

Comments from the Director of Childrens Services

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

Children, Education and Families Portfolio Budget Monitoring Summary

2022/23 Actuals £'000	Service Areas	2023/24 Original Budget £'000	2023/24 Latest Approved £'000	2023/24 Projected Outturn £'000	Variation £'000	Notes	Variation Last Reported £'000	Full Year Effect £'000
CHILDREN, EDUCATION AND FAMILIES PORTFOLIO								
Education Division - Core funding								
Cr 347	Adult Education Centres	Cr 430	Cr 344	Cr 304	40	1	20	0
576	Schools and Early Years Commissioning & QA	739	977	708	Cr 269	2	Cr 69	0
2,771	SEN and Inclusion	2,525	3,604	3,207	Cr 397	3	Cr 240	0
100	Strategic Place Planning	56	139	44	Cr 95	4	0	0
17	Workforce Development & Governor Services	Cr 22	Cr 2	28	30	5	0	0
7,516	Access & Inclusion	8,134	8,975	10,303	1,328	6	1,684	2,015
196	Other Strategic Functions	459	242	179	Cr 63	7	Cr 215	0
Cr 40	Central School Costs	Cr 60	Cr 60	35	95	8	0	0
10,789		11,401	13,531	14,200	669		1,180	2,015
Children's Social Care								
1,911	Bromley Youth Support Programme	1,798	1,841	1,688	Cr 153	9	62	0
1,260	Early Intervention and Family Support	1,545	1,520	1,593	73	10	Cr 46	0
10,034	CLA and Care Leavers	11,485	12,352	12,603	251	11	831	2,526
22,122	Fostering, Adoption and Resources	23,880	24,380	25,767	1,387	12	1,794	4,545
5,184	0-25 Children Service (Disability Services)	3,714	4,313	6,017	1,704	13	1,427	1,528
5,073	Referral and Assessment Service	4,765	5,280	6,166	886	14	463	Cr 105
4,582	Safeguarding and Care Planning East	4,181	4,181	5,233	1,052	15	901	0
2,998	Safeguarding and Care Planning West	2,493	2,134	3,096	962	16	774	0
Cr 2,489	Safeguarding and Quality Improvement	Cr 6,255	Cr 6,427	Cr 6,351	76	17	335	0
50,675		47,606	49,574	55,812	6,238		6,541	8,494
61,464	TOTAL CONTROLLABLE FOR CEF CORE FUNDING	59,007	63,105	70,012	6,907		7,721	10,509
129	Total Non-Controllable	1,424	464	464	0		0	0
11,182	Total Excluded Recharges	7,208	6,165	6,165	0		0	0
72,775	TOTAL CEF PORTFOLIO CORE FUNDING	67,639	69,734	76,641	6,907		7,721	10,509
Education Division - DSG Funding								
21,691	Schools and Early Years Commissioning & QA	21,512	22,404	20,963	Cr 1,441	18	Cr 535	0
39,401	SEN and Inclusion	40,787	40,003	43,542	3,539	19	4,501	0
3,272	Access & Inclusion	3,635	3,376	2,970	Cr 406	20	Cr 143	0
22	Strategic Place Planning	94	11	5	Cr 16	21	0	0
6	Workforce Development & Governor Services	20	0	0	0		0	0
130	Other Strategic Functions	481	348	219	Cr 129	22	Cr 1	0
Cr 97,312	Schools Budgets	Cr 103,139	Cr 104,474	Cr 100,682	3,792	23	0	0
17,840	Special Schools and Alternative Provision	18,983	19,723	18,760	Cr 963	24	0	0
7,847	Primary Schools	10,075	10,023	8,634	Cr 1,389	25	35	0
4,005	Secondary Schools	3,798	3,798	4,327	529	26	0	0
0	Charge to Reserves	0	0	Cr 3,516	Cr 3,516	27	Cr 3,857	0
Cr 3,098		Cr 3,754	Cr 4,788	Cr 4,788	0		0	0
Cr 3,098	TOTAL CONTROLLABLE FOR CEF - DSG FUNDING	Cr 3,754	Cr 4,788	Cr 4,788	0		0	0
11	Total Non-Controllable	81	14	14	0		0	0
3,087	Total Excluded Recharges	3,673	4,774	4,774	0		0	0
0	TOTAL CEF PORTFOLIO - DSG FUNDING	0	0	0	0		0	0
TOTAL CEF PORTFOLIO		67,639	69,734	76,641	6,907		7,721	10,509

