

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

Date: 30th January 2020

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

Title: CHILDREN, EDUCATION AND FAMILIES PORTFOLIO DRAFT
BUDGET 2020/21

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Chief Officer: Director of Finance

Ward: All

1. Reason for report

- 1.1. The prime purpose of this report is to consider the Portfolio Holder's Draft 2020/21 Budget which incorporates future cost pressures and initial draft budget saving options which have been reported to Executive on 15th January 2020. Members are requested to consider the initial draft budget being proposed and also identify any further action that might be taken to reduce cost pressures facing the Council over the next four years.
 - 1.2. Executive are requesting that each PDS Committee consider the proposed initial draft budget savings and cost pressures for their Portfolio and the views of each PDS Committee be reported back to the next meeting of the Executive, prior to the Executive making recommendations to Council on 2020/21 Council Tax levels.
 - 1.3. There are still outstanding issues and areas of uncertainty remaining. Any further updates will be included in the 2020/21 Council Tax report to the next meeting of the Executive.
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2. **RECOMMENDATIONS**

2.1 **The Children, Education and Families PDS Committee is requested to:**

- i) **Consider the update on the financial forecast for 2020/21 to 2023/24;**
- ii) **Consider the initial draft 2020/21 budget as a basis for setting the 2020/21 budget; and**
- iii) **Provide comments on the initial draft 2020/21 budget for the February meeting of the Council's Executive.**

Impact on Vulnerable Adults and Children

1. Summary of Impact: Children, Education and Families Portfolio budget setting supports the provision of services to vulnerable young people
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Corporate Policy

1. Policy Status: Existing Policy
 2. BBB Priority: Excellent Council
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Financial

1. Cost of proposal: Not Applicable
 2. Ongoing costs: Recurring Cost
 3. Budget head/performance centre: Children, Education and Families portfolio budgets
 4. Total current budget for this head: £52,537k (draft 2020/21 budget)
 5. Source of funding: Draft revenue budget for 2020/21
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Personnel

1. Number of staff (current and additional): Full details will be available with the Council's 2020/21 Financial Control Budget to be published in March 2020
 2. If from existing staff resources, number of staff hours: Not Applicable
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Legal

1. Legal Requirement: Statutory Requirement: The statutory duties relating to financial reporting are covered within the Local Government Act 1972; the Local Government Finance Act 1998; the Local Government Act 2000; the Local Government Act 2002 and the Accounts and Audit Regulations 2015.
 2. Call-in: Not Applicable
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Procurement

1. Summary of Procurement Implications: Not 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: Not Applicable

3. COMMENTARY

3.1. APPROACH TO BUDGETING, FINANCIAL CONTEXT AND ECONOMIC SITUATION WHICH CAN IMPACT ON PUBLIC FINANCES

3.1.1. In considering this report, further background information was available through the Members' seminars as follows:

(a) Members' Welfare Reform Seminar on 14th January 2019;

(b) Members' Finance Seminar on 24th June 2019.

3.1.2. Details of the Provisional Local Government Finance Settlement 2020/21, Council-wide Draft 2020/21 Budget and Financial Forecast 2021/22 to 2023/24, and an update on the Council's financial strategy are being reported to Executive on 15th January 2020. Members should consider that report in conjunction with this report for the Children, Education and Families Portfolio.

3.1.3. Forward financial planning and financial management is a key strength at Bromley and this has been recognised previously by our external auditors. This report continues to forecast the financial prospects for the next 4 years and includes the outcome of the Provisional Local Government Finance Settlement 2020/21. It is important to note that some caution is required in considering any projections for 2021/22 to 2023/24 as this depends on the outcome of the Government's next awaited Spending Review period as well as the awaited impact of the Fair Funding Review and Devolution of Business Rates.

3.1.4. A strong economy with growth increases revenues which supports the Government's ability to reduce public sector debt as the gap between finances raised and spend on public services is reduced. An "Update on Economic Situation which can impact on Public Finances" is provided in Appendix 1 of the report to the Executive.

3.1.5. Local Government has borne the brunt of austerity and savings compared with other areas of Government expenditure. Despite the announcements by the Government that "austerity is over", local government funding remains 'unprotected' and the impact of additional funding for NHS and other 'protected' services results in likely real term funding reductions remaining for local government or even if funding levels are maintained the ongoing demographic and other costs pressures are unlikely to be matched by corresponding increases in government funding.

