



## **Children and Young People Scrutiny Committee**

Date: Wednesday, 5 February 2020

Time: 10.00 am

Venue: Council Antechamber, Level 2, Town Hall Extension

This is a **Supplementary Agenda** containing additional information about the business of the meeting that was not available when the agenda was published

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## **Membership of the Children and Young People Scrutiny Committee**

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### **Councillors –**

Sameem Ali, Alijah, Cooley, Hewitson, T Judge, Kilpatrick, Lovecy, McHale, Madeleine Monaghan, Reeves, Reid, Sadler, Stone (Chair) and Wilson

### **Co-opted Members -**

Ms S Barnwell, Ms Z Derraz, Mr L Duffy, Ms J Fleet, Mrs J Miles, and Dr W Omara

## Supplementary Agenda

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- 6. The Council's Updated Financial Strategy and Budget reports 2020/21** 5 - 18  
Report of the Chief Executive and the Deputy Chief Executive and City Treasurer
- This report provides an update on the Council's overall financial position and sets out the next steps in the budget process, including scrutiny of the budget proposals and budget report by this Committee.
- Each Scrutiny Committee will receive a budget report aligned to its remit, showing the main changes proposed to delivery and funding. The services to be considered by each scrutiny committee are shown at table five. The report also outlines the proposals for how the Council could deliver a balanced budget for 2020/21, the details of which will be discussed at the relevant scrutiny committees.
- 6a. Children and Education Services Budget 2020/21** 19 - 44  
Report of the Strategic Director for Children and Education Services
- This report is an update to the report provided to the Children and Young People Scrutiny Committee on 8 January 2020 to reflect feedback, the outcome of the provisional Local Government Finance Settlement and other government funding notifications. It sets out the Directorate's medium term financial plan and budget proposals and strategy for 2020/21. The report should be read in conjunction with the Council's Business Plan Report.
- 6b. School Budgets 2020/21** 45 - 54  
Report of the Strategic Director for Children and Education Services
- This report provides a summary of the confirmed Dedicated School Grant allocation from the 2020/21 settlement announced on 19 December 2019, and the budget allocation across individual school budgets and Council retained schools budgets which was reported to the Schools Forum on 20 January 2020.
- 7. School Place Planning and Admissions** 55 - 66  
Report of the Director of Education
- This report provides an update on school admissions for the academic year 2019/20 along with plans for creating additional capacity in response to forecast demand across primary and secondary schools.

The Committee is invited to comment on the report prior to its submission to the Executive on 12 February 2020.

## Further Information

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For help, advice and information about this meeting please contact the Committee Officer:

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This supplementary agenda was issued on **Friday, 31 January 2020** by the Governance and Scrutiny Support Unit, Manchester City Council, Level 3, Town Hall Extension (Lloyd Street Elevation), Manchester M60 2LA

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## Manchester City Council Report for Resolution

**Report to:** Resources and Governance Scrutiny Committee - 4 February 2020  
 Health Scrutiny Committee - 4 February 2020  
 Children and Young People Scrutiny Committee - 5 February 2020  
 Neighbourhoods and Environment Scrutiny Committee - 5 February 2020  
 Economy Scrutiny Committee - 6 February 2020  
 Communities and Equalities Scrutiny Committee - 6 February 2020

**Subject:** Updated Financial Strategy and Budget Reports 2020/21

**Report of:** The Chief Executive and the Deputy Chief Executive and City Treasurer

### Summary

This report provides an update on the Council's overall financial position and sets out the next steps in the budget process, including scrutiny of the budget proposals and budget report by this Committee.

Each Scrutiny Committee will receive a budget report aligned to its remit, showing the main changes proposed to delivery and funding. The services to be considered by each scrutiny committee are shown at table five. The report also outlines the proposals for how the Council could deliver a balanced budget for 2020/21, the details of which will be discussed at the relevant scrutiny committees.

### Recommendations

The Committee is asked to consider and make recommendations to the Executive on the budget proposals which are within the remit of this Committee and to comment on initial Budget Reports which have been designed to ensure the Council invests in the services that are valued by its residents achieving both high quality services and outcomes for residents, as well as a balanced budget.

