

**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 20 June 2023

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

**Title:** PROVISIONAL OUTTURN REPORT 2022/23

**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

---

1. Reason for report

1.1 This report provides the provisional outturn position for 2022/23.

---

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 £8,761,000 on controllable expenditure at the end of 2022/23 and consider any issues arising from it: and,
- (ii) Note that the Executive on the 5<sup>th</sup> July 2023 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 2022/23 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: £60.9m
  5. Source of funding: CEF approved budget
- 

### 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
- 

### Legal

1. Legal Requirement: Statutory Requirement
  2. Call-in: Applicable: Portfolio Holder decision.
- 

### 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
- 

### 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 2022/23 is an overspend of £8,761k compared to the last reported figure of an overspend of £8,933k which was based on activity at the end of December 2022.
- 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 throughout the year.
- 3.5 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 for some years has been between 325-335. In the current financial year to the end of March 2023 we have averaged 323 (with March being 329), broadly fifteen more than currently budgeted and with increasing in-year costs. The CLA per 10,000 figures for Bromley continue to be significantly lower than statistical neighbours.
- 3.6 Because of these pressures placements are overspending by £6.5m. The profile is different than budgeted with 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 greater complexity of needs than in previous years although the overall levels of Children Looked After (CLA) appears to be levelling off.
- 3.7 Particular areas of increase are Residential homes with education (+25%), Parental Assessments (+65%) and semi-independent accommodation (+68%). Officers continue to carefully review decision making and access to these placements. Because of these pressures the DCS has recently revised the delegated authority for agreement into all placements, so that agreement to foster-care and residential care now sits with the DCS.
- 3.8 Costs of provision have also risen considerably in some areas, some far more than budgeted inflation rates. Examples are Childrens Homes rates rising by 17% and Residential Homes with Education rising by 15% year on year.
- 3.9 The other main area of risk is staffing. Additional staffing costs are in the region of £1.1m. This is due to higher levels of interims/agency staff, higher staffing costs and continuing temporary staffing beyond budgeted term. Like other professional areas, recruitment into front-line social care posts continues to remain challenging. We continue to actively recruit across both domestic and national markets to address these challenges.
- 3.10 The budget was set on the basis of 90% permanency across all staff in CSC in 2022/23. Levels are currently around the 81% permanent staff. The London average for permanent staff is 75%. There is an allowance for agency staff within the budget, but this has resulted in a significant overspend as this continues to be lower than expected. As mentioned above there are staff in pipeline to take the figure to 83%, but this figure will also depend on the level of staff we can retain. Like many other professions, recruitment into these roles is becoming increasingly challenging.
- 3.11 The number of Public Law Outline (PLO) cases remains high. These demands continue to impact spend and contribute to a predicted overspend of £662k. Officers have put into place measures to ensure thresholds for legal action are carefully scrutinised and reviewed.

- 3.12 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 £2k per week.
- 3.13 The Education Revenue Support Grant /Core (RSG) element of the Portfolio is broadly balanced. However there continues to be pressures in SEN Transport. The demands are manifesting themselves through the following:-
- 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.
- 3.14 The number of Education Health and Care Plans (EHCP's) also have an effect across the Education Portfolio terms of services required in SEN, Inclusion and Education Psychology. This is reflected in the overall Education RSG position.

### **FINAL POSITION**

- 3.15 The £8,761k overspend is summarised in the table below. All of the pressures and savings are further detailed and broken down in Appendix 1B.

<b><u>DIVISION</u></b>	<b><u>£'000</u></b>
Adult Education	45
Schools, Early Years Commissioning and QA	-203
SEN and Inclusion	388
Strategic Place Planning	57
Workforce Development and Governor Services	40
Access and Inclusion	-284
Central Schools Budgets	32
Other Strategic Functions	-104
Bromley Youth Support	43
Early Intervention and Family Support	-155
CLA and Care leavers	1,749
Fostering, Adoption and Resources	3,692
0-25 Childrens Service (Disability Service)	1,580
Referral and Assessment	417
Safeguarding and Care Planning East	867
Safeguarding and Care Planning West	573
Safeguarding and Quality Improvement	24
	<b><u>8,761</u></b>

### **DSG GRANT POSITION**

- 3.16 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 require that any over or underspend should be carried forward to the next financial year.
- 3.17 The DSG overspend in year is £5,563k. This will be added to the carried forward deficit of £7,142k carried forward from 2021/22. The prior year early years adjustment has reduced the DSG allocation by a further £178k causing an additional pressure on the DSG. This gives a total DSG deficit of £12,883k. It should be noted that the DSG can fluctuate due to pupils requiring additional services or being placed in expensive placements.
- 3.18 The unsustainability of the SEN system is a national issue, which DfE has sought to address through its recent SEND and Alternative Provision Improvement Plan. Whilst noting the long term national systemic proposal, officers are seeking to further reduce costs locally, within the tight constraints of the legal framework.
- 3.19 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 primarily related to the cost of placements in all types of education settings
- 3.20 A DSG deficit recovery management plan is in place, following discussions with the DfE as part of their work across the country with Local Authorities with DSG deficit positions
- 3.21 A summary of the main variations is provided in the table below, and further details and variations can be found in Appendix 1B.

