

Decision Maker: PORTFOLIO HOLDER FOR CHILDREN, EDUCATION AND FAMILIES

Date: For Pre-Decision Scrutiny by the Children, Education and Families PDS Committee on 4th October 2022

Decision Type: Non-Urgent Executive Non-Key

Title: BUDGET MONITORING 2022/23

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Chief Officer: Director, Children, Education and Families

Ward: All Wards

1. Reason for report

- 1.1 This report provides the budget monitoring position for 2022/23 based on activity up to the end of July 2022.
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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 £5,294,000 is forecast on the controllable budget, based on information as at July 2022;
- (ii) Note the full year effect cost pressures of £7,192,000 in 2023/24 as set out in section 4;
- (iii) Note the comments of the Department in section 9 of this report; and,
- (iv) Refer the report to the Portfolio Holder for approval.

2.2 The Portfolio Holder is asked to:

- (i) Note that the latest projected overspend of £5,294,000 is forecast on the controllable budget, based on information as at July 2022.
- (ii) Agree the release of amounts carried forward from 2021/22 as set out in section 5; and
- (iii) Recommend that Executive agree the release of funds from the Central Contingency as set out in section 6.

Corporate Policy

1. Policy Status: Not Applicable
 2. BBB Priority: Health and Integration
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Financial

1. Cost of proposal: Not Applicable:
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre: CEF Portfolio
 4. Total current budget for this head: £50,721k
 5. Source of funding: CEF approved budget
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Staff

1. Number of staff (current and additional): 1,208 Full time equivalent
 2. If from existing staff resources, number of staff hours: N/A
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Legal

1. Legal Requirement: Statutory Requirement
 2. Call-in: Applicable: Portfolio Holder Decision
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): The 2022/23 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 2022/23 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 £5,294k. 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 - £43k overspend

- 3.3 Overall the position for Education is a predicted £43k overspend. The main areas of movement are as follows: -
- 3.4 In SEN and inclusion there is an underspend in the in-house nurseries because one has temporarily closed due to shortage of staff. This has resulted in staffing savings offset by a loss of income. Overall the position is a net underspend of £123k
- 3.5 The trading side of the Education Psychology Service is experiencing an overspend due to more expensive agency staff being used to provide the sold service. This is being offset by underspends in staffing as vacancies are filled. Overall the position is a £128k overspend
- 3.6 SEN Transport is predicted to overspend on the routes by £755k. There is also an additional cost of £20k for a new transport database system. This is partially offset by underspends on staffing and additional income generation of £224k giving an overall figure of £531k.
- 3.7 However as part of the budget setting process £1m was set aside in contingency for additional SEN Transport costs. It is assumed that this will be drawn down in due course which will net this figure off to zero.
- 3.8 A recent report to the Executive has been presented and the action plan was agreed, along with additional budget for the service. Routes are currently being reorganised and optimised as part of this. Further clarity on the routes and the costs will be available in the next budget monitoring report.

Dedicated Schools Grant (DSG) - £4,254k overspend

- 3.9 An element of the Education Budget is classed as Schools' Budget and is funded by the Dedicated Schools Grant (DSG). Grant conditions require that any over or under spend should be carried forward to the next financial year.
- 3.10 There is a current projected in year overspend in Dedicated Schools Grant (DSG) of £4,254k. This will be added to the £7,142k deficit that was carried forward from 2021/22. There has also been a reduction in our 2021/22 Early years DSG of £178k which also causes additional pressures in year. This gives an estimated DSG deficit at the end of the year of £11,574k.
- 3.11 Although additional grant was given by DfE including £2.4m additional Supplementary grant, demand continues to outstrip funding. Bromley was one of the last authorities in London to fall into a deficit position regarding its DSG. The overspends are in the main in the high needs block area and are related to the cost of placements in all types of education settings.
- 3.12 The unsustainability of the SEN system is a national issue and there are high expectations being set for the DfE's SEND Review. 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.

3.13 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
Additional grant set aside for placements	-1,778
Primary Support Team	-75
Home & Hospital	200
Other Small Balances	11
SEN:	
- Placements, Top up and AP	5,733
- Support ion FE colleges	221
- Complex Needs Team	-10
- High Needs Pre-school Service	12
- Darrick Wood Hearing Unit	-40
- Early Support programme	-54
- SEN staff	21
- Other Small SEN Balances	13
Total	<u><u>4,254</u></u>

3.14 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 July 2022 is 3,427, compared to 3,005 on 1st April 2021 (increase of 422).

3.15 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. Officers a, as part of the Deficit recovery plan, are looking into various options to tray and mitigate the impact of the deficit.

Children's Social Care (CSC) - £5,251k overspend

3.16 The Children's Social Care division is currently overspending by £5,251k. The main areas of over/underspend are highlighted in the paragraphs below and in Appendix 1B.