**Wards Affected:** All

**Environmental Impact Assessment** - the impact of the issues addressed in this report on achieving the zero-carbon target for the city

The proposed 2020/21 budget will reflect the fact the Council has declared a climate emergency by making carbon reduction a key consideration in the Council's planning and budget proposals.

Manchester Strategy outcomes	Summary of how this report aligns to the OMS
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	This report provides an update on the Council's overall financial position for 2020/21 which will underpin all of the Council's priorities as determined through the Our Manchester Strategy.
A highly skilled city: world class and home grown talent sustaining the city's economic success	
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	
A liveable and low carbon city: a destination of choice to live, visit, work	
A connected city: world class infrastructure and connectivity to drive growth	

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### Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

- Suite of budget reports to Executive, 13 February 2019

- Spending Round Announcement 2019 report to Resources and Governance Scrutiny Committee – 8 October 2019
- Updated Financial Strategy and Budget Reports 2020/21 to Resources and Governance Scrutiny Committee 7 January 2020
- Provisional local government finance settlement: England, 2020 to 2021, 20 December 2019
- Budget Update report to Executive 15 January 2020

## 1. Introduction and Approach

- 1.1. This report updates on the overarching revenue budget for 2020/21. The direction for the budget is underpinned by the Our Manchester Strategy for the City, with the Council's updated Corporate Plan setting out the priorities for the Council. The Locality Plan 'Our Healthier Manchester' is also set within the context of the Our Manchester Strategy.
- 1.2. The full suite of budget reports to be presented to February Executive and Resources and Governance Budget Scrutiny will include:
- the Budget 2020/21 Covering Report;
  - the Revenue Budget 2020/21;
  - the Directorate Business Plans;
  - the Housing Revenue Account;
  - the Dedicated Schools Grant;
  - the Capital Strategy and Budget; and
  - the Treasury Management Strategy and Borrowing Limits and Annual Investment Strategy.

These reports together underpin the detailed financial spend of the Council for the coming year and provide a framework for Revenue and Capital planning from 2020/21. A Single Council Business Plan has also been developed, which replaces the individual directorate business plans produced previously. This will also be considered by the Executive in February.

- 1.3. At its meeting on 13 February 2019 Executive agreed to the 2019/20 budget, which was the final year in the three year budget strategy for 2017-20. At this point it was expected that there would be a spending review in 2019, resulting in a new multi-year settlement from 2020/21. However, the review did not take place and a one year Spending Round was announced on 4 September 2019. Following this the Provisional Local Government Finance Settlement 2020/21 was released on 20 December 2019.
- 1.4. The budget proposals for 2020/21 will continue to reflect the priorities identified in the three-year budget strategy and as set out in the Corporate Plan. These have been updated to include action required to address the climate emergency declared by the Council. The priorities are:
- Zero carbon Manchester - Lead delivery of the target for Manchester to become a zero carbon city by 2038 at the latest, with the city's future emissions limited to 15 million tonnes of carbon dioxide.
  - Young People - From day one, support Manchester's children to be safe, happy, healthy and successful, fulfil their potential, and make sure they attend a school graded 'good' or better.
  - Healthy, cared-for people - Work with partners to enable people to be healthy and well. Support those who need it most, working with them to improve their lives.
  - Housing - Ensure delivery of the right mix of good-quality housing so that Mancunians have a good chance of quality homes.



- Neighbourhoods - Work with our city's communities to create and maintain clean and vibrant neighbourhoods that Mancunians can be proud of.
- Connections - Connect Manchester people and places through good-quality roads, sustainable transport and better digital networks.
- Growth that benefits everyone - Boost the city's productivity and create a more inclusive economy that all residents can participate in and benefit from, and contributing to reductions in family poverty, as set out in the Our Manchester Industrial Strategy.
- Well-managed Council - Support our people to be the best and make the most of our resources.

1.5. Due to the announcement of a one year Spending Round by government the Council will publish a single year budget for 2020/21, however, it will continue to plan for a three year position based on the best information available. This is critical to demonstrate forward planning and support resilience, ensuring the Council is in the best position to respond to the national funding changes. Work has begun on the budget requirements for 2021/22 and beyond in the context of considerable changes to Local Government funding including the outcome of the Spending Review, changes to how local government funding is distributed, changes to the Business Rates Retention scheme, and the future of Adult Social Care funding.