3.1.6. The financial forecast assumes ongoing funding reductions from 2021/22, at a significantly lower rate, compared with previous years. The Spending Round 2019 provided funding proposals for one year only and the financial forecast assumes that various elements of the additional funding will continue in future years which may be optimistic. For local government the fiscal squeeze is likely to continue, whilst cost pressures remain and to reflect the ongoing prioritisation of funding for health, education, police and other security services.

3.1.7. The Budget Strategy has to be set within the context of a reducing resource base or at the very least cost and demographic pressures not being matched by Government or other external funding with potential ongoing Government funding reductions in real terms, although at a lower level compared with previous years – the on-going need to reduce the size and shape of the organisation to secure priority outcomes within the resources available. There is also a need to build in flexibility in identifying options to bridge the budget gap as the gap could increase further.

3.1.8. Bromley has the second lowest settlement funding per head of population in 2019/20 for the whole of London, giving us £112 per head of population compared with the average in London of £297 – the highest is £503. Despite this, Bromley has retained the third lowest council tax

in outer London (other low grant funded authorities tend to have higher council tax levels). If the council tax was the average of the five other low grant funded boroughs, our income would increase by £25m. The lower council tax level has been achieved by having one of the lowest costs per head of population in outer London. The Council has expressed and continues to express serious concerns with the current and previous governments about the fairness of the funding system and to lobby for a fairer deal for our residents. Despite being a low cost authority, Bromley has achieved general savings of around £100m since 2011/12 but it becomes more challenging to achieve further savings with a low cost base.

3.2. SUMMARY OF FINANCIAL FORECAST

Details of the financial forecast are provided in the Draft 2020/21 Budget and Update on the Council's Financial Strategy 2021/22 to 2023/24 report to the Executive on 15th January 2020. This shows that Even though the draft budget would be broadly balanced next year, the future year's budget gap is projected to increase to £16.9m per annum by 2023/24.

- 3.2.1. Even using a 'best case scenario' that there are no government grant reductions over the four year period, the final budget gap in future years will remain (£7.9m).
- 3.2.2. In the financial forecast, after allowing for inflation, council tax income and other changes we have an unfunded budget gap due to reductions in government funding and net service growth/cost pressures. Therefore significant elements of service growth/cost pressures are effectively unfunded. This highlights the importance of scrutinising growth and recognition that corresponding savings will need to be found to achieve a statutory balanced budget. It is timely as we all have to consider what level of growth the council can afford and the need for significant mitigation or alternative transformation options.
- 3.2.3. In considering action required to address the medium term "budget gap", the Council has taken significant action to reduce the cost base while protecting priority front line services and providing sustainable longer term solutions. Significant savings of around £100m were realised since 2011/12. Our council has to balance between the needs of service users and the burden of council tax on council tax payers. With the Government placing severe reductions in the level of grant support, the burden of financing increasing service demand falls primarily upon the level of council tax and business rate income.

3.3. CHANGES SINCE THE 2019/20 BUDGET THAT IMPACT ON THE DRAFT 2020/21 BUDGET AND FINANCIAL FORECAST

- 3.3.1. The 2019/20 Council Tax report reported to Executive in February 2019 identified a significant "budget gap" over the four year financial planning period. Some key changes are summarised below.
- 3.3.2. The Provisional Local Government Finance Settlement 2020/21, which covers 2020/21 only, provides a significant improvement in funding for local government and represents the most positive funding proposal for local government since austerity began 10 years ago. Some of the proposals may ultimately be for one year only which results in uncertainty for future years.
- 3.3.3. The main measure of inflation for annual price increases for the Council's contracted out services is Retail Price Index (excluding mortgage interest rates) i.e. RPIX. This measure is normally up to 1% above the Consumer Price Index (CPI) level. The Draft 2020/21 Budget assumes contract price increases of 2.3%, per annum from 2020/21, which compares with the existing RPIX of 2.3%. Increases of 2.5% per annum have been assumed, at this stage, from 2021/22. Action will need to be taken by Chief Officers to fund increasing costs through alternative savings in the event that inflation exceeds the budget assumptions.

