Report No.
CEF23087

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker:	**PORTFOLIO HOLDER FOR CHILDREN, EDUCATION AND FAMILIES**
Date:	**For Pre-Decision Scrutiny by the Children, Education and Families Policy Development and Scrutiny Committee on 11 June 2024**
Decision Type:	Non-Urgent Executive Non-Key
Title:	**PROVISIONAL OUTTURN REPORT 2023/24**
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 2023/24.

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2. RECOMMENDATION(S)

2.1 **The Children, Education and Families Policy Development and Scrutiny Committee are invited to:**

(i) Note that the latest projected overspend of £6,907,000 on controllable expenditure at the end of 2023/24 and consider any issues arising from it: and,

(ii) Note that the Executive on the 22nd May 2024 have been asked to agree the net carry forwards as detailed in Appendix 2;

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

(i) Endorse the 2023/24 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: £69.7m

5. Source of funding: CEF approved budget

Staff

1. Number of staff (current and additional): 1,250 Full time equivilent

2. If from existing staff resources, number of staff hours: N/A

Legal

1. Legal Requirement: Statutory Requirement

2. Call-in: Applicable

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): The 2022/23 budget reflects the financial impact of the Council's strategies, service plans etc. which impact on all of the Council's customers (including council tax payers) and users of the services

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Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable

2. Summary of Ward Councillors comments:

3. COMMENTARY

3.1 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 2023/24 is an overspend of £6,907k compared to the last reported figure of an overspend of £7,721k which was based on activity at the end of December 2023.

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 impacted on the position throughout the year.

3.5 A challenging target for the budgeted number of children looked after was set at 321 at the start of the financial year (excluding UASC). At the beginning of April the figure was 329 and although the figure went as low as 318 the figure has risen back to 333 as at March 2024, which will have a significant impact on the budget position. The CLA per 10,000 figures for Bromley continue to be lower than statistical neighbours.

3.6 Because of these pressures placements are overspending by £6.2m. The profile is different than budgeted with more children needing to be placed in higher cost residential placements than expected and more in IFA’s leading to an overspend. The trend is likely to see 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 There have been particularly high placement costs, with new placements reaching levels of £13k to £15k a week. It is of concern that these levels of cost are increasingly becoming the norm for placements of children with any degree of complexity. The profile is different than budgeted with a more children in residential than expected and more in IFA’s leading to an overspend. The trend is seeing this likely to continue as children are presenting with higher end needs than in previous years although the levels of Children Looked After (CLA) appears to be levelling off. There is also increasing pressures in Direct Payments and Domiciliary Care in Children with Disabilities. Officers are looking at further actions that can be taken to mitigate against this.

3.8 The other main area of risk is staffing. Additional staffing costs are in the region of £2m. This is due to the need to maintain a number of agency staff because of market pressures across the recruitment sector. These levels of interims/agency staff mean that we have needed to maintain, high staffing costs and continuing temporary staffing beyond budgeted term. The department are looking at this and trying to reduce costs where possible. Following the conclusion of the Ofsted inspection we have already written to all agency staff inviting staff to convert to permanent posts. This has resulted in a number of expressions of interest which are currently being followed up. We have also taken the decision to not renew a number of agency contracts in order to reduce costs for agency posts. These staff left the organisation on March 31st.

3.9 The budget was set on the basis of 90% permanency across all staff in CSC in 2023/24. Levels are currently around 81% permanent staff, including the ‘in the pipeline’ appointments. There is an allowance for agency staff within the budget, but this will result in a significant overspend if this continues to be lower than expected. As mentioned above there are staff in pipeline, but this figure will also depend on the level of those leaving the organisation. Like many other professions, recruitment into these roles is becoming increasingly challenging.

3.10 The Education Revenue Support Grant /Core (RSG) element of the Portfolio is overspent by £669k. 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 11% in 2023/24.

b) Unavailability of drivers has resulted in more expensive providers having to be used from the call off framework.

3.11 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

3.12 The £6,907k overspend is summarised in the table below. All of the pressures and savings are further detailed and broken down in Appendix 1B.

DIVISION	£'000
Adult Education	40
Schools, Early Years Commissioning and QA	-269
SEN and Inclusion	-397
Strategic Place Planning	-95
Workforce Development and Governor Services	30
Access and Inclusion	1,328
Other Strategic Functions	-63
Central Schools Budgets	95
Bromley Youth Support	-153
Early Intervention and Family Support	73
CLA and Care leavers	251
Fostering, Adoption and Resources	1,387
0-25 Childrens Service (Disability Service)	1,704
Referral and Assessment	886
Safeguarding and Care Planning East	1,052
Safeguarding and Care Planning West	962
Safeguarding and Quality Improvement	76
	6,907

DSG GRANT POSITION

3.13 An element of the Education Budget is classed as Schools' Budget and is funded by the Dedicated Schools Grant (DSG). Grant conditions require that any over or under spend should be carried forward to the next financial year.