3.17 These figures include the contribution from Bromley Clincial Commissioning Group (BCCG) of £2.35m for 2022/23.

3.18 A challenging target for the budgeted number of children looked after was set at 305 at the start of the financial year (excluding UASC), rising to 310 by the end of 2022/23. The average number has been 321 in the current financial year to the end of July 2022 (with July being 326), broadly 15 more than currently budgeted. The CLA per 10,000 figures for Bromley continue to be lower than statistical neighbours.

3.19 Placements are overspending by £3,129k. 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. The trend is seeing this continue as children are presenting with higher end needs than in previous years although the levels of Children Looked After (CLA) appears to be levelling off. Officers are looking at further actions that can be taken to mitigate against this Further management actions have been removed which has also led to an overall increase in this area.

3.20 The other main area of risk is staffing. Additional staffing costs are in the region of £1.6m. This is due to higher levels of interims/agency staff, higher staffing costs and continuing temporary staffing beyond budgeted term.

- 3.21 The budget was set on the basis of 90% permanency across all staff in CSC in 2022/23. Levels are currently around the 80% permanent staff, including 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 82%, but this figure will also depend on the level of those leaving the organisation. Like many other professions, recruitment into these roles is becoming increasingly challenging.
- 3.22 The number of public Law Outline (PLO) cases remains at previous increased levels (113 in July 22). These demands continue to impact spend and contribute to a predicted overspend of £755k. Officers have put into place measures to ensure thresholds for legal action are carefully scrutinised and reviewed.
- 3.23 The introduction of a new CSC system has meant that there has been periods where financial data has been difficult to access. This had also meant that payments were not able to be made through the system and had to be made manually which caused backlogs in payments. The work to fully resolving these difficulties are now close to being completed.
- 3.22 Full details of all the over and underspends are contained in Appendix 1.

4. FULL YEAR EFFECT GOING INTO 2023/24

- 4.1 The cost pressures identified in section 3 above will impact in 2023/24 by £7,192k. 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 and the economic impact of the war in Ukraine continue to remain 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. AGREEMENT TO RELEASE AMOUNTS CARRIED FORWARD FROM 2021/22 BY THE PORTFOLIO HOLDER

5.1 Broadband at Poverest - £6k

The location of the Poverest Site has meant significant delays to the installation of the new service. The site is situated a considerable distance from the road where all the main cabling is located. This had led to the need for more detailed surveys and analysis by BT and the service provider. However, progress is now being made and we hope to see an installation before the start of the next academic year.

5.2 Wellbeing for Education - £6k

Mental Health and Wellbeing is a key priority in Education, following what has been a challenging couple of years for our children, young people and families. We continue to work closely with partners and have sought to maximise support by enhancing and complementing the existing initiatives for mental health and wellbeing for children and young people affected by the anxieties related to the pandemic and return to school.

In collaboration with our partners, we have developed a comprehensive Mental Health and Wellbeing offer, including the toolkit for schools, working with the Anna Freud centre to deliver

the LINK programme and collaborative efforts with local MH services to set out the Local Area's Mental Health and Wellbeing Lead Network for schools. We are keen to continue this work further, using the WER grant from the DfE.

The remaining funds is proposed to be utilised in the following manner:

- £1,700 training offer to all LBB staff working with families and children from Trauma informed schools – also available to school colleagues and MHWLs
- £1,521 membership to all MHWLs and relevant council colleagues for access to evidence-based and led research, webinars and courses related to Mental Health and Wellbeing for families, pupils, parent/carers and professionals
- £2,600 to support and facilitate engagement and input from children, young people and adults with SEND and MH needs to further develop our services to be fit for purpose

5.3 Deed settlement for Hawes Down site £12dr & £12kcr

The funding was received from the DfE as part of a Deed Settlement following Langley Park Free School's temporary use of the Hawes Down Centre. Terms of Deed of Settlement include that the funds can only to be spent on the centre, and not to carry forward the funding would be a breach of the legal agreement.

5.4 Virtual School Children in Need (CIN) grant £63kdr & £63kcr

This money was part of £100k allocated to virtual school to carry out the new duties – the guidance says that the money only needs to be allocated by March. A plan is in place that carries through the academic year September to August. The money has been committed again for 2022-23 so we will be able to roll this plan forward.

The largest proportion of the funding is to cover salaries. the remaining funds are being used to collect attendance data for CP children.

The carry forward is essential for us to carry out our new duties effectively. We know from colleagues in other LA's that OFSTED are checking on this work.

5.5 Virtual School Previously Looked after Children (PLAC) grant £93kdr & £93kcr

This grant was unable to be spent in year in the main due to recruitment issues. Staff have now been recruited.

The grant will also be used to increase the Educational Psychology (EP) time and on the new specialist EP.

The services will be spread as necessary over all the children we work with but for the first time we will be using this to support our previously looked-after children. The funding will also be spent on promotion, training and materials as well as some on interventions as necessary.

5.6 Tackling Troubled Families Grant £334kdr & £334kcr

The new programme, Supporting Families; Investing in Practice, will help families work on issues together, including those impacted by domestic violence, substance misuse or addiction, in order to help create stability in the home for young people and prevent them being taken into care, where that is in their best interests. This is part of wider Government work to improve outcomes for children in need of support of a social worker, by creating home and school environments in which they can thrive.