- 3.3.4. Given the scale of savings identified and any inherent risks, the need for longer term financial planning, the uncertainty on future year cost pressures, significant changes that may follow relating to future new burdens, effect of ongoing population increases and the potential impact of other public agencies identifying savings which impact on the Council's costs, a prudent approach has been adopted in considering the Central Contingency Sum required to mitigate against these risks. If the monies remaining are not required during the year the policy of using these resources, in general, for investment, generate income/savings and provide a more sustainable financial position should continue.
- 3.3.5. The 2019 Spending Round included an announcement of additional funding (£1bn nationally) that can be used towards children's social care and adults social care. This equates to £4.2m for Bromley. The additional funding should be considered to partly offset the growth/cost pressures identified in paragraph 3.3.14.
- 3.3.6. Bromley has seen significant increases in its SEN (Special Education Needs) provision over the last few years. Between 2016 and 2019, the number of children with special educational needs requiring an EHCP (Education, Health and Care Plan) has increased by 31%, significantly higher than the overall increase in the school age population. There are now 2,449 Bromley resident children with an EHCP. In 2017, there were 422 requests for statutory assessment, which has increased to a projected 710 in 2019, i.e. an increase of 68%. Of the requests to date, 34% were refused. In 2019 to date, there have been 47 cases challenged at SEND Tribunal and 44 for which mediation was sought. At the same time, the extension of the age range for EHCPs from age 19 to age 25 is increasing the number of young people for whom the LA maintains and funds an EHCP. At January 2019 the LA was maintaining EHCPs for 556 young people aged 16-25, increased from 431 in January 2017. This continued increase in demand creates significant pressure on existing capacity of staffing teams within the SEN Service and health and care partners.
- 3.3.7. The pressures on SEND are predicted to continue over the next four year financial cycle with continuing increases in the level of EHCP plans and therefore need of SEND services.
- 3.3.8. On the 30th August 2019 the Government allocated £700 million extra nationally for children with Special Educational Needs and Disabilities (SEND) in 2020 to 2021, with the intention that every pupil can access the education that is right for them, and none are held back from reaching their potential. This was an additional £4.5m for Bromley from 2020/21. It is proposed to carry forward £1.1m of this additional funding into 2021/22 in order to smooth the deficit over the next four financial years and to avoid spikes in funding deficits as far as possible. This means that the £1.9m of Council funds which is currently supporting High Needs expenditure will not be required in 2020/21.
- 3.3.9. Whilst the funding is welcomed it is predicted that levels of growth will outstrip the funding levels over the next four years. Moreover funding for the High Needs Block has not been confirmed beyond 2020/21 but it has been assumed that Bromley will continue to receive £4.3m per annum in subsequent years, with no further increase in funding. To mitigate against the predicted growth, mitigations have also been assumed as part of the Medium Term Financial Strategy. These are predicated on slowing the rate of increase in EHCPs and to incrementally placing more children in local schools. This carries significant risks because provision for children is determined by their presenting needs according to the legal tests set out within the SEND Code of Practice. With sustained exponential increases in demand for EHCPs and increasing numbers of cases being overturned by SEND Tribunals, this will remain a challenge across the financial forecast four year period.
- 3.3.10. As there remains a risk across the four year period in terms of levels of demand, the levels of achievable mitigations and the levels of funding; it is proposed that the Council set aside £500k per annum for the next four years in an Educational Funding Risk Reserve. This will be

called upon if there are gaps in the funding that cannot be met from elsewhere within the Council budgets. Any proposed use of this funding would need Executive approval.

3.3.11. With a remaining uncertainty on Government funding available in the future and the ongoing requirement for local authorities to be more self-sufficient, there is a need to consider what significant changes are required to manage within this new environment. The required changes relate to opportunities for partnership working, collaboration, reviewing the approach to managing risks, using technology to enable transformation of our services, helping people help themselves (friends groups) and exploring opportunities around community based place shaping led by the Council as a community leader. The Council will need to plan for significant changes including the risk of a future recession. As pressures in statutory services such as adult social care, children’s social care and high needs as well as homelessness are growing, the scope to invest in local priorities and services that benefit the widest range of people is reducing. The Council has delivered savings of around £100m per annum over the last 9 years and as the ability to make savings in lower priority areas becomes more problematic. The need for savings in areas that support the Council’s key priorities becomes more critical to meet the legal requirements for a balanced budget. The Council will continue to look for ways to operate more efficiently and generate more income but this alone will not be enough to meet the future years’ budget gap. The key consideration is how the Council can balance the budget over the next four years. Apart from the core statutory minimum review, Chief Officers are undertaking a transformational review across all services, focussing on higher spend services first with options being presented to future meetings. The outcome of the transformation review will be a key consideration in addressing the budget gap over the next four years.

3.3.12. The Children, Education and Families Portfolio Draft 2020/21 Budget includes the first phase of savings identified through the Transformation Programme which equate annual savings of £706k in 2020/21, £1.096m in 2021/22, £1.096m in 2022/23 and £1.096m in 2023/24. A summary of the savings are provided below with more details within Appendix 1:

Transformation Savings – Phase 1

	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Senior Leadership Review & Vacancy Factor	436	436	436	436
Various Childrens Social Care Initiatives	270	660	660	660
Total	706	1,096	1,096	1,096

3.3.13. This key work continues and further proposals will be reported to Members as part of addressing the four year financial forecast and meeting the ‘budget gap’ whilst ensuring key priorities are met.