Reconciliation of Latest Approved Budget

£'000

Original Budget 2023/24

67,639

Contingency:

Carry forwards:

Deed Settlement for Hawes Down Site expenditure		5
income	Cr	5
Virtual School - CIN Grant Carry Forward expenditure		82
income	Cr	82
Homes for Ukraine DfE Grant expenditure		1,187
income	Cr	1,187
BAEC upgrading hardware and supporting software - GLA Grant expenditure		26
income	Cr	26
YOT NHS Money expenditure		29
income	Cr	29
COVID Recovery Grant expenditure		130
income	Cr	130
National Tutoring Programme expenditure		22
income	Cr	22
GLA Adult Ed Grant Repayment expenditure		16

income	Cr	16
Supporting Families; Investing in Practice Grant expenditure		475
income	Cr	475
Homes for Ukraine Main Grant expenditure		300
income	Cr	300
Other:		
Transfer of Staff from LD Care Management to Children's 0-25 years' service		144
Transfer of Care Placements Team Staff to Children's Services		320
S31 Leaving Care Uplift Grant expenditure		68
income	Cr	68
GLA free school meal payment expenditure		6,036
income	Cr	6,036
UKSPF funding expenditure		275
income	Cr	275
Above Inflation Pressures on Children Placements		1,370
Drawdown of SEN Transport		1,000
Early Years Supplementary Grant expenditure		1,669
income	Cr	1,669
Extended Personal Advisor Grant expenditure		11
income	Cr	11
Homes for Ukraine Main Grant - Adult Education expenditure		80
income	Cr	80
Reducing Parental Conflict Grant expenditure		30
income	Cr	30
Adult Education GLA Grant Funding expenditure		82
income	Cr	82
Uplift to Youth Justice Board Grant expenditure		12
income	Cr	12
Change in DSG Early Years and High Needs Block expenditure - Early Years		1,077
expenditure - High Needs		258
income	Cr	1,335
Draw Down from Reserve to meet demand in EHCP's / High Needs Expenditure		525
Income	Cr	525
Increase in Fuel Costs		187
Increase in Fuel Costs		44
Autism Funding transferred from ACH expenditure		42
income	Cr	42
Youth Justice Grant Increase expenditure		3
income	Cr	3
DFE Delivery Support Fund expenditure		66
income	Cr	66
Strengthening Multi-Agency Leadership Grant expenditure		47
income	Cr	47
Supporting Families; Investing in Practice Grant expenditure		473
income	Cr	473
Memorandum Items:		
Capital Charges		-1,070
Insurance		-14
Repairs & Maintenance		69
Rent income		-12
Excluded Recharges		57
Latest Approved Budget for 2023/24		69,734

REASONS FOR VARIATIONS

1. Adult Education Centres - Dr £40k

This area has overspent by £40k and this is due to an shortfall of fees income of £191k. This is being offset by an underspend on staffing of £22k and £129k on running costs.

2. Schools and Early Years Commissioning & QA - Cr £269k

The in-house nursery is currently expected to overspend by £7k, and this is down to an under collection of income of £98k being offset by an underspend on staffing of £77k and running costs of £14k.

Across the rest of the service there is a £276k underspend relating to staffing (£155k) running costs (£55k) and additional income of (£66k).

3. SEN and Inclusion - Cr £397k

The staffing in this area is currently forecasting an underspend by £142k - this is due to a number of posts that are currently or have been vacant during the year. There is also an underspend of £344k on running costs that is then offset by a shortfall in income of £150k.

The Education Psychologists currently have a number of vacant posts in their team. This is causing the statutory service they are required to provide to be underspent by £300k and the Trading Service they offer to the Schools to be overspent by £239k. This is a net underspend of £61k.

