

**Decision Maker:** CHILDREN, EDUCATION AND FAMILIES POLICY  
DEVELOPMENT AND SCRUTINY COMMITTEE

**Date:** Thursday 1 February 2024

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

**Title:** CHILDREN, EDUCATION AND FAMILIES PORTFOLIO DRAFT  
BUDGET 2024/25

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**Chief Officer:** Director of Finance

**Ward:** 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 2024/25 Budget which incorporates future cost pressures and initial draft budget saving options which have been reported to Executive on 17<sup>th</sup> January 2024. 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 2024/25 Council Tax levels.
  - 1.3. There are still outstanding issues and areas of uncertainty remaining. Any further updates will be included in the 2024/25 Council Tax report to the next meeting of the Executive.
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2. **RECOMMENDATIONS**

- 2.1 **The Children, Education and Families Policy Development and Scrutiny Committee is requested to:**
  - i) **Consider the update on the financial forecast for 2024/25 to 2027/28;**
  - ii) **Consider the initial draft 2024/25 budget as a basis for setting the 2024/25 budget; and,**
  - iii) **Provide comments on the initial draft 2024/25 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: £81,587k (draft 2024/25 budget)
  5. Source of funding: Draft revenue budget for 2024/25
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### Personnel

1. Number of staff (current and additional): Full details will be available with the Council's 2024/25 Financial Control Budget to be published in March 2024
  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 2024/25 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 2024/25 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' priorities.
- 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 2024/25. It is important to note that some caution is required in considering any projections for 2025/26 to 2027/28 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, at the earliest).
- 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 had 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 rises from 84.9% of Gross Domestic Product (GDP) in 2022/23 and is expected to continue to increase and peak at 93.2% in 2026/27 and fall to 92.8% by 2028/29, maintaining a level not seen since the early 1960s. The next few years remain uncertain economically and fiscally. GDP is expected to be 0.6% in 2023/24 rising to 2% in 2026/27 and 1.9% in 2027/28. These economic factors could impact on the funding available for local government. The Provisional Local Government Finance Settlement 2024/25 provides a one-year settlement only which leaves considerable uncertainties over future years. The Institute for Fiscal Studies (IFS) forecast that the latest plans (Autumn Statement) provides real term cuts for unprotected budgets (mainly local government) of 3.4% for period 2024/25 to 2028/29 – additional funding of £20bn would be required to avoid cuts by 2028/29.
- 3.1.4. Local Government has borne the brunt of austerity and savings compared with other areas of Government expenditure from 2009/10 to 2019/20 (10 years) and had a 'rollover plus' one-year financial settlement for 2020/21, 2021/22 and 2022/23. For 2023/24 and 2024/25 the Council has received a more generous settlement which includes additional funding for social care relating to the repurpose of Adult Social Care Reform monies. 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. The risk of austerity measures for future years, from 2025/26, will be a consideration but this will depend on the need for a sustainable economic recovery. 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. 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 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.

- 3.1.6. Bromley has the second lowest settlement funding per head of population in 2024/25 for the whole of London, giving us £123 per head of population compared with the average in London of £330 – the highest is £556. Despite this, Bromley has retained the fourth lowest council tax in outer London (other low grant funded authorities tend to have higher council tax levels). Using 2024/25 funding information, if Bromley's received the average grant funding for London, its annual income would increase by £53.7m. If the council tax was the average of the four other low grant funded boroughs, our income would increase by £31.9m. 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 £130m 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 2024/25 Budget and Update on the Council's Financial Strategy 2025/26 to 2027/28 report to the Executive on 17th January 2024.
- 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 £38.7m per annum by 2027/28. 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 2025/26 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 2023/24 BUDGET THAT IMPACT ON THE DRAFT 2024/25 BUDGET AND FINANCIAL FORECAST**

- 3.3.1. The 2023/24 Council Tax report reported to Executive in February 2023 identified a significant "budget gap" over the four-year financial planning period. Some key changes are summarised below.
- 3.3.2. The Provisional Local Government Finance Settlement 2024/25, includes an increase in core funding to reflect inflation (CPI annual increase at Sept '23). The additional social care grant, which was originally planned as indicated by the Local Government Finance Settlement 2023/24, of £2.65m reflects the impact of the Council's ability to raise funding through the Adult Social Care precept – the more that can be raised the lower level of funding provided. Additional new homes bonus of £0.4m is available and the core spending power overall increase of 6.2% assumes council tax and ASC precept increase of 4.99%. The settlement includes a reduction in Services Grant from £1.5m to £0.2m (reduction of £1.3m) which is disappointing. Although the settlement broadly recognises the impact of inflation it does not reflect the scale of cost/growth pressures facing the Council for 2024/25. Uncertainty remains on the level of funding from 2025/26. The forecast assumes that the level of core grant funding will not reduce, in real terms, from 2025/26.

