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<b>Decision Maker:</b>	<b>CHILDREN, EDUCATION AND FAMILIES BUDGET SUB-COMMITTEE</b>		
<b>Date:</b>	<b>19 January 2023</b>		
<b>Decision Type:</b>	Non-Urgent	Non-Executive	Non-Key
<b>Title:</b>	<b>CHILDREN, EDUCATION AND FAMILIES PORTFOLIO DRAFT BUDGET 2023/24</b>		
<b>Contact Officer:</b>	David Bradshaw, Head of Finance, Children, Education and Families Tel: 020 8313 4807 E-mail: David.Bradshaw@bromley.gov.uk		
<b>Chief Officer:</b>	Director of Finance		
<b>Ward:</b>	All Wards		

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1. Reason for report

- 1.1. The prime purpose of this report is to consider the Portfolio Holder's Draft 2023/24 Budget which incorporates future cost pressures and initial draft budget saving options which have been reported to Executive on 18<sup>th</sup> January 2023. 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 2023/24 Council Tax levels.
- 1.3. There are still outstanding issues and areas of uncertainty remaining. Any further updates will be included in the 2023/24 Council Tax report to the next meeting of the Executive.

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2. **RECOMMENDATIONS**

2.1 **The Children, Education and Families Budget Sub-Committee is requested to:**

- i) **Consider the update on the financial forecast for 2023/24 to 2026/27;**
- ii) **Consider the initial draft 2023/24 budget as a basis for setting the 2023/24 budget; and**
- iii) **Provide comments on the initial draft 2023/24 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: £66,980k (draft 2023/24 budget)
  5. Source of funding: Draft revenue budget for 2023/24
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## Personnel

1. Number of staff (current and additional): Full details will be available with the Council's 2023/24 Financial Control Budget to be published in March 2023
  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 2023/24 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. The Draft 2023/24 Budget enables the Council to continue to deliver on its key priorities and the financial forecast enables medium term financial planning. Early decisions should be considered which impact on the medium-term financial plan within the context of meeting 'Making Bromley Even Better'.
- 3.1.2. The Council continues to deliver key services and 'live within its means'. Forward financial planning and financial management is a key strength at Bromley. This report continues to forecast the financial prospects for the next four years and includes the outcome of the Provisional Local Government Finance Settlement 2023/24. It is important to note that some caution is required in considering any projections for 2024/25 to 2026/27 as this depends on the outcome of the Government's next Spending Review as well as the impact of the Fair Funding Review (likely to be from 2026/27).
- 3.1.3. 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. The slowing down of the global economy and many sources of uncertainty has previously resulted in a downgrading of the level of economic growth in the UK economy. It is important to consider the key national issues that could impact on public finances over the next four years. The Covid situation had a dramatic impact on public finances. Not since the second world war has a national emergency affected every business and household in the UK. The economic shock has had no comparisons for over 300 years. As part of the Office for Budget Responsibility report, published with the Autumn Statement, government overall debt is projected to represent 89.9% of Gross Domestic Product (GDP). This is expected to continue to increase and peak at 97.6% in 2026/27, maintaining a level not seen since the early 1960s. The next few years remain uncertain economically and fiscally, given that GDP is expected to fall in 2023/24 but deliver an overall increase of 2.6% per annum by 2026/27. These economic factors could impact on the funding available for local government. The Spending Review provided a one-year settlement which leaves considerable uncertainties over future years, with some limited assurances for 2024/25. However local government funding is currently expected to fall from 2025/26.
- 3.1.4. Local Government has borne the brunt of austerity and savings compared with other areas of Government expenditure from 2009/10 till 2019/20 (10 years) and had a 'rollover plus' one-year financial settlement for 2020/21, 2021/22 and 2022/23. For 2023/24 the Council has received a more generous settlement which includes additional funding for social care, including the repurpose of Adult Social Care Reform monies and a new Adult Social Care Grant. However, this needs to be considered in the context of the 'new normal' (post Covid), significant increases in inflation since 2022/23 and the considerable cost pressures across service areas facing local government. Austerity measures for future years, from 2025/26, will be a consideration but this will depend on the need for a sustainable economic recovery. It is currently predicted that it could take more than a decade to return UK public finances to full health. Therefore 'flat' real terms funding for councils may be the best-case scenario from 2025/26. The Government will need to address the impact of the public finances from the Covid situation. Although, the Government did give positive recognition of the need for funding for local government, as part of the 2023/24 Provisional Local Government Finance Settlement, funding may remain 'unprotected' and the impact of additional funding for NHS and other 'protected' services results could lead to future real term funding reductions remaining for local government. Even if funding levels are maintained the ongoing demographic and other costs pressures are unlikely to be matched by corresponding increases in government funding.

