Report No.
CEF21026

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker:	**CHILDREN, EDUCATION AND FAMILIES POLICY DEVELOPMENT AND SCRUTINY COMMITTEE**
Date:	**14th September 2021**
Decision Type:	Non-Urgent Executive Non-Key
Title:	**BUDGET MONITORING 2021/22**
Contact Officer:	David Bradshaw, Head of Finance, Children, Education and Families Tel: 020 8313 4807 E-mail: David.Bradshaw@bromley.gov.uk
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 2021/22 based on activity up to the end of May 2021.

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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 £1,706,000 is forecast on the controllable budget, based on information as at May 2021;

(ii) Note the full year effect cost pressures of £3,327,000 in 2022/23 as set out in section 4;

(iii) Note the funding release of carry forward funding as detailed in section 5 of this report;

(iv) Note the comments of the Department in section 8 of this report; and,

(v) 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 £1,706,000 is forecast on the controllable budget, based on information as at May 2021.

Corporate Policy

1. Policy Status: Not Applicable

2. BBB Priority: Health and Integration

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: £46,163k

5. Source of funding: CEF approved budget

Staff

1. Number of staff (current and additional): 1,154 Full time equivilent

2. If from existing staff resources, number of staff hours: N/A

Legal

1. Legal Requirement: Statutory Requirement

2. Call-in: Applicable

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): The 2021/22 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 2021/22 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 £1,706k. 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 - £1,287k overspend

3.3 Overall the position for Education is a predicted £1,287k overspend. The main areas of movement are as follows: -

3.4 SEN Transport - £1,084k overspent - This is due in the main to:-

a) The number of children requiring transport has increased by circa 17%.
b) Unavailability of drivers has resulted in more expensive providers having to be used from the call off framework.
c) During the pandemic single transport was required for those vulnerable children attending schools and this further impacted on the cost.

3.5 Immediate management action has been taken on the notification of the forecast budget overspend position. A specialist external transport provider has been commissioned to undertake a review of SEN transport, including benchmarking analysis and a full review of processes and eligibility criteria to identify potential savings. An interim report is expected by mid-August, with a full report to Members by September/October.

3.6 Education Welfare Services – £85k overspent – This is in the main due to an expected under collection of income from traded services with Schools

Dedicated Schools Grant (DSG) - £3,214k overspend

3.7 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.

3.8 There is a current projected in year overspend in Dedicated Schools Grant (DSG) of £3,214k. This will be added to the £1,139k deficit that was carried forward from 2020/21. This would give a total DSG deficit of £4,353k going forward. It should be noted that the DSG can fluctuate due to pupils requiring additional services or being placed in expensive placements. There is also due to be an adjustment to the carry forward figure for Early Years Prior Year Adjustment. This should be announced during July.

3.9 The unsustainability of the SEN system is a national issue and there are high expectations being set for the DfE's SEND Review which has just been pushed back to Autumn 2021. Nevertheless, officers are seeking to further reduce costs, within the tight constraints of the legal framework. Officers are working on a deficit recovery plan ahead of this being required by the DfE.

3.10 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
Primary Support Team	-67
Home & Hospital	49
Behaviour Support	-40
Education Welfare Officers	26
Other Small Balances	-8
SEN:	
- Placements, Top up and AP	3,490
- Complex Needs Team	-51
- High Needs Pre-school Service	-13
- Sensory Support	-32
- Darrick Wood Hearing Unit	-47
- Outreach & Inclusion Service	-91
- Other Small SEN Balances	-2
Total	**3,214**

3.11 There has been a significant increase in EHCPs issued, all of which have a varying cost attached. The number of EHC Plans as at 31st May 2021 is 3,053, compared to 2,898 in January 2021 (increase of 155), together with an increase of 48 from the start of the 2021/22 financial year.

3.12 There continues to be an increase in the number of CYP who have complex SEMH needs, some of which requiring high-cost placements with significant packages of support

3.13 There have been 3 judgements since the start of the financial year where tribunal judgements

Children's Social Care (CSC) - £419k overspend

3.14 The Children's Social Care division is currently overspending by £419k. The main areas of over/underspend are highlighted in the paragraphs below and in Appendix 1B.

