care. Luton’s allocation of this social care grant in 2020/21 is £3.3m which is being fully allocated to Children’s services to deal with Inflation, Growth, Pay Award and Pension related additional costs expected in 2020/21.
7. The overall budget impacts from the Covid-19 crisis are included in the corporate report summarising the 2019/20 outturn.

SCHOOLS BUDGET REPORT - DEDICATED SCHOOLS GRANT

8. £150.542 million of Dedicated Schools Grant (DSG) was received for 2019/20, reduced by £0.071 million Early Years adjustment relating to 2018/19. It has been necessary to drawdown on the £3.856 million of unspent grant available from previous years to cover the £1.171m over spend during 2019/20 and the £0.071m adjustment, so the final position of the Central DSG reserve is £2.614m. The final outturn position for 2019/20 is a total overspend of £1.242 million in the Central DSG and £1.160m in Individual Schools DSG, total £2.402m compared to the starting DSG budget. This consists of:

	Budget	Outturn	Variation
	£'000	£'000	£'000
Central School Budgets	24,518	25,717	1,199
Central budgets now deemed ISB	379	422	43
Total Central Budgets	24,897	26,139	1,242
Individual Schools Budget	124,664	125,824	1,160
Total DSG	149,561	151,963	2,402

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Central Schools Budget

The gross overspend for central schools budget in 2019/20 is £1.199m, representing 4.9% of the available budget. The main variations for the year were:

- £162k net underspend in the Early Years Block - relating to reduced numbers of 3 & 4 year olds and also low take-up of the additional 15 hours early years education entitlement for working parents
- £1.101m net overspend in the High Needs Block – comprising of increased costs on alternative provision placements, and increased top up funding in special maintained schools and special independent settings.
- £191k overspend in the Central Provision – mainly due to a reduction in schools using the catering service.
- £40k overspend on Central Budgets now deemed ISB – this is mainly due to an increase in Early Years Pupil Premium.

INDIVIDUAL SCHOOL BALANCES

9. Individual School Balances have decreased between 1 April 2019 and 31 March 2020 by £1.159m with balances now standing at £15.879m, as detailed in Appendix C(ii). There are various factors which have resulted in schools balance decreasing this year including reduced pupil numbers and use of agency staffing to cover short to medium term absence. At the end of 2019, the Chancellor announced the increase in Schools funding for the future years. Schools are now working on three year financial plans to estimate the on-going budget forecast and pressures.

An analysis of Consistent Financial Reporting returns at the 31st March 2020 from all maintained schools is shown below.

	£'000
Total School Balances	15,879
Analysed as:	
Committed Balance	2,038
Community Focused Balances	0
Uncommitted Balance	13,841

Committed Balances

An analysis of the committed expenditure of £2.038m is shown in the table below and in more detail at Appendix C(iii).

	£'000	%
Capital and Building Works	620	30.4
Pupil Premium Grant	491	24.1
Universal Infant Free School Meals Grant	7	0.3
Prior Year Commitments	238	11.7
Partnership Funding	327	16.0
Specific Grant Balances	357	17.5

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School financial advisers will be engaging with schools to ensure that the sums identified as being committed are correctly assigned and are being spent as intended.

Uncommitted Balances

The level of uncommitted balances stands at £13.841m. The Schools Forum has approved the removal of the balances clawback mechanism in the light of government guidance and the ever tighter financial climate for schools, pending the implementation of the national funding formula. This decision will be reviewed next year.

Schools in Deficit

10. Lealands High School has come out of its deficit position and is now showing a year end surplus of £67k, a turnaround of £109k

Norton Road Primary School has a deficit of £83k, a small increase on the deficit of £72k shown at the end of 2018/19. Local Authority officers are working with the school to ensure that the budget is brought back into balance.

The deficit at Bushmead Primary School has increased by £121k to £383k. The school's financial adviser is working with the school to formulate a new licensed deficit recovery plan.

Stopsley Primary School has fallen into a deficit position, with its balances reducing from a £180k surplus to a £42k deficit. The school's financial adviser has worked with the school to formulate a recovery plan.

Park Lea Primary school is a new school formed by bringing together Cheynes Infants School and Sundon Park Junior School. This school has a deficit at the end of 2019/20 of £12k and the financial advisor for this school is working with the school to formulate a recovery plan.