- 3.1.5. The Provisional Local Government Finance Settlement 2023/24 mainly provides funding proposals for one year only and the financial forecast assumes that various elements of the additional funding will continue in future years.
- 3.1.6. The Budget Strategy has to be set within the context of ongoing cost and demographic pressures not being matched by Government or other external funding with potential Government funding reductions in the medium and longer term. There is an on-going need to transform 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 medium-term budget gap as the gap could increase further.
- 3.1.7. Bromley has the second lowest settlement funding per head of population in 2023/24 for the whole of London, giving us £118 per head of population compared with the average in London of £314 – the highest is £533. 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 four other low grant funded boroughs, our income would increase by £30.2m. The lower council tax level has been achieved by having a below average cost per head of population in outer London. The Council continues to express 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 over £120m since 2011/12 but it becomes more challenging to achieve further savings with a low-cost base.

## **3.2. SUMMARY OF FINANCIAL FORECAST**

- 3.2.1. Details of the financial forecast are provided in the Draft 2023/24 Budget and Update on the Council's Financial Strategy 2023/24 to 2026/27 report to the Executive on 18th January 2023.
- 3.2.2. Even though the draft budget would be broadly balanced next year, the future year's budget gap is projected to increase to £29.6m per annum by 2026/27. Without any action to address the budget gap in future years additional reserves will need to be used with the risk of the budget gap increasing in future years and becoming unsustainable.
- 3.2.3. In the financial forecast, after allowing for inflation, council tax income and other changes there is an unfunded budget gap from 2026/27 partly due to net service growth/cost pressures. 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.

## **3.3. CHANGES SINCE THE 2022/23 BUDGET THAT IMPACT ON THE DRAFT 2023/24 BUDGET AND FINANCIAL FORECAST**

- 3.3.1. The 2022/23 Council Tax report reported to Executive in February 2022 identified a significant "budget gap" over the four-year financial planning period. Some key changes are summarised below.
- 3.3.2. The Local Government Finance Settlement 2023/24, which covers 2023/24 continues to provide a significant improvement in funding for local government and combined with 2021/22 and 2022/23 represented the most positive funding proposal for local government since austerity began 12 years ago. The latest 2023/24 settlement provides a continuation of real increases in funding although this is retaining reliance on the utilisation of the ASC precept (2% increase) to support cost pressures in social care. It has also provided retention of One-Off Services Grant (reduced from £2.652m in 2022/23 to £1.494m in 2023/24, repurposed Adult Social Care Reforms funding (£5.9m (net) in 2023/24 rising to £8.4m (net) per annum from 2024/25),

additional funding towards social care costs (£3.9m in 2023/24 rising to £6.6m in 2024/25) and inflation cover for the Council's business rate share (£4.1m).