5.7 Early Intervention and Family Support (EIFS) waiting list and volumes £90k

Funding was agreed in 2021/22 for temporary funding to support the Early Intervention team and the backlog and ongoing volumes. In the service. There has been a delay in recruitment which has now taken place so the funding is required to support the costs of the temporary staff in 2022/23.

5.8 Mayor's Office for Policing and Crime (MOPAC) choices grant £75k

The full amount of the YC monies has not been spent as yet from 21/22 as funding was only received in two tranches, at the end of January 22 and the end of March 22, so almost into the current year 2022/23.

A sizeable chunk of the spend will be on recruiting a back fill managerial post to the Thrive Team as the Thrive manager is leading on the YC initiative and the impact upon Thrive is considerable .

It is however a specialist post and is proving to take longer than anticipated to appoint. Not dissimilar to many therapeutic type posts we are seeing in other services and in Health services.

6. REQUESTS FOR DRAWDOWNS FROM CENTRAL CONTINGENCY

6.1 Additional Social Workers re: caseloads (£2.4m over 4 years)

This proposal seeks investment of £2.4 million over four years to allow for the initial recruitment of 20 additional SW posts. We will recruit 20 new posts in year one, and then reduce back down by 5 SWs in each subsequent year of the additional funding. We feel that the initial additional investment will allow a return to lower caseloads, which in turn will assist in making effective interventions with families that can lead to better and safer outcomes and ensure we are not involved in the lives of families for so long. These efficiencies will allow us to work more effectively and so gradually return to the current staffing numbers over the course of the funding.

A separate report with further detail has gone to the Executive for approval.

6.2 Temporary increase in Children in Need (CIN) Social workers (£250k)

A one-off figure of £250k to fund the temporary funding of two short-term teams of Social Workers between June and December 2022 to assist in meeting current/immediate demand to reduce caseloads and to strengthen practice. This resource will allow caseloads to reduce in the short/medium term whilst recruitment activity for the larger financial support package can be activated.

A separate report with further detail has gone to the Executive for approval.

7. POLICY IMPLICATIONS

7.1 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.

7.2 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.

- 7.3 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.
- 7.4 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.

8. FINANCIAL IMPLICATIONS

- 8.1 A detailed breakdown of the projected outturn by service area is shown in appendix 1(a) with explanatory notes in appendix 1(b). Appendix 1 (c) shows the latest full year effects. Appendix 2 gives the analysis of the latest approved budget. Other financial implications are contained in the body of this report and Appendix 1b provides more detailed notes on the major services.
- 8.2 Overall the current overspend position stands at £5,294k (£7,192k overspend full year effect). The full year effect will need to be addressed in 2022/23 and 2023/24 in due course.
- 8.3 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.

9. DEPARTMENTAL COMMENTS

- 9.1 The Children, Education and Families Portfolio has an overspend of £5,294,000 for the year.
- 9.2 The Education Division has an overspend of £43k. 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.
- 9.3 Initial analysis indicates that there are a number of causal factors resulting in the forecast overspend position on transport:
- An 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).
 - 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.

- 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 reduced availability of drivers has resulted in more expensive providers having to be used from the call off framework.
- 9.4 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 has been incorporated into subsequent budget challenge discussions.
- 9.5 There is a current projected overspend in DSG of £4,254k. This will be added to the £7,142k carried forward from 2021/22. This gives us an estimated DSG deficit balance of £11,574k into the new financial year. 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.
- 9.6 We have recently met with representatives from the DfE to set out our deficit recovery plan which they have approved.
- 9.7 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 are aware 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. We continue to assess all cases carefully and with a view to carefully balancing the education needs of young people and ensuring the best value for money from specialist education placements. Where it is appropriate to do so we continue to defend our decisions at Tribunal.
- 9.8 In the 2021 calendar year, 476 new EHCPs were issued, up from 274 in 2018 and 352 in 2019. In the first 7 months of 2022 we have issued 214 new EHCP's. 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.
- 9.9 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.
- 9.10 In Children's Social Care the overspend is £5,251k.
- 9.11 The ongoing impact of C19 on Children Services continues especially in respect of contacts into our MASH – these continue to remain consistently around 1,100 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.

9.12 There continues to be a high level of demand 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.

9.13 The risks in the Children, Education & Families Portfolio are:-

- Recruitment and retention of permanent staff/ ability to recruit skilled staff for the posts vacant and competitive salaries being paid at this time
- Limited supply and increasing costs of residential placements – including the specialist placements for very complex young people. 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.
- Increased complexity of children (SEND).
- Shortage of local school places (particularly for Specialist schools).
- Increasing High Needs Block expenditure not matched by a commensurate increase in Government Grant.

Non-Applicable Sections:	Legal Implications Personnel Implications Customer Implications
Background Documents: (Access via Contact Officer)	2022/23 Budget Monitoring files in CEF Finance Section