4. Strategic Place Planning Cr £95k

This area has underspent by £95k and this is due to underspends on staffing of £64k and £31k on running costs.

5. Workforce Development and Governors Services - Dr £30k

This area has overspent by £30k and this is due to a shortfall of fees income of £22k, along with overspends on both staffing (£2k) and running costs (£6k).

6. Access & Inclusions - Dr £1,328k

The overspend in this area is due to the costs of SEN Transport that has overspent by £1,394k due to the increasing number of children qualifying for this service, and the under collection of income of £125k. This is then offset by underspends on staffing of £56k and other running costs of £135k.

7. Other Strategic Functions - Cr £63k

This area has underspent by £63k. This is due to underspends on staffing (£39k) and running costs of (£110k). This is then being offset by an under collection of income of £86k.

8. Central School Costs Dr £95k

This area has overspent by £95k due to an under collection of income (£51k) and overspends on running costs (£44k).

Children's Social Care - Dr £6,238k

The current budget variation for the Children's Social Care Division is projected to be an overspend of £6,238k, this is an decrease of £303k from the quarter three position. Additional funding has been identified of £1,370k during the year due to above inflationary increases in prices across the board in CSC. This has been applied but pressures/demands still remain.

9. Bromley Youth Support Programme - Cr £153k

The BYSP has underspent by £153k this year. The service is currently looking at transformational savings that have not yet been realised and this is the main cause behind the overspend on running costs of £125k. This is being offset by an underspend on staffing costs of £131k and an over collection on income of £147k.

10. Early Intervention and Family Support - Dr £73k

The service has overspent on staffing by £441k, that is then being offset but underspends on running costs of £42k and additional income of £326k.

11. CLA and Care Leavers - Dr £251k

The budget for placements in this area have overspent by £357k this year. This amount is analysed by placement type below.

- Staying Put - Dr £52k (Dr 435k)

- Direct Accommodation - Dr £821k (£Dr 1,118k)

- Placement Support Leaving Care - Cr £516k (Cr £661k)

This leave an underspend of £106k across the rest of the area, and this is made up of a £226k overspend on staffing and £523k on running costs that is then being offset by additional income of £855k.

12. Fostering, Adoption and Resources - Dr £1,387k

The budget for children's placements is currently projected to overspend by £808k this year. This amount is analysed by placement type below.

- Community Home's / Community Home's with Education - Dr £2,672k (Dr £3,169k)
- Boarding Schools - Cr £208k (Cr £184k)
- Secure Placement - Cr £209k (Cr £250k)
- Remand Placement - Cr £506 (Cr £0k)
- Fostering services (IFA's) - Dr £213k (Dr £105k)
- Fostering services (In-house, including SGO's and Kinship) - Cr £548k (Cr £833k)
- Adoption placements - Cr £197k (Cr £200k)
- Outreach Services - Cr £89k (Dr £109k)
- Transport Costs - Dr £23k (Cr £154k)
- Dom Care - Cr £343k (Cr £63k)

Additionally there is an extra £155k worth of grant income - most of which relates to the cost of the placements. This is then being offset by overspends in staffing of £689k and running cost of £45k.

13. 0-25 Children Service - Dr £1,704k

The main area of overspend was the use of Direct Payments (£296k) and Dom Care (£709k) to support our clients. There is also a overspend in staffing of £136k and running costs of £94k and an under collection of income of £469k.

14. Referral and Assessment Service Dr £886k

The main variances in this area relate to an overspend on staffing of £809k, with additional pressure on running costs of £135k. This was then offset by a £58k underspend related to No Recourse to Public Funds (NRPF) clients.

15. Safeguarding and Care Planning East Dr £1,052k

The budget is overspent by £1,052k, and is due to staffing overspends of £544k and £57k on running costs. Additionally there is an overspend of £451k related to various costs related to supporting our clients.

16. Safeguarding and Care Planning West Dr £962k

The variances in this area relates to an overspend on staffing of £942k and £20k on running costs.