- 3.3.3. The additional funding is welcomed but this has to be considered against the highest inflation levels for 41 years and ongoing cost/service pressures. Uncertainty remains on the level of funding beyond 2024/25. The forecast assumes that the level of core grant funding will not reduce from 2025/26.
- 3.3.4. Historically, the main measure of inflation for annual price increases for the Council's contracted out services was Retail Price Index (excluding mortgage interest rates) i.e., RPIX. However, more recent contracts use Consumer Price Index (CPI). The RPIX is normally at least 1% above the Consumer Price Index (CPI) level. The Draft 2023/24 Budget assumes contract price increases of 8.0%, in 2023/24 reducing to 4.0% in 2024/25 and 2% per annum from 2025/26, which compares with the existing CPI of 10.7% (13.9% for RPIX) - inflation is at its highest level for 41 years. The Bank of England reported that CPI inflation remains elevated at over 10% in the near term'. They also state that 'CPI inflation is expected to remain close to 11% through the remainder of Q4. It then eases towards 10% in 2023 Q1, before falling further in subsequent quarters'. However the Monetary Policy Committee (MPC) views 'that the risks to the inflation projection are skewed to the upside'.
- 3.3.5. The Draft 2023/24 Budget and financial forecast includes significant growth/cost pressures, with the net impact reduced to reflect mitigation assumed of £14.1m in 2023/24 rising to £26.8m per annum from 2026/27. Any reduction in the delivery of the mitigation savings could have a significant detrimental impact on the Council's budget gap and the contingency sum provides some funding support towards delivering a balanced budget in the medium term. 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 changes and the potential impact of other public agencies identifying savings or new cost burdens which impact on the Council's costs it is essential to retain an adequate sum to partly mitigate such cost risks. The uncertainty of future arrangements for Adult Social Care reforms adds to that risk. 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.
- 3.3.6. 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. Even with the additional income identified in this report the Council will need to plan for significant changes including the impact of a recession and the 'new normal'. 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 over £120m per annum since 2009/10 and 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. Considering the core statutory minimum service requirements, Chief Officers continue to undertake the transformational review across all services, focusing on higher spend services first with options being presented to future meetings. The ongoing transformation review will be a key consideration in addressing the budget gap over the next four years.

3.3.7. The current Children, Education and Families Portfolio Draft 2023/24 Budget includes the full year effect of Phase 2 and the current Phase 3 Transformation Savings, totalling £424k in 2023/24 increasing to £890k per annum from 2026/27. A summary of the savings is provided below with more details within Appendix 1.

### Transformation Savings

	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000
<b>Full year effect of previous years transformation</b>				
Emergency Foster Placements	-79	-158	-158	-158
SEND Transport	-50	-50	-50	-50
Adult Education income generation	13	16	16	16
<b>New Transformation for 2023/24</b>				
Youth Services review	-125	-250	-250	-250
0-25 Transitions Service	-100	-200	-300	-300
Maintained Nurseries to work under a commercial model	-68	-133	-133	-133
Fees and charges	-15	-15	-15	-15
<b>Total</b>	<b>-424</b>	<b>-790</b>	<b>-890</b>	<b>-890</b>

3.3.8. This key work continues, and further proposals will be reported to Members in the future as part of addressing the four-year financial forecast and meeting the 'budget gap' whilst ensuring key priorities are met.

3.3.9. There remain significant cost/growth pressures impacting on education, High Needs Transport, housing, adults and children's social care as well as opportunities for the mitigation of costs. For this Portfolio, there are additional costs relating to SEN Transport, placements and children social care staffing. The financial forecast elements for CEF are summarised below.

	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000
Growth/cost pressures	28,737	36,411	43,133	49,021
Mitigation	-483	-794	-1,141	-1,241
Offset by DSG grant/deficit reserve	-20,802	-28,100	-34,062	-39,400
<b>Net additional costs</b>	<b>7,452</b>	<b>7,517</b>	<b>7,930</b>	<b>8,380</b>

3.3.10. It remains essential that there is the ongoing scrutiny and review of growth/cost pressures, which are mainly unfunded beyond 2024/25 with options to help achieve a balanced budget, including any mitigation over the financial forecast period.