3.3.14. There remain significant cost/growth pressures impacting on Children, Education and Families budgets as well as opportunities for the mitigation of costs which have been reflected in the Draft 2020/21 Budget and financial forecast which are summarised below with more details in Appendix 1:

	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Growth/cost pressures	5,764	9,041	11,925	14,915
Mitigation	-3,177	-4,406	-5,743	-8,018
Offset by DSG grant	-1,287	-2,635	-3,335	-2,419
Net additional costs	1,300	2,000	2,847	4,478

3.3.15. It remains essential that there is the ongoing scrutiny and review of growth/cost pressures, which are mainly unfunded at the present time, with options to help achieve a balanced budget, including any mitigation over the financial forecast period.

3.4. DETAILED DRAFT 2020/21 BUDGET

3.4.1. Detailed Draft 2020/21 Budgets are attached in Appendix 1 and will form the basis for the overall final Portfolio/Departmental budgets after any further adjustments to deal with service pressures and any other additional spending. Under the budget process previously agreed, these initial detailed budgets are forwarded to PDS committees for scrutiny and comment prior to the next Executive meeting in February.

3.4.2. Appendix 1 sets out:

- A summary of the Draft 2020/21 Revenue Budget for the Portfolio showing actual 2018/19 expenditure, 2019/20 budget, 2020/21 budget and overall variations in planned spending between 2019/20 and 2020/21;
- A summary of the main reasons for variations per Portfolio in planned spending between 2019/20 and 2020/21 together with supporting notes;
- A high level subjective summary for the Portfolio showing expenditure on employees, premises etc.

3.5. REVIEW OF FEES AND CHARGES

3.5.1. There will need to be an ongoing review identifying opportunities as the medium term 'budget gap' remains significant. Chief Officers will continue to review fees and charges during 2020/21 to identify opportunities to reduce the future years 'budget gap'

3.6. IDENTIFYING FURTHER SAVINGS/MITIGATION

3.6.1. The scale of savings required in future years cannot be met by efficiency alone – there will be a need for a reduction in the scope and level of services. The council will need to continue to review its core priorities and how it works with partners and key stakeholders and the overall provision of services. A significant challenge is to consider discretionary services which, if reduced, could result in higher cost statutory obligations. Therefore, it is important to consider the risk of 'unintended consequence' of reducing discretionary services adversely impacting on the cost of statutory services. The Draft 2020/21 Budget includes the first phase of transformation savings identified which are summarised in paragraph 3.3.12. This key work continues and further proposals will be reported to Members as part of addressing the four year financial forecast and meeting the 'budget gap' whilst ensuring key priorities are met.

3.6.2. Local Authorities undertake numerous functions and provide a wide range of services. Some are mandatory and some are discretionary. We cannot stop carrying out functions where we are under a duty to deliver that function or service.

3.6.3. In 2011 Central Government compiled a list of 1,335 statutory duties which local authorities need to comply with. There followed a consultation on a possible reduction in the number of statutory duties. However this was not taken forward at government level, despite local government facing significant grant reductions. The consensus is that rather than decreasing the number of statutory duties has increased since. For example work recently undertaken on behalf of the Directors of Children's Services indicates that children services duties have increased by 50% since 2011. Therefore the number of statutory duties Local Authorities need to comply with is now far closer to 2,000 than the 1,300 identified in 2011.

- 3.6.4. Bromley has undertaken several pieces of work to align its services closely with its statutory duties. As part of the most recent work service leads have completed a template which identifies statutory and non-statutory services within their area to inform and support key Transformation work and each individual work stream is addressing the extent of the statutory service and savings proposed.
- 3.6.5. As part of the core statutory minimum requirements review, the Council will need to consider an element of early intervention and prevention to avoid the escalation of costs arising from more expensive statutory interventions.