3.15 These figures include the contribution from Bromley Clincial Commissioning Group (BCCG) of £2.35m for 2021/22.

3.16 The budgeted number of children looked after was set at 320 at the start of the financial year rising to 327 (excluding UASC) by the end of 2021/22. The average number has been 330 in the current financial year to the end of May 2021, more than budgeted.

3.17 Placements are overspending by £756k. The profile is slightly different than budgeted with a few more children in residential than expected and more in IFA's leading to an overspend.

3.18 Leaving care is another area with a significant overspend, currently projected at £1,022k. There are 3 or 4 placements that are particularly expensive costing £4k per week each which accounts for the majority of the overspend.

3.19 These figures are offset by a one off contribution of £1.5m from the COVID Contain Outbreak Management Fund (COMF).

3.20 The other main area of risk is staffing. The budget was set on the basis of 85% permanency across all staff in CSC in 2021/22. Levels of Agency staff are currently around the 72% permanent staff, 80% if you include the 'in the pipeline' appointments. There is an allowance for agency staff within the budget, but this may result in a significant overspend if this continues to be lower than expected. As mentioned above there are staff in pipeline to take the figure to 80%, but this figure will also depend on the level of those leaving the organisation.

3.21 Full details of all the over and underspends are contained in Appendix 1.

4. FULL YEAR EFFECT GOING INTO 2022/23

4.1 The cost pressures identified in section 3 above will impact in 2022/23 by £3,327k. 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. RELEASE OF CARRY FORWARD AMOUNTS HELD IN CONTINGENCY BY THE PORTFOLIO HOLDER

5.1 In previous years this process has been managed through the PDS's and carry forwards have been agreed by the respective Portfolio Holders after scrutiny at the PDS. As the PDS are not due to meet for the next few months, PDS's will now not be able to discuss these until September at the earliest. This means that technically any brought forward balance cannot be utilised until that point. In many cases this is not feasible as the expenditure is needed to be incurred straightaway.

5.2 In order to rectify this situation, it was proposed that the Portfolio Holder could agree to the brought forward balances being utilised outside of the PDS process for 2021/22. The brought forward balances will in due course be reported back to the PDS at the next available PDS Committee meeting. On the 15th July the Executive agreed to this approach.

5.3 The carry forwards amounts are listed in Appendix 3.

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 ill 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 2021/22 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 in 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. Appendix 3 shows the carry forward list from 2020/21. 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 £1,706k (£3,327k overspend full year effect). The full year effect will need to be addressed in 2021/22 and 2022/23 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 £1,706,000 for the year.

8.2 The Education Division has an overspend of £1,287k. This is mainly to do with SEN transport.

8.3 Increase in number and complexity of Special Educational Needs and Disabilities - The national increase in EHCPs is widely acknowledged as unsustainable and the rate of increase is accelerating across the country. In Bromley, despite gatekeeping measures, the increase in EHCPs has now reached 17%, higher than the projected increase of 14% used to produce Growth funding assumptions. Additionally, the complexity of children and young people's needs is increasing, particularly Covid-related acute social, emotional and mental health needs, which require specialist provision which is typically costly independent provision outside of Bromley. Transport is often required and although officers seek to minimise costs, transport is often required to meet children's needs.

8.4 Transport provider pressures arising from the Covid-19 pandemic - The number of children requiring transport has increased by circa 17%, but this only accounts for part of the increase in costs. The outgoing Transport Manager reports that the unavailability of drivers has resulted in more expensive providers having to be used from the call off framework. Anecdotally, there are reports from across the UK and in Bromley that a large number of former minicab drivers have moved to delivering parcels and takeaway deliveries which were a significant growth area in the pandemic, resulting in drivers and smaller vehicles not being available. In addition, during the pandemic single transport was required for those vulnerable children attending schools and this further impacted on the cost.

8.5 Immediate management action has been taken on the notification of the forecast budget overspend position. A specialist external transport provider has been commissioned to undertake a review of SEN transport, including benchmarking analysis and a full review of processes and eligibility criteria to identify potential savings. An interim report is expected by mid-August, with a full report to Members by September/October.