- 3.3.3. This is the sixth one-year settlement in a row for councils, despite requests for multi-year settlement to assist in financial planning and to aid the delivery of financial sustainability.
- 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 2024/25 Budget assumes overall price increases, including a cash limit, of 3.5% in 2024/25 reducing to 2.5% in 2025/26 and 2% per annum from 2026/27, which compares with the existing CPI of 3.9% (4.1% for RPIX). Although inflation is expected to reduce further some volatility remains. It is important to note that the rate of 3.5% in 2024/25 is consistent to an approach taken by many other local authorities but it creates a challenge during a period of cost pressures across services - the alternative is more savings to address the alternative increased budget gap.
- 3.3.5. The Draft 2024/25 Budget and financial forecast includes significant growth/cost pressures with mitigation savings reducing the overall impact. The mitigation savings identified are £33.2m in 2024/25 rising to £58.4m per annum from 2027/28. 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 limited 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, without relying on the drawdown of one off reserves.
- 3.3.6. Transforming Bromley is being refreshed as the primary conduit to develop and deliver savings, efficiency and transformation change programmes. We are reframing our programme to ensure it remains fit for purpose over the next four years, 2024-28, allowing us to proactively consider our future challenges and opportunities. In performance terms Bromley Council is one of the top performing boroughs in the country across most service areas.
- 3.3.7. The Council has set out an ambitious range of priorities in its corporate plan 'Making Bromley Even Better'. Transformational change is required to sustain our progress in achieving some of the Council's longer-term priorities. The ongoing financial sustainability of the Council depends on finding significant opportunities for demand management and reduction, cost-reduction, service efficiencies and income generation to meet projected budget shortfalls. It may be necessary to invest to save to unlock these opportunities at scale, and to protect critical services and resident experience significantly from the impact of budget reductions.
- 3.3.8. The current Children, Education and Families Portfolio Draft 2024/25 Budget includes the full year effect from previous years and the current Transformation savings, totalling £336k in 2024/25 increasing to £651k per annum from 2025/26. A summary of the savings is provided below with more details within Appendix 1.

## Transformation Savings

	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000
<b>Full year effect of previous years transformation</b>				
Emergency Foster Placements	-79	-79	-79	-79
0-25 Transitions Service	-100	-200	-200	-200
Youth Services review	0	-125	-125	-125
Maintained Nurseries to work under a commercial model	0	-65	-65	-65
Adult Education income generation	3	3	3	3
<b>New Transformation for 2024/25</b>				
Commissioning/joint working with health	-10	-10	-10	-10
Restructure of Permanency Service	-150	-150	-150	-150
Early Help reduction	0	-25	-25	-25
<b>Total</b>	<b>-336</b>	<b>-651</b>	<b>-651</b>	<b>-651</b>

3.3.9. 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.

3.3.10. 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	34,314	44,827	54,842	64,685
Mitigation	-311	-658	-758	-858
Offset by DSG grant/deficit reserve	-25,003	-33,634	-41,769	-49,730
<b>Net additional costs</b>	<b>9,000</b>	<b>10,535</b>	<b>12,315</b>	<b>14,097</b>

3.3.11. There has been significant growth across the Portfolio. The main areas of growth are:-

- Children's social care placements – There has been a slight increase in the numbers of Children Looked After (CLA), although our numbers remain considerably lower than statistical neighbours. Although it is estimated that numbers will rise still further in future years, the increase will be gradual. However, increased complexity of placements being made and increases in costs due to lack of supply, etc has meant that the costs of placements will remain the main pressure with regard to placements.
- Costs of Agency staff – Agency staff costs outstrip the budget available for permanent staff. Bromley has a high level of permanency but high costs of agency staff and keeping to the caseload promise means additional costs are incurred. Over the past year we have recruited 20 permanent social workers from overseas, and will look to do this again in 2024 in order to reduce our reliance on agency workers.