3.7. SCHOOLS BUDGET

- 3.7.1. Since 2003/04, the Council has received funding for the 'Schools Budget' element of Education services through a ring fenced grant, more recently through the Dedicated Schools Grant (DSG).
- 3.7.2. The implementation of the National Funding Formula (NFF) began in 2018/19. Funding has been split into four blocks, Schools, High Needs, Early Years and Central Spend DSG. The funding splits are detailed in the table below:-

PROVISIONAL DSG FUNDING					
	Schools	High Needs	Early Years	Central	Total
	£'000	£'000	£'000	£'000	£'000
2019/20	208,637	49,016	22,181	1,938	281,772
2020/21	218,401	53,540	22,530	1,920	296,391
Variation	9,764	4,524	349	-18	14,619

- 3.7.3. The Schools Block has risen by £9.8m. This is due to an increase in the per pupil unit funding and increases in the population figures.
- 3.7.4. The High Needs Block is seeing pressures coming through the system. The Government recently announced increases in funding for 2020/21 of £700m nationally to acknowledge these pressures and the fact that some Authorities were building up high levels of deficit reserves. This announcement by Government has resulted in an increase in funding of £4.5m for Bromley.
- 3.7.5. Although there are increases in funding, predictions for expenditure are rising at a faster rate. This is due to growth in pupil numbers in this area, Government extending the scope of the High Needs Block from ages 5 to 19 to 0 to 25 and historical baseline funding adjustments. Moreover future funding levels have not yet been announced and so there is uncertainty as to what funding levels will be from 2021/22.
- 3.7.6. The Council were contributing core funding of £1.9m in 2019/20 to support High Needs expenditure. The additional grant means that this can now be removed and the additional DSG grant can be used as envisaged by the Government.
- 3.7.7. It is also proposed to set aside £1.1m of the funding as part of a four year strategy to smooth the impact of High Needs demands as far as possible until 2023/24. There are no firm guarantees for High Needs funding beyond 2020/21 and this will avoid spikes in funding deficits as far as possible.

- 3.7.8. The Council are also proposing to set aside £500k per annum of core funding in a reserve, in the event that deficits in the High Needs block cannot be met. Any drawdown of this funding would need a report and the agreement of the Executive.
- 3.7.9. Early Years funding has increased by £349k. This is due to increases in population and take up and in increase in the rates from government. Early Years DSG is adjusted in years to take account of take up during the year, so the figure will change as the year progresses.
- 3.7.10. The Central Block has decreased as expected by £18k. However, this has been offset slightly by an increase in funding based on pupil number increases. There continues to be pressures in the Central Schools DSG due to funding shortfalls. Last year the Council used £310k of core LBB funding to underpin this expenditure. A further £50k is being proposed for 2020/21 bringing the total Council core funding to £360k.

3.8. POSITION BY DEPARTMENT – KEY ISSUES/RISKS

Children’s Social Care

Volume in referrals and workload:

- 3.8.1. The Bromley Children Project has continued to be flexible and extend further its reach to support families who are on the cusp of universal and targeted support. The Threshold document published by the Bromley Children Safeguarding Board – now Bromley Children Partnership Board - and the Partnership events that take place with the Head of Service of EIS being the lead, this continues to sustain better understanding of multi-agency partnership working and more appropriate referrals to the statutory services.
- 3.8.2. Our updated self-assessment of November 2019 identified that work with the younger age group of children is very positive and our next challenge will be to reach out to the older age group in being able to support them before they enter statutory social care. Our referrals coming through the MASH has stabilised but remains higher than when we started the improvement journey in Bromley at the end of 2016 and beginning of 2017. The number of referrals (children) received into social care has increased from 2,372 in 2017/18 to 3,422 in 2018/19, with 2,724 received in the first 8 months of 2019/20. During 2019/20, 367 referrals were received in November, with 108 in one week being the highest. The lowest month was April (aside from the seasonal low during August), during which 308 referrals were received, with 42 in one week being the lowest. Bromley is ranked 17th out of 33 London Boroughs for Referrals received per 10,000 children.
- 3.8.3. Following auditing and the feedback from the annual conversation with Ofsted in November 2019 these referrals continue to be appropriate and reaching the correct criteria for a statutory intervention to ensure that we are safeguarding children.

Recruitment of permanent staff:

- 3.8.4. Our key challenge continues to be the recruitment of permanent social workers to the agency placements we have. We have increased from 42% to the current figures of 82% although this can fluctuate at any one time for a number of reasons, some of which being as simple as a house move or other LA’s offering higher salaries in their quest to attract skilled social workers. We have neighbouring boroughs who are also on the improvement journey and therefore are offering higher salaries albeit I am sure this will be in the short term rather than the long term sustainable approach.
- 3.8.5. The figure of 82% does not include 5 overseas social workers that are due to join us in January 2020. We have also managed to identify short term accommodation for all of them by working with our housing colleagues with 4 residing in the same apartment building. The 5th is

arriving with their family and different accommodation has been sought. This will enable them to settle quicker and seek out their own accommodation in due course.