1.6. This report will provide an update on:

- the position reported to January Scrutiny Committees including the proposed savings and efficiencies
- Council Business Plan feedback and updates
- changes since the January Scrutiny meetings and further updates on funding
- the budget setting process and next steps

## **2. Position reported to January Scrutiny Committees**

2.1. As set out in the budget strategy report to the January Scrutiny Committees the forecast 2020/21 budget position was a small surplus of £256k. This was based on the best information available to date, including:

- Government funding announcements in the September Spending Round and the technical provisional settlement consultation released early October.
- Forecast changes to spend including the impact of expected increases to the National Living Wage, pension contribution costs, the waste levy and other pressures outlined in the scrutiny budget reports.
- Identification of savings and/or efficiencies to support the overall financial position including meeting current budget pressures through the realignment of budgets.

2.2. Savings totalling a net £2.837m, once cost pressures have been met, have been identified in Corporate Core, Neighbourhood Services and Growth and Development Directorates. These are being found through a combination of

efficiencies, income generation and innovation and should not impact on frontline services to residents. In recognition of the challenges faced by Adults and Children's Social Care and the Homelessness Service, any efficiencies identified in these areas will be used to help achieve a balanced budget in 2020/21, with a focus on stabilising the position and preparing for possible changes from 2021/22 onwards.

- 2.3. With regard to homelessness, the service has identified a potential increase in income of £1m in 2020/21 relating to Housing Benefit for temporary accommodation which will be available from DWP based on a small scale transfer of existing properties to be managed by Registered Providers (RPs) by end of March 2020 and increasing incrementally throughout 2020/21, this will reduce the net cost to the Council. The option under consideration would target a transfer of properties outside of the city boundaries and the approach has been agreed in principle with registered providers. The financial due diligence is being undertaken to achieve the first transfer of 100 properties by the end of March 2020.
- 2.4. All proposals were presented to the relevant Scrutiny Committees in January for comment and the table below summarises these by Directorate.

**Table One: Net Savings Options 2020/21**

	<b>2020/21 Savings/ Income Options Identified</b>	<b>2020/21 Pressures/ Priorities Identified</b>	<b>Net savings options supporting budget</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Homelessness	(1,000)	1,000	0
Corporate Core	(3,449)	2,872	(577)
Neighbourhood Services	(2,324)	754	(1,570)
Growth and Development	(690)	0	(690)
<b>Total Savings Options</b>	<b>(7,463)</b>	<b>4,626</b>	<b>(2,837)</b>

### **3. Council Business Plan Feedback and Updates**

- 3.1. Our Council Business Plan replaces individual directorate business plans produced in previous years. The plan is structured around the eight priority themes of our corporate plan and has been produced following the development of 41 service plans which describe in more detail the achievements, priorities and activities of the 41 services which collectively make up Manchester Council.

3.2. Each priority theme section describes:

- The priority theme, including key strategies and plans which are helping to drive delivery
- Key achievements driving delivery of this priority theme in the last year
- Planned activities and initiatives across council services which will drive delivery of the priority theme in 2020-21
- The key measures which will determine whether the activities have been successful

3.3. The full draft document was presented to all Scrutiny Committees for comment and feedback in January. A number of minor changes have been made to the document following the meetings, many of which were as a result of the queries and feedback which focused on:

- areas requiring clarification/further detail
- specific comments on a number of the metrics included in the document, and
- queries relating to the approach to Equalities, Diversity and Inclusion.

3.4. The Equalities, Diversity and Inclusion section in the Council Business Plan includes detail of the approach taken to meeting the Council's obligations under the Public Sector Equality Duty, building on successes at fostering good relations between Manchester's communities of identity and maintaining fair and equal access to Council functions.

3.5. The changes made to the plan are as follows:

- In the 'measures of success' section in each priority section, the illustrative outturn figures from 2017/18 and 2018/19 have been removed to enable focus on future performance.
- Some wording updates have been made to the Young People and Neighbourhoods sections to ensure accurate read-across and reference to other strategies and plans.
- Notes and changes have been added to some of the metrics to clarify the availability of data, to better articulate trends in the narrative, and for metrics which were previously described as only a 'rate per 1,000' the actual number is now also referred to.
- The 'Healthy, Cared for People' section now includes reference to a number of metrics and has been restructured to more clearly align to the wider health and social care partnership planning arrangements.

