Report No.
CEF22044

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker:	**PORTFOLIO HOLDER FOR CHILDREN, EDUCATION AND FAMILIES**
Date:	**For Pre-Decision Scrutiny by the Children, Education and Families Policy Development and Scrutiny Committee on 15th June 2022**
Decision Type:	Non-Urgent Executive Non-Key
Title:	**PROVISIONAL OUTTURN REPORT 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 provisional outturn position for 2021/22.

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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 £4,056,000 on controllable expenditure at the end of 2021/22 and consider any issues arising from it: and,

(ii) Note that the Executive on the 29th June 2022 will be asked to agree the net carry forwards as detailed in Appendix 2;

2.2 **The Portfolio Holder is asked to:**

(i) Endorse the 2021/22 provisional outturn position for the Children, Education and Families Portfolio.

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: £62.6m

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 This report provides the provisional outturn position for the Children, Education and Families Portfolio, which is broken down in detail in Appendix 1, along with explanatory notes. This position is provisional and is subject to change following the meeting of the Executive.

3.2 The provisional outturn for the “controllable” element of the Children, Education and Families Committee budget in 2021/22 is an overspend of £4,056k compared to the last reported figure of an overspend of £1,987k which was based on activity at the end of December 2021.

3.3 Senior officers meet on a regular basis to scrutinise and challenge the expenditure position and formulate management action to address any issues.

3.4 There has been an increase in costs and activity in Childrens Social Care (CSC) which has worsened the position since the previous report.

3.5 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 327 in the current financial year, more than budgeted. More children are in the higher end cost placements than budgeted and the service has also seen some considerable high cost placements at the latter end of the year which has increased costs overall.

3.6 Leaving care is another area with a significant overspend. There are increasing numbers in the lower age groups and there are a few placements that are particularly expensive costing in excess of £4k per week each which accounts for the majority of the overspend.

3.7 The other main area of risk in CSC is staffing. Additional staffing costs are in the region of £1m. This is due to higher levels of interims/agency staff, higher staffing costs and continuing temporary staffing beyond budgeted term.

3.8 The budget was set on the basis of 85% permanency across all staff in CSC in 2021/22. Levels are currently around the 83% permanent staff, including the ‘in the pipeline’ appointments. There is an allowance for agency staff within the budget, but this results in a significant overspend.

3.9 The introduction of a new CSC system half way in the financial year has meant that management data was not available, including financial data. Also payments were not able to be made through the system and had to be made manually which caused backlogs in payments. This meant that older data had to be relied upon. This has caused an under projection in costs in the previous budget monitoring report. The reporting element is now being resolved.

3.10 SEN Transport is overspent in the main due 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.

3.11 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. Potential areas of mitigation are being explored which may have an impact on future years. These are being reported to the committee.

3.12 These figures are offset by a one off contribution from the COVID Contain Outbreak Management Fund (COMF)/General COVID Grant and other specific grants. These are detailed in the appendices.

FINAL POSITION

3.13 The £4,056k overspend is summarised in the table below. All of the pressures and savings are further detailed and broken down in Appendix 1B.

DIVISION	**£'000**
Adult Education - Under collection of income, offset by an underspend on running expenses	-16
Schools, Early Years Commissioning and QA - Staffing and running expenses underspend partially offset by under collection of grant	-47
SEN and Inclusion - Overspend in SEN Transport, additional staffing costs in Education Psychology, use of agency staff and additional running costs offset in part by General COVID grant	1,357
Strategic Place Planning - running costs	-17
Workforce Development and Governor Services - under collection of income partially offset by running cost underspends	76
Access and Inclusion - Overspend on staffing, running costs and under collection of income	183
Central Schools Budgets - Recharge overspend offset by corresponding amount in non controllable expenditure	26
Other Strategic Functions - Due to the release of the Education Risk Reserve and underspends in running costs	-791
Bromley Youth Support - Staffing overspends and loss of income offset by underspends in running expenses and the use of grant	15
Early Intervention and Family Support - Underspend on staffing and additional use of grant	-522
CLA and Care leavers - Additional costs of accommodation, increased placement support costs partially offset by COVID related grants	1,200
Fostering, Adoption and Resources - Overspend in residential placements, staffing and running costs partially offset by COVID related grants	245
Referral and Assessment - Support to families and running cost overspends partially offset by COVID related grants	640
Safeguarding and Care Planning East - Public Law Outline costs including pre court assessments and running costs partially offset by COVID related grants	949
Safeguarding and Care Planning West - Overspend on Children with Disabilities, support to families and running costs partially offset by COVID related grants	474
Safeguarding and Quality Improvement - staffing, running costs and an additional contribution to the BSCB partially offset by COVID related grants	284
	4,056

DSG GRANT POSITION

3.14 An element of the Education budget within the Portfolio is classed as Schools' budget and is funded through the Dedicated schools Grant (DSG). Grant conditions requires that any over or underspend should be carried forward to the next financial year.