8.6 There is a current projected underspend in DSG of £3,214k. This will be added to the £1,139k carried forward from 2020/21. This gives us an estimated DSG deficit balance of £4,353k into the new financial year.

8.7 A review of High Needs Funding Bands has commenced, with oversight from the SEND Governance Board and CEF PDS. This will consider how the funding bands can be simplified and to identify where any savings can be made. We continue to work on increases to local specialist provision, including the special free school and increases in Additionally Resourced Provisions, which are specialist classes within mainstream schools.

8.8 In Children's Social Care the overspend is £419k. This figure has partially been offset by using one off COVID COMF funding to reduce the in year overspend by £1,500k

8.9 The ongoing impact of C19 on Children Services continues especially in respect of contacts into our MASH – these continue to remain around 1,000 contacts per month compared to around 600 in April 2020. The courts are still suffering with the backlog and final hearings now being scheduled for 2022 resulting in children remaining in the care system until that decision is made. The courts continue to be risk averse in making supervision orders even for those Special Guardians. Such moves result in social work time and increased caseloads restricting the flow as we have done pre pandemic. There are currently 102 children waiting outcomes. Many of these children's final care plans for permanency are either SGO or Adoption resulting in around 28 children who will come out of the system and would be closed to the LA. The fallout from this pandemic will continue for some considerable time to come particularly in relation to the increasing referral rate and complexity of the children coming into care. The increase in mental health and wellbeing amongst young people has resulted nationally in an increase in suicide and suicidal ideation and with the lack of CAMHS and adult mental health services the risk and support is falling to the Local Authority. To ameliorate this because the Local Authority has no option, we have used the Covid funding to recruit two mental health practitioners to support our children.

8.10 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 as we move forward over the next year to 12 - 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.

8.11 We are now visiting families physically with very few virtual visits which only occur if families are isolating. With these visits staff are identifying how fragile families are and how their networks have fallen away resulting in an increase in Child In Need cases. Our Early intervention service for the first time ever has seen waiting lists of 60 plus and as such have pivoted to develop a light touch assessment for some families to ensure that they are supported, preventing crisis and routes into the statutory services.

8.12 Many of the families referred in recent months have not been known to the Local Authority before and is an indication of the impact of Covid where prior they would be reliant on families, friends, networks and community – such referrals are not light touch but many have resulted in immediate escalation through to the courts particularly where immobile babies and young children are being harmed. CLA numbers remain high and are at higher levels than were budgeted.

8.13 There has been increased requests for support particularly in CWD and with slow opening of the respite provision managed by health partners this has increased demand on additional support packages to try and prevent children with complex disabilities entering the care system. One child entering the system can be at a conservative cost of 300 – 400K per year. CWD have seen a significant increase in children with disabilities coming onto care despite the innovative and expensive care packages put in to support with health provision short breaks. Families resilience has been impacted and particularly children with profound and complex health and challenging sometimes aggressive behaviour.

8.14 We were cautious in relation to closing cases which was acknowledged as good practice by Ofsted, and 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. We continue to review all CIN cases open over 9 months via our CIN Panel to ensure that we are either able to close or step down. However stepping down to EIS causes increase in the already waiting list.

8.15 The continuation of the new variant continues to have impact and whilst the increasing numbers of infection do not warrant hospitalisation it continues to place strain on families who are required to isolate if found to be positive.

8.16 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 and competitive salaries being paid at this time

ii) Limited supply and increasing costs of residential placements – including the specialist placements for very complex young people. For example Bromley has had in the last 2 years reduced its use of residential mother and baby placements but we have seen an increase in this area with the courts directing such placements which impacts on the cost of our placements budget . The cost of such placements is high and then with the delay to final hearing families are being retained in these placements beyond the assessment.

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 partner agencies being redeployed and reducing their contact with families leaving the LA solely responsible.

vii) Long term closure of short breaks throughout 2020/21 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.

xi) Responsibility of Virtual School (VS) in relation to supporting any child adopted living within Bromley entitled to support – this support can be requested from families and schools and with the Covid this has increased significantly stretching the VS team

Non-Applicable Sections:	Legal Implications Personnel Implications Customer Implications
Background Documents:	2021/22 Budget Monitoring files in CEF Finance Section

(Access via Contact Officer)	