17. Safeguarding and Quality Improvement Dr £76k

The overspend of £76k in this area mainly relates to a shortfall in fees income of £187k that were then offset by underspends on staffing of £44k, (and this includes the costs of recruiting and retaining social workers across the whole of Children's Social Care), and £67k relating to general running costs.

Schools Budgets (no impact on General Fund)

Expenditure on Schools is funded through the Dedicated Schools Grant (DSG) provided by the Department for Education (DfE). DSG is ring fenced and can only be applied to meet expenditure properly included in the Schools Budget. Any overspend or underspend must be carried forward to the following years Schools Budget.

The DSG overspent by £3,516k in 2023/24. This will be added to the £12,706k carried forward in the reserves from 2022/23. This gives a DSG deficit reserve at the end of 2023/24 of £16,222k at the end of the financial year.

18. Schools and Early Years Commissioning & QA Cr £1,441k

There was an underspend on the costs of child care payments for 2, 3 and 4 year olds of £1,136k at the end of the year. This includes the costs related to the Early Years Supplementary Grant.

Additionally there are underspends of £46k on staffing, £255k on running costs and £4k additional income collected.

19. SEN and Inclusion Dr £3,539k

SEN placements has overspent by a total of £3,983k. The overspend is being caused by the Maintained Day (£1,194k), Independent Day (£815k), Alternative Programmes (£1,685k), Maintained Boarding School (£205k), Direct Payment (£252k), and Matrix funding (£1,140k). This is then slightly offset by an underspend on Independent Boarding Schools (£418k) and other various underspends (£890k).

In addition to the placement costs, there are underspends on staffing across a number of units of £17k, on running costs of £425k, and £2k extra income collected.

20. Access & Inclusion Cr £406k

The £406k underspend in this area is due to an overspend of £186k on running costs and an under collection of income of £21k. These are being offset by staffing underspends of £613k.

21. Strategic Place Planning Cr £16k

This area has underspent by £16k on running costs due the year.

22. Other Strategic Functions Cr £129k

The year end position for this area is an underspend of £129k. This is made up of an underspend on running costs of £221k that is then offset by an overspend of £92k on staffing.

23. Schools Budgets Dr £3,792k

This area has overspent by £3,792k mainly due to the amount charged to the DSG Reserve now being shown separating. This has caused a running cost overspend of £4,123k that is being offset by additional income of £331k during the year.

24. Special Schools and Alternative Provision Cr £963k

This area has an underspend variance due to additional grant income (£402k) and an underspend on running costs (£561k) that is mainly down to lower number of payments to academies for top up funding than budgeted.

25. Primary Schools Cr £1,389k

The cost pressure in this area relates to the deficit in one of schools when it converted to academy and joined a trust (£38k). This area has an underspend variance due to payments to schools (including academies) being less than that budgeted for (£3,035k) and this was offset by lower than expect grant income by £1,608k. The lower than expect grant income is a contributory factor to the lower than expected payments.

26. Secondary Schools Dr 529k

This area has an underspend variance due to additional grant income (£365k) that is then offset by an overspend on running costs (£894k) that will include the additional grant we have received.

27. Charge to Reserves Cr £3,516k

This is the amount that has been transferred to the DSG Reserve at year end. This offsets some of the overspend in the Schools Budget area.

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.

Waiver of Financial Regulations

The Council's Contract Procedure Rules state that where the value of a contract exceeds £50k and is to be exempt from the normal requirement to obtain competitive quotations the Chief Officer has to obtain the agreement of the Director of Corporate Services, the Director of Finance and the Director of Commissioning and (where over £100,000) approval of the Portfolio Holder and report use of this exemption to Audit Sub-Committee bi-annually. Since the last report to the Executive, there has been in Children's Social Care 10 waivers agreed for placements of between £50 and £100k, 1 between £100k and £150k, 1 between £150k and £200k, and 18 for a value of over £200k.

Virements Approved to date under Director's Delegated Powers

Details of virements actioned by Chief Officers under delegated authority under the Financial Regulations "Scheme of Virement" will be included in financial monitoring reports to the Portfolio Holder. Since the last report to Executive, there have been no virements processed.