3.6. The final document will be presented to the meeting of the Executive on 12th February.

**4. Changes to budget position from the January Scrutiny meetings to the current date**

4.1. The position shared with Scrutiny Committees in early January was an expected 2020/21 budget surplus of £256k. A balanced budget is now

proposed and the changes are shown in the table below. The details will be set out in the February reports to individual Scrutiny Committees, the Executive and Resources and Governance Budget Scrutiny Committee.

**Table Two: Impact of changes since January scrutiny meetings**

	<b>2020/21 £000</b>
<b>Estimated Surplus (reported to Scrutiny Committees early January)</b>	<b>(256)</b>
Additional New Homes Bonus Grant	(662)
Revised Inflation on Settlement Funding Assessment	165
Revised Inflation on Public Health Funding	36
Updated Statutory National Living Wage from 1 April 2020	550
Increase to Waste budget to reflect reduction in trade waste disposed through the Levy	283
Application of waste contingency	(134)
Reduction in Council Tax Support Admin Subsidy	18
Additional pressure - Children's Services	1,701
Increase in Business Rates income - final NNDR	(3,780)
Contribution to Business Rates Reserve	2,079
<b>Net Budget</b>	<b>0</b>

#### *Local Government Provisional Finance Settlement*

4.2. The 2020/21 Local Government Provisional Finance Settlement was announced on 20 December 2019, delayed from the expected date of 5 December due to the December general election. With the delay in both the Fair Funding Review and reform of business rates, combined with a one-year spending round, the 2020/21 funding is largely a roll-over settlement with some inflationary increases and specific increases for Social Care as announced in the Spending Round. The provisional settlement confirmed all announcements in the 2020/21 Spending Round including:

- Increasing Settlement Funding Assessment (SFA)<sup>1</sup> in line with inflation from £14.6bn to £14.8bn
- Confirming the proposals for Council Tax referendum limits for 2020/21

<sup>1</sup> Settlement Funding Assessment (SFA) consists of: local share of retained business rates, plus Revenue Support Grant plus top-up or less tariff.

- An additional £1 billion Social Care Grant for both adult and children's services and maintaining improved Better Care funding at 2019/20 levels
  - £900m top slice to pay for New Homes Bonus in 2020/21 and maintaining the growth threshold at 0.4%
- 4.3. New Homes Bonus (NHB) will continue for another year, however the government intends to phase it out by 2023/24. There is no change in the operation of the scheme in 2020/21 and the threshold has been retained at 0.4%.
- 4.4. The impact of the announcements on the Council's budget position are:
- New Homes Bonus is £0.662m higher than budgeted following the baseline threshold remaining at 0.4%.
  - Settlement Funding Assessment is £165k less because Government have inflated by 1.63% rather than 1.7% originally assumed as per the CPI announcement
  - Public health (CPI + 1%) has not yet been confirmed within the figures, however, bearing in mind the level of inflation used above, it is considered prudent to include an increase of 2.63% (rather than 2.7%) which is £36k lower than originally assumed. For the Council Public Health expenditure is not currently grant funded but is now met from retained business rates. The Council's business rates tariff payment to the government should be reduced accordingly. The funding announcements made assume that the Council will fund this out of the devolved budget, which is a council decision.
- 4.5. The Council has submitted a response to the settlement consultation which was published alongside the settlement, and closed on 17 January 2020.

#### *Statutory National Living Wage*

- 4.6. On 31 December 2019, the Government announced the new statutory National Living Wage of £8.72 per hour to apply from April 2020. This was slightly higher than the original hourly rate assumptions within the budget and resulted in a further budget requirement of £0.550m.

#### *Council Tax referendum principles*

- 4.7. The budget assumes that the Council will increase the council tax precept by 3.99%, made up of a general precept element of 1.99% and the specific social care precept element of 2%. The Council is consulting on the 2% Adult Social Care precept increase.
- 4.8. The overall council tax increase to Manchester residents may be higher as the total council tax payable will also include changes to the Greater Manchester Mayoral precept and the Police precept. No referendum limit is proposed for Mayoral Combined Authorities in 2020/21.