- SEN Transport – There has been increases in clients above and beyond expected levels in 2023/24 which will have an impact on future years. It is expected that client numbers will continue to increase in the coming years at broadly the same numbers. Moreover, additional costs due to the lack of supply of suitable transport, availability of drivers, workforce moving to alternative occupations, London living wage, the introduction of ULEZ and a general increase in costs across the board in the transport sector has seen contract costs rise significantly.
- High Needs Dedicated Schools Grant (DSG) costs, in particular placements, continue to increase in terms of numbers and costs. Although there has been increases in the DSG grant, costs continue to outstrip the grant and there continues to be an overall in year deficit in the DSG. More detail of the DSG is contained in paragraph 3.6.

3.3.12. It remains essential that there is the ongoing scrutiny and review of growth/cost pressures, which are mainly unfunded beyond 2025/26 with options to help achieve a balanced budget, including any mitigation over the financial forecast period.

### **3.4. DETAILED DRAFT 2024/25 BUDGET**

3.4.1. Detailed draft 2024/25 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 2024/25 Revenue Budget for the Portfolio showing actual 2022/23 expenditure, 2023/24 budget, 2024/25 budget and overall variations in planned spending between 2023/24 and 2024/25;
- A summary of the main reasons for variations per Portfolio in planned spending between 2023/24 and 2024/25 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 2024/25 Budget includes significant additional income from the review of fees and charges and Chief Officers will continue to review fees and charges for 2025/26 and beyond to identify opportunities to reduce the future years 'budget gap'.

### **3.6. SCHOOLS BUDGET**

3.6.1. 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).

3.6.2. 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>
2023/24	257,152	74,365	23,328	2,046	356,891
2024/25 (provisional)	268,836	76,857	38,034	2,014	385,741
Variation	<b>11,684</b>	<b>2,492</b>	<b>14,706</b>	<b>-32</b>	<b>28,850</b>

- 3.6.3. The figures in the table above are provisional and subject to change once DfE issue any updates in due course.
- 3.6.4. The Schools Block has risen by £11.7m. This is due to an increase in the per pupil unit of funding and increases in the population figures. This includes the previous year Mainstream Schools Additional Grant of £8.7m which was paid as a separate grant in 2023/24. Allowing for the £8.7m grant the funding increase is £3.0m. The majority of this funding will be top sliced and returned to DfE to fund Academy Schools.
- 3.6.5. The High Needs Block is continuing to see pressures coming through the system. Nationally, some authorities are building up high levels of deficit reserves.
- 3.6.6. The DSG allocation has resulted in an increase in high needs block funding of £2.5m for Bromley. Bromley received £2.8m of additional supplementary grant in 2023/24 that was rolled into the baseline for 2024/25, so the increase would be £5.3m if this were excluded.
- 3.6.7. The £2.5m increase is due to increases in per pupil funding and the increase in pupils themselves.
- 3.6.8. 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. It is predicted that without further management intervention, there will be a deficit of c£5m per annum over the next four years.
- 3.6.9. There is an estimated DSG deficit at the end of the 2023/24 financial year of £16,149k.
- 3.6.10. Although additional grant been given by DfE, 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.
- 3.6.11. 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 with DfE and are in discussion with them regarding recovery plans and actions that can be taken to reduce the deficit position.
- 3.6.12. Section 25 of the Local Government Act 2003 requires the Section 151 Officer to report on the robustness of the budget calculations and adequacy of reserves. The 151 Officer within that commentary is now required to consider the Councils DSG deficit position, despite the statutory override being in place.