3.14 The DSG overspend in year is £3,516k. This will be added to the carried forward deficit of £12,706k carried forward from 2022/23. This gives us an estimated DSG reserve deficit of £16,222k at the end of the financial year. Officers continue to deliver the recovery plan previously agreed with the DfE as part of their work across the country with Local Authorities with DSG deficit positions and this plan will be considered in due course. The recovery plan is regularly reviewed and updated. It should be noted that the DSG can fluctuate due to pupils requiring additional services or being placed in expensive placements.

3.15 Although additional grant was given by DfE including additional Supplementary grant, demand continues to outstrip funding. Bromley was one of the last authorities in London to fall into a deficit position regarding its DSG. The overspends are in the main in the high needs block area and are related to the cost of placements in all types of education settings.

3.16 The unsustainability of the SEN system is a national issue as acknowledged in the DfE's SEND Review. The DfE published its SEND and Alternative Provision Improvement Plan in March 2023, however the proposals are not anticipated to provide any quantifiable impact on SEND pressures within the next two years. 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.

3.17 EHCP's are still increasing but at a lower rate. A focus on earlier intervention and clarification of local decision making has reduced the number of requests for assessment by 10% and number of agreed assessments by 14% between 2022 and 2023 calendar years. This has been reflected in the Medium Term Financial Strategy and the position is close to what was expected.

3.18 The current number of EHCP's as at the end of March 2024 is 4,182, up 508 from 3,674 at the end of March 2023, an increase of around 13.8%, partially accounted for by a backlog in professional advice which has now been addressed.

3.19 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.

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

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. On that basis the budget monitoring report identifies a deficit of £3,516k which has to ultimately be funded from the Councils reserve.

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.

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

In terms of presentation of the DSG deficit of £12,706k up to 31/3/2023 and the estimated in year sum of £3,516k in 2023/24, 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.

3.20 A summary of the main variations is provided in the table below, and further details and variations can be found in Appendix 1B.

	Variations £'000
Special Education Needs	4,092
Early Years	-1,136
Hearing Service	30
Education Welfare	44
Academy conversion	38
Other Small Balances	448
Total	**3,516**

CONTINGENCY DRAWDOWN

Supporting Families, Investing in Practice Grant - £473k Dr & Cr

3.21 This grant is to fund the development of an ongoing programme to support families who have multi-faceted problems including involvement in crime and anti-social behaviour with children not in education, training or employment. This support is delivered through a number of work streams cross cutting across council departments and agencies. As the grant is only confirmed for one year only it is held in contingency. The Portfolio Holder has previously agreed the release of the carry forward amount of £475k in September. Therefore, this will give a total in year budget of £948k which will enable the service to provide the function as described.

CARRY FORWARDS

3.22 On the 22nd May 2024 the Executive were 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 2024/25. 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

3.23 Appendix 3 provides a breakdown of any full year implications arising from the final 2023/24 outturn. Overall there are £10,509k of full year effect pressures in 2024/25. 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 2024/25. There are still some management actions that have been assumed to be taken that have not delivered in 2023/24. Officers will continue to explore options to mitigate these additional costs. If these are not addressed in 2024/25 then there will be an additional pressure on the budget.

	£'000
SEN Transport	2,015
Residential/Fostering/Adoption placements	4,545
0-25 Childrens service (CWD)	1,528
Referral and Assessment	-105
Leaving Care	2,526
	10,509

3.24 Appendix 4 provides a detailed reconciliation of the original 2023/24 budget to the latest approved 2023/24 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

3.25 The Children, Education and Families Portfolio has a projected overspend of £6,907k for the year.

The Education Division (core funding) has a projected overspend of £669k.

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

- An increase in number and complexity of Special Educational Needs and Disabilities over the past five years. The national increase in EHCPs is widely acknowledged as unsustainable and the rate of increase is accelerating across the country. In Bromley, the rate of increase had reached 17% in 2021/22. We have taken significant steps to reduce the rate of increase in EHCPs, including the introduction of new guidance on Ordinarily Available Provision and the expectations of support before statutory assessment is considered. This multi-agency approach has helped to reduce the rate of increase to 10% (January 2022-January 2023). Furthermore, we have put in place additional measures over the past 12 months to support families and provide alternative services at an earlier stage. Nevertheless, we continue to see the impact of increasing numbers of EHCPs, leading to c120 additional children or young people requiring transport in the financial year 2023/24. This pressure is exacerbated by the shortage of local specialist provision leading to high numbers of placements to out of Borough and independent non-maintained providers, which increases transport costs.