### *Council Tax Base*

- 4.9. It is to be noted that the Deputy Chief Executive and City Treasurer, in consultation with the Executive Member for Finance and Human Resources, has agreed under her delegated powers to set the tax base for Council tax setting purposes in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.
- 4.10. This calculation has to be based on data available on 30 November 2019 and the decision must be made between 1 December 2019 and 31 January 2020. The Council has to notify the precepting authorities of its calculation for 2020/21 by 31 January 2020. The tax base for tax setting purposes for the year 2020/21 was agreed on 8 January 2020 at 118,864.8. This is in line with the existing assumption.

### *Decisions for Council Tax Surplus and Business Rates Surplus*

- 4.11. The Council Tax surplus of £5.988m for 2019/20 has been declared, of which Manchester will retain £5.028m. The Business Rates surplus is £12.202m and Manchester will retain £12.080m. These are reflected in the budget as set out in table three below. All budget changes will be detailed in the reports to the Executive and Resources and Governance Budget Scrutiny Committee later in February.

## **5. Revised budget position 2020/21**

- 5.1. The changes outlined above would enable a balanced budget to be achieved for 2020/21 as shown in the table below. As requested by Resources and Governance Scrutiny Committee both the original and revised budget for 2019/20 are shown.
- 5.2. The provisional cash limit budget for each directorate is shown in the table below

**Table Three: Budget Position 2019/20 (Latest) and 2020/21 (Proposed)**

	<b>2019/20 Original</b>	<b>2019/20 Revised</b>	<b>2020/21 Proposed</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Resources Available:</b>			
Business Rates Related Funding	314,653	314,653	339,547
Council Tax	166,507	166,507	174,465
Other non-ring fenced Grants	54,426	65,752	66,717
Dividends and Use of Airport Reserve	62,390	62,390	62,890
Use of other Reserves	12,859	12,859	21,481
<b>Total Resources Available</b>	<b>610,835</b>	<b>622,161</b>	<b>665,100</b>
<b>Resources Required</b>			
<b>Corporate Costs:</b>			

Levies/Statutory Charge	69,990	69,990	71,327
Contingency	1,600	850	860
Capital Financing	44,507	44,507	44,507
Transfer to Reserves	7,067	18,393	18,338
<b>Subtotal Corporate Costs</b>	<b>123,164</b>	<b>133,740</b>	<b>135,032</b>
<b>Directorate Costs:</b>			
Additional Allowances and other pension costs	10,030	10,030	9,580
Insurance Costs	2,004	2,004	2,004
Inflationary Pressures and budgets to be allocated	9,945	1,764	10,271
Directorate Budgets	465,692	474,623	508,213
<b>Total Directorate Costs</b>	<b>487,671</b>	<b>488,421</b>	<b>530,068</b>
<b>Total Resources Required</b>	<b>610,835</b>	<b>622,161</b>	<b>665,100</b>
<b>Shortfall / (surplus)</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 5.3. The provisional cash limit budget for each directorate is shown in the table below:

**Table Four: Cash Limit budgets 2019-21**

	<b>Original Budget 2019/20</b>	<b>Revised Budget 2019/20</b>	<b>Proposed Budget 2020/21</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Children's and Education	120,434	120,432	130,320
MHCC Pooled Budget	194,050	193,604	216,864
Adult Social Care - Services out of scope of Pooled Budget	4,213	4,303	4,389
Homelessness	13,375	13,933	15,285
Corporate Core	67,838	69,554	69,960
Neighbourhoods	60,267	66,981	63,751
Growth and Development	5,515	5,816	7,644
<b>Total</b>	<b>465,692</b>	<b>474,623</b>	<b>508,213</b>

## 6. Other budget Issues

- 6.1. There remains some potential movement in the 2020/21 position and further changes are anticipated following the publication of the Final Local Government Finance Settlement expected in February and other funding announcements, these include:

- Confirmation of the redistribution of the surplus held in the national levy account in 2019/20, which should be confirmed in the final settlement
- Confirmation of the allocations for the remainder of the government funding for homelessness support
- Public Health allocations are yet to be confirmed. The Spending Round announced a real terms increase to the Public Health Grant budget, expected to be 2.63%, an increase of £1.328m.
- The Spending Round announced an additional £40m funding for Discretionary Housing Payments to tackle affordability pressures in the private rented sector in England and Wales. The authority level allocations are yet to be announced. The Council currently receives £2.2m in Discretionary Housing Payments Grant.
- The Conservative Party manifesto announced £500m funding for a Potholes Fund. Local Authority level allocations have not yet been published.