	<b>Variations</b>
	<b>£'000</b>
Special Education Needs	4,020
Home & Hospital	56
Primary Support	-74
Early Years	1,698
Inclusion	-28
Admissions	-41
Education Welfare	-23
Place Planning	-56
Other Small Balances	11
Total	<u>5,563</u>

- 3.22 The DSG position has been significantly impacted by the growth in the number of EHCPs, which increased by 55% from January 2018 to March 2023 (2,366 to 3,674). This is linked with the significant increases in requests for EHC Needs Assessments, which nearly doubled from 2018 to 2022 (95.5% increase).
- 3.23 There continues to be an increase in the number of CYP who have complex needs, some of which require high-cost placements with significant packages of support. Officers, as part of ongoing management action are looking into various options to try and mitigate the impact of the deficit. This work is ongoing.

## **CARRY FORWARDS**

3.24 On the 5<sup>th</sup> July 2023 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 2023/24. 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 2023/24. 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 2023/24**

3.25 Appendix 3 provides a breakdown of any full year implications arising from the final 2022/23 outturn. Overall there are £8,603k of full year effect pressures in 2023/24. 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 2023/24. There are still some management actions that have been assumed to be taken that have not delivered in 2022/23. If these are not addressed in 2023/24 then there will be an additional pressure on the budget.

	<b>£'000</b>
SEN Transport	871
Residential/Fostering/Adoption placements	5,500
Leaving Care	2,232
	<b>8,603</b>

3.26 Appendix 4 provides a detailed reconciliation of the original 2022/23 budget to the latest approved 2022/23 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**

3.27 The Children, Education and Families Portfolio has an overspend of £8,761,000 for the year.

3.28 The Education Division has an underspend of £29k.

3.29 Transport continues to be a risk area. There are a number of causal factors affecting the position on transport:-

- i) An increase in number and complexity of Special Educational Needs and Disabilities as highlighted in this paper
- ii) The complexity of children and young people's needs continues to be at a higher level than prior to the Covid pandemic. These high levels of demand have continued for the past 3 years. A number of the Covid-related cases have 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.
- iii) Transport provider pressures arising from the Covid-19 pandemic and inflationary market pressures - The reduced availability of drivers and vehicles has resulted in more expensive providers having to be used from the call off framework.

- 3.30 Immediate management action was taken last financial year on the notification of the forecast budget overspend position. The service has implemented the recommendations from the review of SEN transport arrangements undertaken working with a specialist external transport adviser. The service continues to implement the significant mitigation proposals identified as part of the MTFS process, which seek to offset the forecast pressures on SEN Transport. This work is on track, however it will continue to be monitored throughout the year, noting the volatility in the transport market. The predictive work undertaken by our AD Strategic Performance on demand management will continue to inform our budget planning subsequent budget challenge discussions.
- 3.31 There is a current projected overspend in DSG of £5,563k in year. This will be added to the £7,142k carried forward from 2021/22. There was also an Early Years prior year adjustment to the DSG allocation of £178k. This gives us an estimated DSG deficit balance of £12,883k into the new financial year. We have met with the DfE and discussed our DSG Deficit Recovery Management Plan. We will be meeting again with representatives from the DfE in the summer to discuss next steps and ways forward.
- 3.32 The impact of additional legal duties from the SEND Reforms, has led to unsustainable financial pressures on High Needs costs within the DSG. The recent increases in Government funding are not sufficient to meet the increased costs. We are aware that Bromley was 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.
- 3.33 In the 2022 calendar year, 413 new EHCPs were issued, up from 274 in 2018, however less than 476 in 2021. We have sought to commission additional local specialist provision, including a new special free school due to open in 2024, but need still outstrips the capacity of specialist provision and the legal framework and tribunal challenges are such that we often have no choice but to continue funding costly independent provision to ensure we meet our statutory duties.
- 3.34 A range of transformation work is underway to address the pressures currently faced by the Bromley SEND system, including the introduction of new EHC Needs Assessment Guidance, publication of a Ordinarily Available Provision expected to be in place within every school and setting and a transformation of services to focus on earlier intervention. An example of this is the introduction of Funded Improvement Plans, which provide a mechanism to provide access to time-limited support for children with SEN, without the need for an EHCP. There are early signs that the growth in requests for statutory assessment, seen over recent years, has been reversed in 2023. The position will be closely monitored over the remainder of the year.
- 3.35 A review of High Needs Funding and SEN Estates is nearing conclusion, with oversight from the SEND Governance Board and CEF PDS. This is considering the opportunities for creating additional local provision, how the funding bands can be simplified and identifying 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.

In Children's Social Care the overspend is £8,790k.

- 3.36 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.

3.37 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.

3.38 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.

#### **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 2023/24 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 is 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 £8,761k (£8,603k overspend full year effect). The full year effect will need to be addressed in 2023/24 in due course.



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