3.15 The DSG overspend in year is £6,003k. This will be added to the carried forward deficit of £1,139k carried forward from 2020/21. Included in this figure is an increase in the High Needs Block DSG of £1,333k and also a decrease in the Early Years Block DSG allocation of £2,410k. There are some underspends in the Early Years Block that offset these reductions. This gives a total DSG deficit of £7,142k. It should be noted that the DSG can fluctuate due to pupils requiring additional services or being placed in expensive placements.

3.16 The unsustainability of the SEN system is a national issue and there are high expectations being set for the DfE's SEND Review. Officers are seeking to further reduce costs, within the tight constraints of the legal framework.

3.16 Officers are currently working on a recovery plan with DfE as part of their work across the country with Local Authorities with DSG deficit positions and this plan will be considered in due course.

3.17 A summary of the main variations is provided in the table below, and further details and variations can be found in Appendix 2.

	Variations £'000
Early Education	-1,220
Behaviour support	-157
Home & Hospital	299
Special Education Needs	6,010
Grant movements across the blocks	1,077
Other Small Balances	-6
Total	**6,003**

CARRY FORWARDS

3.18 On the 29th June 2022 the Executive will be asked to approve a number of carry forward requests relating to either unspent grant income, or delays in expenditure where cost pressures will follow through into 2022/23. Appendix 2 provides a detailed breakdown of all of the carry forward requests. As you will see from Appendix 2 the carry forwards included in section 1 will have repayment implications if not approved, those in section 2 relate to grants which will not have to be repaid if not agreed but will impact on service delivery in 2022/23. Section 3 are carry forward requests with no grant attached. Future reports to the Portfolio Holder will be required to approve their release.

FULL YEAR EFFECT GOING INTO 2022/23

3.19 Appendix 3 provides a breakdown of any full year implications arising from the final 2021/22 outturn. Overall there are £10,293k of full year effect pressures in 2022/23. These are in the Children's Social Care and Education areas. As part of the budget setting process the majority of these full year effects have been dealt with and additional funding has been added to the budgets for 2022/23. There are still some management actions that have been assumed to be taken that have not delivered in 2021/22. If these are not addressed in 2022/23 then there will be an additional pressure on the budget.

	£'000
SEN Transport	3,666
Residential/Fostering/Adoption placements	2,917
Leaving Care	3,710
	10,293

3.20 Appendix 4 provides a detailed reconciliation of the original 2021/22 budget to the latest approved 2021/22 budget. 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.

DIRECTOR OF CHILDRENS SERVICES COMMENTS

3.21 The overall financial position continues to be very challenging and it is likely that these demand pressures will continue into 2022/23. Like many other Local Authorities, we continue to see the impact of Covid 19 in both the volume of demand and the level of complexity.

3.22 In order to mitigate these pressures we have developed proposals to more effectively manage demands and costs for SEN Transport, if approved these will come into effect and will assist delivery of these services from September onwards.

3.23 We also continue to work with partners to deliver stronger early identification of Mental health concerns for young people which is aimed to reducing the number of cases that escalate into higher cost interventions.

3.24 We continue to promote recruitment and retention of permanent staff as the most effective way of reducing reliance on agency staff. Greater promotion of vacancies on social media, and seeking to keep caseloads manageable for staff will the most effective ways of ensuring consistency and quality of practice as well as reducing costs.

3.25 The Children, Education and Families Portfolio has an overspend of £4,056,000 for the year.

3.26 The Education Division has an overspend of £771k. This figure has partially been offset by using one off COVID funding to reduce the in year overspend. The overspend is mainly to do with SEN transport.

3.27 Initial analysis indicates that there are two main causal factors resulting in the forecast overspend position on transport:

3.28 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.

3.29 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 shared cross-Borough arrangements ceased and this further impacted on the cost. Whilst children are now expected to be in school settings post the lockdown the number of drivers available to pick this up has reduced and forced costs up.

3.30 Immediate management action was taken on the notification of the forecast budget overspend position. A specialist external transport adviser has undertaken a review of SEN transport arrangements, including benchmarking analysis and a full review of processes and eligibility criteria to identify potential savings. This has enabled significant mitigation proposals to be identified as part of the MTFS process, which would offset the forecast pressures on SEN Transport. In addition work has been undertaken by our AD Strategic Performance resulting in predictive work for the next few years. This work will feature in the regular budget challenge with the Chief Executive and the Director of Finance. We have also recently purchased new software that will assist us to review transport routes and seek to reduce and optimise existing routes so that taxi costs can be reduced.

3.31 This is an area of complexity involving children transitioning from pre-school to primary schools and from primary to secondary schools and onward to colleges. Route planning can only take place in September once school places have been confirmed hence the reporting timetable of November.

3.32 There is a current projected overspend in DSG of £6,003k. This will be added to the £1,139k carried forward from 2020/21. This gives us an estimated DSG deficit balance of £7,142k into the new financial year. Adjustments relating to the Early Years DSG funding for 2021/22 and a backdated DSG adjustment for 2020/21 have had an impact. Although there are some underspends to offset these in early years they do not cover the whole reduction in grant. There has also been increases in SEN placements and top up funding that have had an impact. We have recently met with the DfE to set out our plan to manage down the deficit, and they were accepting of these plans.