### 3.4. DETAILED DRAFT 2023/24 BUDGET

3.4.1. Detailed draft 2023/24 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 have been 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 2023/24 Revenue Budget for the Portfolio showing actual 2022/23 expenditure, 2022/23 budget, 2023/24 budget and overall variations in planned spending between 2022/23 and 2023/24;
- A summary of the main reasons for variations per Portfolio in planned spending between 2022/23 and 2023/24 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. The 2023/24 Budget includes significant additional income from the review of fees and charges and Chief Officers will continue to review fees and charges for 2024/25 and beyond 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 may need to be 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 2023/24 Budget represents the fourth year of savings from the Transformation Programme (see section 6.6). 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.

### **3.7. HOMES FOR UKRAINE**

- 3.7.1. The Government announced in mid-December 2022 additional funding in 2023/24, following the first year of funding which includes an increase in the monthly support provided to host families from £350 per month to £500 per month as well reducing the one off 'council tariff' for new arrivals after 1st January 2023 (revised to £5,900) and retain the existing Education tariffs for new arrivals.

### **3.8. SCHOOLS BUDGET**

- 3.8.1. 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).
- 3.8.2. 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:-

<b>PROVISIONAL DSG FUNDING</b>					
	<b>Schools</b>	<b>High Needs</b>	<b>Early Years</b>	<b>Central</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
2022/23	245,142	67,544	21,011	2,091	335,788
2023/24 (provisional)	257,152	74,086	22,252	2,046	355,536
Variation	<b>12,010</b>	<b>6,542</b>	<b>1,241</b>	<b>-45</b>	<b>19,748</b>

- 3.8.3. The figures in the table above are provisional and subject to change once DfE issue any updates in due course.
- 3.8.4. The Schools Block has risen by £12m. This is due to an increase in the per pupil unit of funding and increases in the population figures. This includes the previous year supplementary grant of £7.1m which was paid as a separate grant in 2022/23. Allowing for the £7.1m grant the funding increase is £4.9m. The majority of this funding will be top sliced and returned to DfE to fund Academy Schools.
- 3.8.5. There has also been an announcement of additional supplementary grant of £8.754m for 2023/24 for schools. This was originally to provide support for the costs of the Health and Social Care Levy and wider costs. This will be distributed as a separate grant in 2023/24 only as the intention is to integrate this into the DSG from 2024/25 onwards.
- 3.8.6. The High Needs Block is seeing pressures coming through the system. Nationally the Government were seeing some authorities building up high levels of deficit reserves. This particular funding issue has been acknowledged, and further funding committed for 2023/24.
- 3.8.7. The DSG allocation has resulted in an increase in high needs block funding of £6.5m for Bromley. £2.9m of this amount was announced in the Autumn spending review in recognition of increases in costs above and beyond the previous spending review and is intended to reflect likely cost increases local authorities and special schools will face in the provision for children and young people with high needs.
- 3.8.8. DfE has stipulated how this funding can be distributed to maintained special schools, special academies, pupil referral units and AP academies and therefore there are some restrictions on the use of this additional grant. The previous year's supplementary grant of £2.4m has been merged into the 2022/23 baseline figure
- 3.8.9. The remaining £3.6m is due to increases in per pupil funding and the increase in pupils themselves.
- 3.8.10. 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 2024/25.
- 3.8.11. Early Years funding has increased by £1.241m. DfE have increased the part time equivalent (PTE) rates by 60p per hour for two-year-old funding and 29p per hour for three- and four-year-old funding for 2023/24. This has increased the grant by £1.227m. The assumption for volumes of hours (PTE's) remains the same for 2023/24 as the latest volumes for the 2022/23 DSG as DfE use January 2022 data. However this will change once the January 2023 census is



published which will affect the figures. The remaining £14k increase is due to increases in Early Years Pupil Premium (EYPP) and Disability Access Funding (DAF).