- 3.6.13. The statutory override effectively means that any DSG deficits are not included in the Councils main revenue budgets. However, funding will ultimately need to be identified.
- 3.6.14. In effect the Council has to still set aside resources to meet the DSG deficit and where no ongoing funding is identified such funding will need to come from the Councils reserves – effectively creating a ‘negative reserve’. On that basis the latest in year estimate for 2024/25 indicates a deficit of £5.631m which has to ultimately be funded from the Councils reserves unless further Government funding is made available.
- 3.6.15. Although DSG is effectively ring fenced, the ongoing increase through funding by reserves (general and earmarked) creates a financially unsustainable position in the medium to longer term.
- 3.6.16. The External Auditor as part of the annual accounts, are required to comment on the Councils Value for money arrangements and will be required to consider any DSG deficit and the impact on the Councils finances.
- 3.6.17. In terms of presentation of the estimated DSG deficit of £16,149k up to 31/3/2024, there will need to be adequate funding from the Councils reserves unless alternative savings can be found. The use of reserves have been assumed in this report, although the specific reserves to use have not been identified at this stage.
- 3.6.18. Given the continuation of the scale of the DSG deficit, the Director of Education will be reviewing the DSG recovery plan which will be reported to a future meeting.
- 3.6.19. Early Years funding has increased substantially by £14.7m. DfE have:-
- (a) Introduced new funding for under twos of £12.83 per part time equivalent (PTE) hour.
  - (b) Introduced new funding for two year old working parents at £9.44 per PTE hour.
  - (c) Increased the PTE rate for disadvantaged two year olds from £6.63 per PTE to £9.44.
  - (d) Increased the PTE rate for 3 and 4 year olds from £5.51 per PTE to £6.40.
  - (e) Increased Early Years Pupil Premium (EYPP) rates and number of hours across the new funding streams.
  - (f) Increased the Disability Access Fund (DAF) rates and numbers of hours across the new funding streams.
- 3.6.20. During 2023/24 DfE announced a supplementary grant which increased the 2023/24 rates in year but was dealt with outside the Dedicated Schools Grant (DSG). These have been reflected in the new 2024/25 rates.
- 3.6.21. The assumption for volumes of hours (PTE’s) remains the same for 2024/25 as the latest volumes for the 2023/24 DSG as DfE use January 2023 data. However this will change once the January 2024 census is published which will affect the figures.
- 3.6.22. The Central Block has decreased by £32k. The per pupil rate fell by 1.25% (the equivalent of a loss of £25k). There was a £7k reduction of grant received due to a decrease in pupil numbers. There continues to be pressures in the Central Schools DSG due to funding shortfalls. Last year the Council used £510k of core LBB funding to underpin this expenditure. A further £50k is being proposed for 2024/25 bringing the total Council core funding to £560k.

### 3.7. POSITION BY DEPARTMENT – EXECUTIVE DIRECTOR OF CEF - KEY ISSUES/RISKS

#### Overall Demand Pressures

- 3.7.1. Children, Education and Families Department continue to experience a high level of demand with an increased level of complexity, in particular with regard to the mental health of young people and exploitation. The following report sets out the pressures and the actions being taken to reduce these financial pressures.
- 3.7.2. In particular, we continue to experience considerable pressures with regard to the costs of placements for young people coming to residential care, particularly where there is a complexity of need. Despite maintaining a good record of keeping the number of young people in the care of the Local Authority to a safe minimum the unit cost of these placements continues to rise at a rate considerably higher than any rate of inflation.
- 3.7.3. Whilst there are a number of financial pressures that impact upon CEF, the costs of residential placements accounts for a significant proportion of these pressures.

#### Key Areas of Pressure;

- 3.7.4. **SEN Transport;** We continue to see particular pressures in relation to costs which are driven by continued fuel costs for taxi's, and driver recruitment and wages. The measures which were agreed in summer 2022 that enabled changes to routes through route optimisation, increased travel training and introduction of personalised budgets have been effective in reducing overall costs and moving more young people onto less expensive modes of transport. Proportionally more children have been moved away from taxi transport and the overall number of routes have reduced to ensure more efficient route optimisation.
- 3.7.5. We will continue to work to move greater numbers of young people onto public transport or family provided transport. These initiatives will also be undertaken alongside a number of other initiatives to shift demand such as creating more in Borough placements through the creation of new special schools and increasing local school places. We are also continuing to work towards reducing the rate of new EHCP plans through providing viable different options for children with emerging special needs in order to then reduce future demand for transport.
- 3.7.6. **DSG;** Whilst this continues to be a significant area of pressure, it is important to highlight that this pressure remains a real issue for every Local Authority and requires national responses and changes. The key driver to reducing the overspend for the DSG will be the continued work to find alternative supports to families that means that we can offer alternatives to assessing for an EHCP. We continue to develop initiatives that contribute to the overall reduction of EHCP's and the associated support packages that impact the High needs block of the Dedicated Schools Grant (DSG). These initiatives include the restructure of the Education Division to ensure increased capacity to front-line teams that undertake the assessments. The initial signs of impact show that we are reducing the rate of plans being agreed and also reducing the numbers of EHCP applications by diverting requests towards other types of early support. Although the demand for plans across the course of the year show an increase in overall numbers, these new pathways are beginning to show that the rate of increase is beginning to reduce. Over the course of the next year we will need to maintain this focus to further reduce the rate of increase despite demand being forecast to grow.
- 3.7.7. **Residential Placements;** As highlighted in the initial paragraphs of this document, this area continues to be the main area of financial pressure for the department, due primarily to the continued rise in the unit cost of these placements. Nationally there is a shortage of placements for the more complex children that come into care. This means that at any one time there are a large number of Local Authorities chasing a finite number of placements, leading to higher prices for beds and often "bidding wars" between Local Authorities to secure placements. The price of