- 3.8.6. We have also created a career progression panel twice a year where social workers apply to be promoted to become senior practitioners. The October 2019 panel saw a total of 7 out of 9 social workers elevate to this position. Several Senior Practitioners have been promoted and converted to become permanent team managers as have 3 team managers that have become group managers. This is all part of our retention of 'grow your own' and 'talent spotting' approach and culture.

Keeping our caseload promise:

- 3.8.7. Setting clear caseload levels – which are monitored (Caseload Promise and Challenge). Our caseload promise is between 12–15 and this has proven to be challenging as the high number of referrals travel through the system from MASH. Referral and Assessment Service have had an average at some point of 18 due to vacancies within the system. However the workers have managed this well and have confidence that we will recruit and return to 12 – 15. In addition there have been some ups and downs in safeguarding where cases have risen to around 18 and again this has been addressed by Managers to ensure that we have the right children within the service and the opportunity for step down and closure if appropriate. The caseload difference are in part higher due to the new cohort of ASYE's (Assessed and Supported Year Employment) that joined in September as they commence their supported year with a much lower and protected caseload. As they progress through the year this will increase to be in line with more qualified staff. It is positive of course that we recruit NQSW's (Newly Qualified Social Worker) and support them on the ASYE programme and as of September 2019 12 joined our services. It has been reported to us from an outside source that Bromley ASYE programme is highly regarded in relation to other boroughs.
- 3.8.8. Heads of Service work with Team managers to balance caseloads and allocate safely. Caseloads continue to be reviewed every month through the performance data and reporting to the Practice Improvement Board which replaced the Governance Board following the positive November 2018 OFSTED inspection.

Placements of children in care:

- 3.8.9. The Assistant Director of Children Social Care chairs the placement panel with our partners to ensure that all children coming into the Local Authority is the only viable option and that we continue to share good practice and the financial contribution from our CCG (Clinical Commissioning Group) partners. The ongoing risks to the Children's service area is the complexity of children requiring a statutory service, the increase and identification of children subject to CSE (Child Sexual Exploitation), missing and in particular the increase in gangs and associated activity. We also continue, similar to the national pattern have late entrants to care with extremely complex histories that require very specialist expensive placements. We have less Children Looked After than we had a year ago but the need for specialist placements, sometimes outside the area continues to rise. As part of our drive to address better quality of provision and better value, Bromley has joined the WLA (West London Alliance) along with 11 other London Authorities which will provide a framework and better choice and options for our children. For those providers that are not part of the WLA we will be working to form a relationship with them also for times when we do need to engage them.
- 3.8.10. We have also developed 'in house' initiatives of developing and supporting our own foster carers and have a 'step down' programme of children that are in high cost residential placements that have made progress and we think can manage and have their needs met in a foster placement. We are supporting and preparing some of our foster carers to care for these children and so far have 'stepped down' 3 children with a 4th identified.

- 3.8.11. As well as this we are working with our foster carers that take children in an emergency during the night or at weekends (sometimes from custody), which is when children are often placed with external providers, sometimes miles away and high cost. To date we have 3 'EDT' foster families with a 4th likely to join.
- 3.8.12. Our Staying Together team (created in November 2018) is also designed to work with children and their families to prevent children 11-18 entering care and to date this has been very successful. With very positive feedback from staff, families and OFSTED.
- 3.8.13. A recent evaluation showed that 40 children were worked with and only 2 of those children came into LA care – this is a very positive outcome for the child but also in terms of cost of placements. The capacity for secure beds across the country remains a major concern but we are pleased that this year we have only needed one so far. But these and an alternative to a secure bed are extremely expensive at an average 7–10k per week.

Implementation of the Social Work Act:

- 3.8.14. The Social Work Act is already having a financial and a resource impact in two specific areas, the first being that Care Leavers will be supported by the Local Authority up to the age of 25 years. There are 141 young people aged 22+ within the Leaving Care cohort that would be entitled to support under the Act and who up until this point may not have been receiving this. The LA writes to all care leavers that are not in contact with us every year to offer them support and let them know they are still entitled to support and how to contact us. Many will need support with financial issues such as paying rent due to the introduction of the universal credit but also their mental health and wellbeing is a feature of support required.
- 3.8.15. We have also seen a steady increase of previously looked after children attending schools in Bromley who have been adopted or who are living under a Special Guardianship Order or other Child Arrangement Order and can expect/apply to be supported by the Virtual School. An estimated 400+ children, not necessarily known to this authority, whose parents and carers are not obliged to 'register' and understandably do not always divulge this to their school. Therefore whilst the numbers remain unknown, as is the burden to the LA in delivering these services, our Virtual School Head (VSH) has seen referrals increasing by 2 or 3 a week at the current time. The new duty requires the VSH to respond to enquiries from both parents/carers and schools and there is an increased demand on the service to provide training on the needs of care-experienced children and the use of Pupil Premium Plus to support them.
- 3.8.16. The table below 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).
- 3.8.17. The extension of the statutory age of children in care to 25 is another factor that is impacting on our budget, children looked after will require to have their continuing rights and needs met and our duties to them now expands from 21 to 25 and this has been demonstrated by the 141 young people who are eligible for this service. Not all of these young people will wish to receive a service but they are eligible up until the age of 25 and circumstances can change quickly for them. This will have financial implications in relation to services offered but also will impact on the numbers of social workers/Young Person Advisors to support them.

Unaccompanied Asylum Seeking Children:

- 3.8.18. Bromley reached their quota for this cohort of children and at the current time are not on the rota. However we have received 3 children through other sources via the police; and young people claiming asylum outside of the rota. The numbers are very small at the current time and this will inevitably impact on financial pressures when these young people become care

leavers and continue to receive their entitlements. Bromley have 34 unaccompanied minors in the system at the current time. All of those children previously received will require and are entitled to a service post 18. Many are very vulnerable and traumatised. This is therefore a growth area in the care leaving service.

Education

3.8.19. Adult Education has improved, achieving a Good Ofsted judgement in 2019 and enrolments have also risen. However, a change in grant funding rules means that from, September 2018 the threshold for eligibility was lowered to the national minimum wage so that more students are eligible for full funding from grant, i.e., fewer fee paying students. The GLA has indicated their intention to change the threshold again to the London Living Wage from September 2019.

3.8.20. Population increase and particularly an increase in the school age population (55,978 in 2010 to 61,343 in 2018, an 9.58% increase) is creating pressure for universal services such as school admissions and school attendance where services are dealing with more children within the same resources. The increase in permanent exclusions from secondary schools over the past two years creates a pressure on funding for alternative provision because the LA has a statutory responsibility to provide education for children excluded from school. The growth bid of £250,000 for two years has been invested in vocational alternative provision for 14-16 year old pupils to help alleviate this pressure. Permanent exclusion from primary schools reduced substantially this year, following the 2-year investment in Primary Outreach.

SEN/D (Special Educational Needs and Disability) pressure:

3.8.21. The greatest pressure is in the area of SEN/D with an overspend in the DSG (Dedicated Schools Grant) High Needs Block offset by a contribution from the RSG (Revenue Support Grant). Between 2016 and 2019, the number of children with special educational needs requiring an EHCP (Education, Health and Care Plan) has increased by 31%, significantly higher than the overall increase in the school age population. There are now 2,449 Bromley resident children with an EHCP. In 2017, there were 422 requests for statutory assessment, which has increased to a projected 710 in 2019, i.e. an increase of 68%. Of the requests to date, 34% were refused. In 2019 to date, there have been 47 cases challenged at SEND Tribunal and 44 for which mediation was sought. At the same time, the extension of the age range for EHCPs from age 19 to age 25 is increasing the number of young people for whom the LA maintains and funds an EHCP. At January 2019 the LA was maintaining EHCPs for 556 young people aged 16-25, increased from 431 in January 2017. This continued increase in demand creates significant pressure on existing capacity of staffing teams within the SEN Service and health and care partners.

3.8.22. Bromley places fewer children with EHCPs in mainstream schools than nationally and more in the non-maintained and independent sector than nationally (as at January 2019 10% of Bromley children with an EHCP attending independent and non-maintained special schools compared with 6% nationally). The cost of these placements is higher than LA maintained provision (average cost of independent day school is £37k compared with average cost of £27k for LA maintained special school) and accounts for a disproportionate level of spend relative to the number of pupils being placed.

3.8.23. An external review of arrangements for SEND highlighted the need to:

Match local provision to local need;

Use existing resources more effectively to support placements in mainstream schools, as far as possible. Action taken includes:

- Free school bid for a new special school for children with ASD (Autistic Spectrum Disorder) to enable Bromley to place more children locally in Bromley schools so reducing spend in more costly places in the non-maintained and independent sector.
- Service Level Agreements developed for all Additionally Resourced Provision in mainstream schools to ensure that places are used efficiently.
- Restructure of the SEN Statutory Assessment Team to streamline the statutory assessment process, making it more efficient, effective and compliant with statutory guidance and to strengthen management oversight of decision making and longer term case work.
- SEND Training Collaborative has developed comprehensive training offer for schools and providers, supported by the SEN Advisory teams to strengthen support for children in mainstream schools.