- 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 these 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 statutorily required to meet children's needs.

- There are continued transport provider pressures linked to the cost of fuel and wages. The reduced availability of drivers has resulted in more expensive providers having to be used from the call off framework.

- Significant management action has been taken to reduce the costs of SEN Transport. Following agreement by Members within 2022/23, the implementation of these measures has led to cost reductions as per the savings targets in the MTFS.

3.27 There is a current projected in year overspend in Education (DSG funding) of £3,516k in year. This will be added to the £12,706k carried forward in the reserves from 2022/23. This gives us an estimated DSG reserve of £16,222k at the end of the financial year.

3.28 The in-year deficit position for 2023/24 was lower than forecast, reflecting effective management action taken, with the support of Finance officers. In June we will meet again with representatives from the DfE to review our management of the DSG over-spend. At all previous meetings, DfE officials confirmed that they were satisfied with the steps that we continue to take and are content to meet with Bromley on an annual basis. DfE officials were asked whether their experience directly monitoring 20-30 other LAs through Safety Valve and Delivering Better Value highlighted any additional mitigations for Bromley to consider, but none were put forward.

3.29 The impact of additional legal duties from the SEND Reforms, has led to unsustainable financial pressures on High Needs costs within the DSG. The increase in Government funding is 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 incurred deficits well in excess of £30m. The SEND legal framework is heavily weighted in favour of parental preference, which is often for costly 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.

3.30 The demand management mitigations referenced earlier in this report are anticipated to have a sustained impact on the further growth in costs of provision for children and young people with an EHCP. We have sought to commission additional local specialist provision, including a new special free school, with successive delays encountered for this DfE-led capital scheme. The needs and tribunal challenges are such that we have no choice but to continue placing children in more costly provision to ensure we are not in default of our legal statutory duties.

3.31 A review of High Needs Funding Bands is nearing conclusion, with oversight from the SEND Governance Board and CEF PDS. Recommendations will be made how the funding bands can be simplified and to identify where any savings can be made. We continue to work on increases to local specialist provision, including the special free school and increases in Additionally Resourced Provisions, which are specialist classes within mainstream schools.

In Children's Social Care the projected overspend is £6,238k.

3.32 The ongoing pressures that relate to emotional and mental health concerns for young people, combined with the impact of inflation and cost of living pressures continues, especially in respect of contacts into our MASH. These continue to remain consistently around 1,100 -1,200 contacts per month with little sign of a reduction. This compares to around 600 in April 2020 and it is the increasing complexity of need from the families and children that have an added dimension.

3.33 Although much reduced from the previous year, the financial pressures across CSC continue to be primarily driven by placement costs for young people and by the cost of agency staff.

3.34 Nationally, the cost of residential placements increased by 18.78% in 2022/23 (ADCS 2023) as demand continues to be greater than the number of placements available, particularly for children with complex or specialist requirements. The two key factors driving increasing costs of placements to keep children safe, are the mental health of children and the criminal exploitation of children.

3.35 Although our recruitment of permanent staff has increased and we now have fewer agency staff than in the past two years, our spend on agency staff still contributes to the pressures on the CSC staffing budget. As previously outlined to PDS, we are currently exploring options for the

Council to set-up its own Children's home and/or agree the block booking of beds at a competitive rate in order to more actively influence costs and sufficiency.

3.36 There also continues to be a high level of demand for support particularly in Children with Disabilities (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.

3.37 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 placements that a Deprivation of Liberty Order (DOLS) is required are increasingly high . The judiciary still have delays with families being retained in residential placements beyond the assessment.

- Continued 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 2024/25 to minimise the risk of compounding financial pressures in future years.

4.4 Chief Officers and Departmental Heads of Finance are continuing to place emphasis on the need for strict compliance with the Council's budgetary control and monitoring arrangements.

5. FINANCIAL IMPLICATIONS

5.1 The financial implications are in the body of the report. A detailed breakdown of the projected outturn by service area in shown in appendix 1(a) with explanatory notes in appendix 1(b). Appendix 2 outlines the requested carry forwards to 2024/25. 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 £6,907k (£10,509k overspend full year effect). The full year effect will need to be addressed in 2024/25 in due course.

Non-Applicable Sections:	Legal/Personnel/Customer Implications
Background Documents: (Access via Contact Officer)	2023/24 Budget Monitoring files in CEF Finance Section