3.33 The impact of additional legal duties from the SEND Reforms, has led to unsustainable financial pressures on High Needs costs within the DSG. An increase in Government funding (>£5m in 2021/22) is not sufficient to meet the increased costs. We understand that Bromley is one of the last London Boroughs to incur a deficit in the DSG, with some local authorities having deficits in excess of £20m. The legal framework is heavily weighted in favour of parental preference, which is often for independent day and residential provision. Outcomes from Tribunals on the basis of cost are often unsuccessful, incurring further legal additional costs to the Local Authority A further review will be undertaken over the next few months to look at the panel decisions and a greater onus on parents to make use of mediation before moving to tribunal's. The review will also consider the quality of assessments and consideration of what successful challenges the Local Authority may make to the tribunals.

3.34 The number of children and young people requiring an Education, Health and Care Plan and the increase in the complexity of needs is the key driver for increased cost pressures in the SEN placement budget. At 17%, the current growth in EHCPs exceeds the forecast used to project growth funding. In the 2020 calendar year, 453 new EHCPs were issued, up from 274 in 2018 and 352 in 2019. We have sought to commission additional local specialist provision, including a new special free school due to open in 2023, but the needs and tribunal challenges are such that we have no choice but to continue placing children in more costly provision to ensure we are not in default of our legal statutory duties.

3.35 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 continually been delayed and has again now been pushed back further into 2022. 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.

3.36 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.

3.37 In Children's Social Care the overspend is £3,285k. This figure has partially been offset by using one off COVID funding to reduce the in year overspend.

3.38 The ongoing impact of C19 on Children Services continues especially in respect of contacts into our MASH – these continue to remain consistently around 1,000 contacts per month with little sign of a reduction. This compares to around 600 in April 2020 and it is the complexity of need from the families and children that have an added dimension. The courts are still working to fully recover from the backlog and final hearings are now being scheduled for later in 2022 resulting in children remaining in the care system until that decision is made. The courts are only now returning to face to face tribunals since the pandemic but with little court space and Judges there is still pressure to reduce the backlog. The courts continue to be risk averse in making supervision orders even for those Special Guardianship orders, in usual circumstances no order would be expected to be made if an assessment was completed. Such moves result in social work time and increased caseloads restricting the flow as we have done pre pandemic.

3.39 There are currently 88 children waiting court outcomes which is slight reduction from 102 previously. Many of these children's final care plans for permanency are either SGO or Adoption resulting in around 28 children who should 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 and we have seen an increase in care for children with disabilities resulting in double the number to 29 which is included in the total number of CLA. 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.

3.40 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 throughout 2022/23. 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.

3.41 We have returned to face to face visits for some while now. 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.

3.42 We are still experiencing families being referred who have not previously been known to the Local Authority. This 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 and 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.

3.43 There continues to be increased requests for support particularly in CWD which has meant a rise in demand for our short break provision. In response we have sought to increase the number of nights available for the number of families requiring this. Whilst These continued pressures have meant an increase in our looked after population in CWD despite the innovative and expensive care packages put in to support with health provision short breaks. The resilience for some families is now being significantly tested following two years of Covid challenges. This is primarily seen in families for children with profound and complex health and challenging sometimes aggressive behaviour. We review annually the contribution from the CCG and completed this this exercise in November to ensure that we obtain the appropriate contribution from partners to meet the costs of these support packages.

3.44 During the height of the pandemic 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. 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, as we now move back towards a position where “living with Covid” will be the expectation, we will be reviewing how best to respond to continuing needs and demands and to explore how we might support families in a wider range of ways that will also involve partners and early help services.

3.45 Throughout the Autumn we experienced a higher number of positive cases within the younger generation and whilst the increasing numbers of infection do not necessarily warrant hospitalisation it continues to place strain on families. With the roll out of the vaccine to children 12 years and above it is hoped this will stem some of the issues.

3.46 The risks in the Children, Education & 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) Whilst we have seen partner agencies returning to their usual practice there is still high anxiety amongst them in relation to referrals and hesitancy in ownership around cases being closed to the statutory services and the universal services being 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. We will not know the impact of this change for up to 12 months.

4. POLICY IMPLICATIONS

4.1 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.

4.2 The "Building a Better Bromley" objective of being an Excellent Council refers to the Council's intention to ensure good strategic financial management and robust discipline to deliver within our budgets.

4.3 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 2022/23 to minimise the risk of compounding financial pressures in future years.

4.4 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.

5. FINANCIAL IMPLICATIONS

5.1 The financial implications are in the body of the report. A detailed breakdown of the projected outturn by service area in shown in appendix 1(a) with explanatory notes in appendix 1(b). Appendix 2 outlines the requested carry forwards to 2022/23. Appendix 3 shows the latest full year effects and Appendix 4 gives the analysis of the latest approved budget.

5.2 Overall the current overspend position stands at £4,056k (£10,293k overspend full year effect). The full year effect will need to be addressed in 2022/23 in due course.

Non-Applicable Sections:	Legal, Personnel and Customer Implications
Background Documents: (Access via Contact Officer)	2021/22 Budget Monitoring files in CEF Finance Section