## 7. Scrutiny of the Draft Budget Proposals and Budget reports

- 7.1. The service budget reports and Council Business Plan are attached for the Committee's consideration. These reports contain details of how services will support the delivery of the Council's priorities as set out in the Corporate Plan. The reports have been tailored to the remit of each scrutiny as shown in the table below.
- 7.2. The Committee is invited to consider the options which are within its remit, alongside the draft business plan and to make recommendations to the Executive before it agrees the final budget proposals.

**Table Five: Scrutiny Reports**

Date	Meeting	Budget Paper
4 February	Resources and Governance Scrutiny Committee	Report covering the Corporate Core and the relevant parts of Growth and Development Directorate (Operational and Investment estate and facilities management) Housing Revenue Account
4 February	Health Scrutiny Committee	Adult Social Care and Population Health This is supplemented by: <ul style="list-style-type: none"> <li>• Draft MHCC Plan on Page, Joint Budget Report 2020/21 and refreshed Manchester Locality Plan</li> </ul>
5 February	Children and Young People Scrutiny Committee	Children and Education Services Dedicated Schools Grant



5 February	Neighbourhoods and Environment Scrutiny Committee	Report covering Neighbourhoods and Relevant services from Growth and Development (Housing and Residential growth)
		Homelessness report
6 February	Economy Scrutiny Committee	Report covering Growth and Development and the relevant parts of Neighbourhoods (Business Units) and Housing and Residential growth
6 February	Communities and Equalities Scrutiny Committee	Report covering Neighbourhoods

## 8. Next Steps

- 8.1. Recommendations from the February Scrutiny Committees will be considered by the Executive at its meeting 12 February 2020 where it will agree its final budget recommendations. These recommendations will be considered by the Resources and Governance Scrutiny Committee at its special budget meeting on 24 February. Chairs of the other five Scrutiny Committees will be invited to attend this meeting to articulate the views of their Committee regarding the proposals. The Council will then make its final decisions and will set the budget on 6 March 2020.
- 8.2. The timeline is detailed below.

**Table Six: Remaining Budget Timeline**

Date	Event
4 - 6 February 2020	Scrutiny Committees receive budget reports and associated savings proposals
12 February 2020	Executive - proposes budget - suite of budget reports (revenue and capital)  Final Corporate Plan
24 February 2020	Budget Resources and Governance Scrutiny - Revenue and Capital
6 March 2020	Budget Council

## **9. Budget Position from 2021/22**

- 9.1. Work is ongoing to establish the budget requirements for 2021/22 and beyond. This is in the context of considerable changes to Local Government Funding including the outcome of the Spending Review, a review of local authorities relative needs and resources (also known as the Fair Funding Review) which will consider how local government funding is distributed, reform of the Business Rates Retention scheme, and the government proposals on the future of Adult Social Care funding and interaction with the NHS 10-year long term plan. The government is expected to make a budget announcement on 11 March 2020 which may give some clarity on the direction of funding for Local Government.
- 9.2. With regard to the Fair Funding review, little detail is, as yet, available on the potential impact. However, on 24 January 2020 the Local Government Association released an exemplification for adult social care funding based on research by the Personal Social Services Research Unit (PSSRU); and which is expected to inform the individual Local Authority allocations. This calculation has been widely reported and shows a potential reduction in funding of c14% overall for Manchester. At 2018/19 national spend levels (on which the exemplification is based) this would equate to a cut of around £22m, though it is noted the weighting of Adults in the 2021/22 formula is yet to be determined. It is recognised that this is just one element of the overall funding envelope for Local Government, but nevertheless is very concerning for Manchester. It is expected that there will be time limited transition funding. However, at this stage, the Government is yet to announce its formal funding proposals.