3.8.24. The Education MTFS (Medium Term Financial Strategy) mitigations are predicated on slowing the rate of increase in EHCPs and to incrementally placing more children in local schools. This carries significant risks because provision for children is determined by their presenting needs according to the legal tests set out within the SEND Code of Practice. With sustained exponential increases in demand for EHCPs and increasing numbers of cases being overturned by SEND Tribunals, this will remain a challenge across the MTFS period. Budgets within Care Services are closely linked and so many risks are held in common. Whilst the number of people requiring support is not rising significantly clients presenting to adult social care are increasingly complex, requiring more complex and costly packages of care. The number of Deprivation of Liberty assessments (DoLs) continues to increase and the Council is preparing for a change in legislation to the new Liberty Protection Safeguards which is it anticipated will increase the numbers again. At the same time, there are continuing demographic pressures, with Bromley having the second highest proportion of the population aged over 65 across London. However, many residents are living longer, healthier lives which is to be celebrated, as is the wider council policy to help maintain residents in their own homes for as long as possible.

4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

4.1 The draft 2020/21 Budget reflects the Council's key priorities which includes, for example, supporting vulnerable adults with children and being ambitious for all our children and young people.

5. POLICY IMPLICATIONS

5.1 The Draft 2020/21 Budget enables the Council to continue to deliver on its key priorities and the financial forecast enables medium term financial planning allowing for early decisions to be made which impact on the medium term financial plan. The Council continues to deliver key services and lives within its means.

6. FINANCIAL IMPLICATIONS

6.1 Financial implications are contained within the overall body of the report.

7. PERSONNEL IMPLICATIONS

7.1 Staff, departmental and trade union representatives will be consulted individually and collectively on any adverse staffing implications arising from the Draft 2020/21 Budget. Managers have also been asked to encourage and facilitate staff involvement in budget and service planning.

8. LEGAL IMPLICATIONS

- 8.1 The adoption of the budget and the setting of the council tax are matters reserved for the Council upon recommendation from the Executive. The Local Government Finance Act 1992 (as amended) requires the Council to set an amount of Council Tax for each financial year and provides that it must be set before 11th March in the financial year preceding that for which it is set. Sections 73-79 of the Localism Act 2011 amended the calculations billing and precepting authorities need to make in determining the basic amount of Council Tax. The changes included new sections 31 A and 31 B to the Local Government Finance Act 1992 which has modified the way in which a billing authority calculates its budget requirement and basic amount of Council Tax.
- 8.2 Schedule 5 to the Localism Act 2011 inserted a new section 52ZB in the 1992 Act which sets out the duty on billing authorities, and precepting authorities to each determine whether their relevant basic amount of council tax for a financial year is excessive. If an authority's relevant basic amount of council tax is excessive, the provisions in relation to the duty to hold a referendum will apply.
- 8.3 The making of these budget decisions at full Council is a statutory responsibility for all Members. Members should also have regard to the changes from the Localism Act relating to council tax increases and the recent introduction of the Adult Social Care precept. The Council has a number of statutory duties which it must fulfil by law – although there can be an element of discretion on level of service provision. The Council also discharges a range of discretionary services. The Council is not bound to carry out such activities in the same way as it is for statutory duties – although it may be bound contractually to do so. A decision to cease or reduce provision of a discretionary service must be taken in accordance with sound public /administrative law decision making principles. The Council must also comply with the Public Sector Equality Duties in section 149 of the Equality Act 2010. In doing so, the council must have due regard to elimination of discrimination, harassment and victimization, advance equality of opportunity and foster good relations with persons who share a protected characteristic.
- 8.4 The Local Government Act 2003 included new requirements to be followed by local authorities, which includes the CIPFA Prudential Code. This includes obligations, which includes ensuring adequacy of future years reserves in making budget decisions and section 25 of that Act requires the Director of Finance to report on the robustness of the estimates made for the purposes of calculating the Council Tax and the adequacy of the reserves. Further details to support these obligations will be reflected in the 2020/21 Council Tax report to be reported to the February meeting of the Executive.

Non-Applicable Sections:	Procurement Implications
Background Documents: (Access via Contact Officer)	Draft 2020/21 Budget and Update on the Council's Financial Strategy 2021/22 to 2023/24, Executive 15th January 2020. Finance monitoring, Estimate Documents, etc all held in Finance Section