3.8.12. The Central Block has decreased by £45k. The per pupil rate fell by 2.5% (the equivalent of a loss of £52k). £7k of additional grant was received due to the increase in pupil numbers. There continues to be pressures in the Central Schools DSG due to funding shortfalls. Last year the Council used £460k of core LBB funding to underpin this expenditure. A further £50k is being proposed for 2023/24 bringing the total Council core funding to £510k.

### **3.9. POSITION BY DEPARTMENT – KEY ISSUES/RISKS**

#### **Overall Demand Pressures**

3.9.1. Although the impact of Covid on the practical aspects of delivering services to young people have now largely receded we continue to experience a range of challenges in terms of safeguarding for our most vulnerable children these are as follows.

- Continued pressures on the number of children needing to come into care due to issues of either their own emotional health or their parenting being adversely impacted by the mental health problems of their parents.
- We continue to experience pressures in identifying some specialist placements for complex needs children where their home situation is unable to be sustained due to the complexity or severity of their needs and these placements costs are at the high end.
- We are also experiencing additional pressure in relation to the cost of residential placements. The past year has seen the significant rise in the cost of all placements, but this is most pronounced in specialist residential accommodation. We have seen a 15-17% rise in costs in the past year. This is driven by both the increases in inflation and the cost of living, but is also driven by the market position of increased demand and a fixed number of specialist beds in the system.
- Over the past year we have also experienced significant pressures in relation to the recruitment and retention of staff. This has led to an increased reliance on agency staffing. The cost-of-living pressures particularly in the London area are driving staff out of London. This is compounded by many out of London LA's offering increased wages.

#### **Children's Social Care**

##### **Volume in referrals and workload:**

3.9.2. 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 service has continued to be innovative in supporting families through a myriad of online opportunities and face to face through the cost-of-living pressures.

3.9.3. We continue with the challenge to reach out to the older age group in being able to support them before they enter statutory social care including work on disproportionality and how we can support our BAME community.

3.9.4. As previously highlighted, the number and complexity of referrals have increased. Many of the referrals are linked to emotional and mental health concerns.

## **Recruitment of permanent staff**

- 3.9.5. As highlighted earlier, this continues to be a significant challenge. Currently 81% of staff are permanent. Whilst this remains higher than many other London authorities, it is below the figure we have budgeted for, and hence presents a continuing pressure on the staffing budget. Recent exit feedback from staff that have left indicate that the cost of living and working in London is proving to be a factor in decisions to leave. This is particularly the case for many of our younger staff. We also know that some Authorities outside of London and across the south-east are also offering higher salaries or “golden hello” deals.
- 3.9.6. These challenges are most pronounced in our MASH, RAS and Safeguarding services.
- 3.9.7. We have a full contingent of permanent staff in our Looked After Children and Care Leaving service, fostering, SGO and CWD. It is the safeguarding front line services that are the most challenging and this is in line with other London Local Authorities.
- 3.9.8. We continue to seek to promote from within and encourage career progression as a major element of our staff retention approach. We are also in the process of recruiting to 20 staff from South Africa and Zimbabwe.

## **Keeping our caseload promise**

- 3.9.9. Because of the continued rise in demand it has been difficult to maintain our caseload promise at the anticipated levels. Our caseload promise is between 12–15 children and this continues to be challenging with the high number of cases coming through the front door. In order to mitigate this we have secured funding for additional numbers of Social Workers in the MASH, RAS and Safeguarding services. Although the recruitment market remains challenging for all of the reasons outlined above, we are exploring a number of avenues (such as overseas recruitment) as well as regularly reviewing caseloads to move cases to closure/transfer as another way of reducing workloads.
- 3.9.10. Caseloads continued to be monitored closely at a weekly meeting with the DCS and Assistant Director. These meetings focus on how cases can be reviewed, moved and closed to ensure all SW’s retain safe levels of cases.