## **10. Conclusions**

- 10.1. The Council remains committed to the priorities within the Our Manchester strategy and the Council's revised corporate plan. The proposed 2020/21 budget reflects changes arising from the Spending Round announcements, the Provisional Local Government Finance Settlement 2020/2, forecast pay awards, notifications from GMCA and a robust review of all council service spend to realign budgets and identify savings options.
- 10.2. The draft budget is based on the best information available to date, however there will be potential changes arising from the outcome of the Final Local Government Finance Settlement and other government funding announcements.

## **11. Recommendations**

- 11.1. The recommendations appear at the front of this report.

## Manchester City Council Report for Resolution

**Report to:** Children and Young People Scrutiny Committee – 5 February 2020  
Executive – 12 February 2020

**Subject:** Children and Education Services Budget 2020/21

**Report of:** Strategic Director for Children and Education Services

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### Summary

This report is an update to the report provided to the Children's and Young People Scrutiny Committee on 8<sup>th</sup> January 2020 to reflect feedback, the outcome of the provisional Local Government Finance Settlement and other government funding notifications. It sets out the Directorate's medium term financial plan and budget proposals and strategy for 2020/21. The report should be read in conjunction with the Council's Business Plan Report.

As in the January report, the proposed budget for 2020/21 makes proposals to apply **£6m** of additional Social Care Support Grant announced as part of the Spending Round and seeks approval for year two of the additional non-recurrent resource from the Social Care reserve of **£10.674m** to ensure there is sufficient resources to meet the care and placement needs of those children who are looked after by the Council.

The budget proposals for Children's and Education Services presented to Children and Young People's Scrutiny in January 2020 were based on the position at the end of October 2019. Since then there has been a significant increase in the number of children looked after as well as costs associated with leaving care. The Fostering Service has had an increase of 60 additional foster care placements, with 43 relating to internal carers. Special Guardianship Orders, Child Arrangement Orders and Adoption Allowances numbers have also increased overall by 23 since October 2019. Leaving care placements have increased by 16, with a 20% increase in the average unit cost. External and internal residential placements have remained unchanged. The ongoing impact for a full year would have an additional cost of c£4m, which is proposed to be met from the additional cash limit budget of **£1.7m** and full application of Children's and Education Services share of Social Care Support Grant. In addition to this £499k is held in contingency for inflationary pressures in 2019/20 on an ongoing basis. The Directorate's position will be reviewed with a view to confirming whether any of the inflation provision can be applied.

A further substantive update to the plan since the Children and Young People Scrutiny Committee in January 2020 reflects an update to the workforce strategy, which seeks to address the national and local context in which the Directorate operates. In order for the Directorate to continue to make improvements it is essential it builds a stable, talented and confident workforce to improve outcomes for children. The last report proposed £500k from the Social Care Support Grant in 2020/21, reducing in 2021/22 and 2022/23. This report includes further proposals which will be funded from within the proposed cash limit budget and continued funding for Early Help through the Troubled

Families grant funding which has recently been confirmed for a further year by the Ministry for Housing, Communities and Local Government.

The 2020/21 Dedicated Schools Grant notification was received on the 19<sup>th</sup> December 2019 and totals £560.304m. The overall increase in grant since last year is £29.536m. The biggest change in the grant is due to 1.84% per pupil related increase in part of the grant that supports primary and secondary schools and £11.994m uplift in the high needs block. The proposed Schools Budget for 2020/21 has been agreed in consultation with the Schools Forum on 20th January 2020 for which there is a separate School Budget 2020-2021 report to the committee..

Further to a request from the Children and Young People Scrutiny Committee in January 2020, a report to consider the scope of the revised Child and Adolescent Mental Health Services specification, locality transition plan and the benefits and impact for Manchester's looked after children and care leavers is scheduled for the Children and Young People Scrutiny Committee in May 2020. In addition there will be specific focus on the health of our looked after children/care leavers at a future Corporate Parenting Panel, which is chaired by Cllr Bridges as Executive Member.

Final budget proposals will be made to the Executive in February 2020.

### Recommendations

The Committee and the Executive are each invited to review and comment on the directorate budget report.