residential care is estimated to have risen by 15-17% over the past year alone. In comparison, the overall numbers of children coming into care has remained broadly static over the past 4 years and we have managed to prevent the rise in numbers seen by other Local Authorities in the post Covid period. Our comparative numbers remain considerably lower than statistical neighbours and the national average. During the recent Ofsted inspection, inspectors were also satisfied that our thresholds were safe and appropriate.

3.7.8. **CSC Staffing;** The financial pressures in relation to staffing relate to the use of agency staffing. At present we have approx. 20% of staff within Children's Social Care as agency, against a budget tolerance of 10%. Like many professions, post pandemic we have seen a number of experienced staff leave the profession, which has hampered progress to reduce the reliance on agency staff. Across all London Authorities the average for use of agency staffing is 22%, therefore we are slightly below the London average. We continue to look to innovative ways of reducing this reliance and over the past two years have considerably increased the numbers of trainee Social Workers we have taken on through both the "Front-line" and "Step-Up" recruitment initiatives. In addition, we have also looked to recruit Social Workers from overseas. This has proved successful and in the past 15 months we have recruited 20 social workers from Zimbabwe and South Africa. We will look to recruit another 20 SW's in 2024/25.

3.7.9. **Actions to Mitigate Pressures;** In addition to the existing initiatives that are outlined above we are also already developing a number of further initiatives to reduce expenditure through delivering services differently and seeking to find innovative ways of addressing the continuing cost pressures throughout the Department. These will be vital in seeking to remain within the target of a 3.5% cash limit envelope, particularly in light of the continued inflation of placement costs which remain at a rate considerably above 3.5% figure. These mitigation actions include the following;

- Exploration of developing and running our own children's home as a way of reducing some placement costs.
- "Professionalising" a group of our foster carers with increased levels of support so that they can care for some of our more complex young people rather than going into residential care.
- Reviewing the use of some buildings used across the Department to see where we might be able to amalgamate delivery services out of one building rather than a range of different buildings.

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

4.1 The draft 2024/25 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. TRANSFORMATION/POLICY IMPLICATIONS**

5.1 The Draft 2024/25 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. This report identifies the implications of transformation and the next steps.

## **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 2024/25 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 Children, Education 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 2024/25 Council Tax report to be reported to the February meeting of the Executive.
- 8.9 Section 106, Local Government Finance Act 1992, applies to Members where:
- They are present at a meeting of the Council, the Executive or a Committee and at the time of the meeting an amount of Council Tax is payable by them and has remained unpaid for at least two months; and
  - any budget or Council Tax calculation, or recommendation or decision which might affect the making of any such calculation, is the subject of consideration at the meeting.
- 8.10 In these circumstances, any such Members shall at the meeting and as soon as practicable after its commencement disclose the fact that Section 106 applies to them and shall not vote on any question concerning the matter. Such Members are not debarred from speaking. Failure to comply with these requirements constitutes a criminal offence, unless any such members can prove they did not know that Section 106 applied to them at the time of the meeting or that the matter in question was the subject of consideration at the meeting.

<b>Non-Applicable Sections:</b>	Procurement Implications
Background Documents: (Access via Contact Officer)	Draft 2024/25 Budget and Update on the Council's Financial Strategy 2025/26 to 2027/28, Executive 17th January 2024.  Finance monitoring, Estimate Documents, etc all held in Finance Section