## **Placement of Children in Care**

- 3.9.11. The DCS and Assistant Director of Children Social Care monitors all requests for children to be accommodated. Agreement on any reception into care NOW sits with the DCS.
- 3.9.12. All children in care are regularly reviewed through the Placement Panel which continues to take place every Friday. We continue to seek and obtain financial contribution from our ICB partners and ensure that the financial split is proportionate. We review our ICB contribution yearly to ensure that ICB financially plan and contribute going forward. We have just completed this exercise and now have a provisional agreement for 2.35 million, plus an additional 500k.
- 3.9.13. Post Covid, the increasing complexity of young people coming into care is testing the suitability of placements and again we have recently been in a position where two young people reached the secure threshold and no placements were available, leaving the LA with not only the risk to bear but finding a high dependency of support workers causing the cost to be above that of a secure placement. – this current cost of such placements is around 10 – 12K per week
- 3.9.14. Bromley continues to be part of the Commissioning Alliance, along with 11 other boroughs. We are currently looking at how membership of this organisation might provide further

efficiencies in our commissioning. Currently the stability of our placements is very good despite the challenging circumstances.

- 3.9.15. Our 4 step down foster carers have now been caring for 5 young people who were high profile, complex and in residential. This resource has ensured good outcomes for young people as well as significant financial savings.
- 3.9.16. We also have a cohort of foster carers who 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. We have now recruited a 5 foster carers to this cohort.
- 3.9.17. Our Staying Together team has continued to work across the service areas preventing children 11- 18 entering care and to date this has been very successful. They have worked with 180 children and only 6 of those came into care. They are currently supporting some young people within the YOS preventing those young people not only becoming looked after but preventing them entering the judicial system. This approach has been so successful that we are currently looking to strengthen this team so that we can prevent a wider cohort of children from needing to enter care.

### **Unaccompanied Asylum-Seeking Children**

- 3.9.18. We are now part of the mandatory National Placement System, and because of the record numbers of refugees coming into the country, this has meant that our overall numbers have increased. We are currently supporting 83 young people (79 last year) 9 under the age of 18 and the rest as care leavers. These young people continue to be vulnerable with trauma's that require specific and skilled work and with C19 has had a more profound impact and effect on their mental health.

### **Education**

- 3.9.19. Over the past year the Adult Education service has seen a significant increase in the numbers of learner wanting to access its services and has bounced back strongly from Covid-19. In particular we have seen a number of Ukrainian refugee residents taking up English and maths courses.
- 3.9.20. Our overall population continues to increase with a particularly increase in the school age population (this was 61,343 in 2018, was 62,108 in March 2021.) Over the period since 2010 this equates to a 9.62% increase. These increases are creating pressure for universal services such as school admissions and school attendance where services are dealing with more children within the same resources. The pressure on funding for alternative provision has been mitigated by the move to a five year commissioning approach, following the Review of Alternative Provision. Nevertheless, the numbers of pupils with complex behaviours that challenge continues to increase, placing a pressure on services. We aim to mitigate this with increased focus on earlier intervention and outreach. Secondary permanent exclusions have reduced significantly, however this will need to be monitored closely.

### **SEN/D (Special Educational Needs and Disability) pressure**

- 3.9.21. The greatest pressure is in the area of SEN/D with an overspend in the DSG (Dedicated Schools Grant) High Needs Block arising from exponential increase in the need for specialist placements. These pressures are in line with other Boroughs across London and England. Between 2016 and 2022, the number of children with special educational needs requiring an EHCP (Education, Health and Care Plan) has increased by 33%, significantly higher than the overall increase in the school age population. In November there were 3,539 Bromley resident children with an EHCP. This is an increase of 216 children in the past 12 months. In 2017,

there were 422 requests for statutory assessment, the which increased to 823 by the end of 2019/20.

- During 2022, the education service has taken a number of actions to seek to manage down these demands. These have included SEND Transport Route optimisation review, to reduce costs and routes and make more effective use of resources
- Expand the Travel Training scheme to ensure more young people travel on public transport
- Review the eligibility for SEND Transport
- Review the eligibility for EHCP assessments.
- Commission 16 additional Special school places within the Borough to reduce reliance on out of borough travel arrangements.

3.9.22. In addition to these measures we continue to use existing resources more effectively to support placements in mainstream schools, as far as possible. Action taken includes:

- Free school bid approved 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. This new school is likely to open in 2024
- Service Level Agreements developed for all Additionally Resourced Provision in mainstream schools to ensure that places are used efficiently.
- 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.

3.9.23. The Education MTFs (Medium Term Financial Strategy) mitigations are predicated on placing more children and young people within mainstream and local specialist provision and over time reducing the number of out of Borough and independent placements. 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 and there is a shortfall of local specialist provision, which the free school will help to address, but not until at least September 2023. 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.

#### **4. IMPACT ON VULNERABLE ADULTS AND CHILDREN**

4.1 The draft 2023/24 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 2023/24 Budget enables the Council to continue to deliver on its 'Making Bromley Even Better' 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 2023/24 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. In coming to decisions in relation to the revenue budget (and the Council Tax), the Council and its officers have various statutory duties. In general terms, the Council is required by the Local Government Finance Act 1992 to make estimates of gross Revenue expenditure and anticipated income, leading to a calculation of a budget requirement and the setting of an overall budget (and Council Tax). The amount of the budget requirement must be sufficient to meet the Council's legal and financial obligations, ensure the proper discharge of its statutory duties, and lead to a balanced budget.

8.2 Schedule 72 to the Localism Act 2011 inserted a new section IVZA in the Local Government Finance 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 Education Act 2005 introduced the concept of a funding period, which allows for the introduction of multiple year budgets rather than the setting of financial year budgets.

8.4 Executive is being requested to delegate the setting of the schools' budget funded through the Dedicated Schools Grant to the Education, Children and Families Portfolio Holder.

8.5 The making of these budget decisions at full Council is a statutory responsibility for all Members. The Council should be satisfied that the proposals put forward are a reasonably prudent use of resources in both the short and long term, and that the interests of both Council Taxpayers and ratepayers on the one hand and the users of Council services on the other are both taken into account. 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, however, 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 victimisation, advance equality of opportunity and foster good relations with persons who share a protected characteristic.

8.6 This report sets the budget for the forthcoming financial year and, in some cases where budgets are recommended to be reduced, further decisions may be required (or have already been taken) to implement the initiative achieving the budget reduction. These decisions will be subject to any applicable consultation requirements and analysis of equalities impacts together with consideration of other specific legal requirements. This will be undertaken as part the decision-making process as required to implement the proposed budget.

- 8.7 Further a significant number of these decisions are by law for the Executive or delegated officers. Such considerations, which will be fully assessed by the decision makers in due course, are therefore not set out in this report. It therefore follows that the outcome of these decisions may lead to further amendments and/or changes to the proposed savings. Members will be aware that decisions on the budget do not amount to detailed decisions on the precise delivery of services, those decisions, in any event, for most services, being by law a matter for the Executive. Decision makers (usually Executive, Portfolio Holders or Chief Officers) are aware and will be reminded of their flexibility for example, around possible budget virements and adjustments and the use of reserves when they consider it appropriate to make alternative decisions, which may not accord with a particular budget line. The overall requirement to balance the budget remains, however.
- 8.8 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 2023/24 Council Tax report to be reported to the February meeting of the Executive. 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.

<b>Non-Applicable Sections:</b>	Procurement Implications
Background Documents: (Access via Contact Officer)	Draft 2023/24 Budget and Update on the Council's Financial Strategy 2024/25 to 2026/27, Executive 18th January 2023. Finance monitoring, Estimate Documents, etc all held in Finance Section