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**Wards Affected:** All

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### Alignment to the Our Manchester Strategy Outcomes (if applicable):

Manchester Strategy Outcomes	Summary of the Contribution to the Strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	Effective Children and Education Services are critical to ensuring our children are afforded opportunities and supported to connect and contribute to the city's sustainability and growth.
A highly skilled city: world class and home grown talent sustaining the city's economic success	Ensuring children and young people are supported and afforded the opportunity to access and achieve in the City; empowered and supported by the delivery of a strong and cohesive system that works for all children.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	Improving education and social care services that are connected to the wider partnership build the resilience of children and families needed to achieve their potential and be integrated into their communities

A liveable and low carbon city: a destination of choice to live, visit, work	Improving outcomes for the children and families across the City, helps build and develop whole communities and increases the livability of the City
A connected city: world class infrastructure and connectivity to drive growth	Successful services support successful families who are able to deliver continuing growth in the City

**Full details are in the body of the report, along with implications for:**

- Equal Opportunities
- Risk Management
- Legal Considerations

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### **Financial Consequences for the Capital and Revenue Budgets**

The proposals set out in this report forms part of the preparation of the Council's draft Revenue and Capital Budget for 2020/21 to be reported to the Executive for approval in February 2020.

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### **Background documents (available for public inspection):**

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

Children and Education Services Business Planning: 2019-2020, Executive 13<sup>th</sup> February 2019

Children and Education Services Budget 2020/21, Children and Young People Scrutiny  
Committee 8<sup>th</sup> January 2020

## 1. Introduction

- 1.1 This report provides the Children's and Education Services proposed medium term financial plan and strategy for 2020/21. This is an update to the report provided to Children's and Young People Scrutiny Committee on 8<sup>th</sup> January 2020 to reflect feedback, the latest financial position and the outcome of the delayed provisional Local Government Finance Settlement announced on 20 December 2019. The provisional settlement confirmed all announcements in the 2020/21 Spending Round including the continuation of the existing and additional Social Care Support Grant funding. The Government has also confirmed the continuation of the Troubled Families grant funding for a further year. The report should be read in conjunction with the Council's Business Plan report.
- 1.2 As previously reported the budget strategy for Children's and Education Services in 2019/20 was to put the Directorate onto a sustainable footing for 2019/20 given the local and national pressures being faced by Children's Social Care Services. Additional non-recurrent resources of £10.674m per annum over three years were approved to go into a 'Social Care' reserve to address the pressures across all budget areas to provide the capacity that will enable a longer term approach by investing in early help and prevention alongside evidenced based interventions which support improving outcomes for children and financial sustainability.
- 1.3 For 2020/21 it will be a one year budget plan to reflect the Government's Spending Round for local government. However, the 2020/21 budget proposals are part of a longer term budget strategy for Children and Education Services. That strategy is intelligence led and reflects the Directorate priorities that aim to work within existing economies of scale to strengthen partnerships and deliver services local, place based on a city wide, locality and neighbourhood footprint. This delivery model includes collaboration with Manchester Local Care Organisation (MLCO), and is being aligned with Bringing Services Together and Manchester's Multi Agency Safeguarding Arrangements (MMASA).
- 1.4 The budget proposals for Children's and Education Services presented to Children and Young People's Scrutiny in January 2020 were based on the position at the end of October 2019. Since then there has been a significant increase in the number of children looked after as well as costs associated with leaving care. The ongoing impact is estimated as c£3.5m. This will be funded from the Social Care Support Grant (£1.8m) with the remaining £1.7m being met from the previously unbudgeted growth in business rates.
- 1.5 The substantive update to the plan since the Children and Young People Scrutiny Committee in January 2020 reflects an update to the workforce strategy which seeks to address the national and local context in which the service operates. In order for the service to continue to make improvements it is essential it builds a stable, talented and confident workforce to improve outcomes for children. The last report proposed £500k from the Social Care Support Grant in 2020/21, reducing in 2021/22 and 2022/23. This report has considered feedback during the consultation process and additional initiatives which will be funded from within the proposed 2020/21 cash limit budget and continued funding for Early Help

through the Troubled Families grant funding which has recently been confirmed for a further year by Ministry for Housing, Communities and Local Government.

- 1.6 The 2020/21 Dedicated School Grant notification was received on the 19<sup>th</sup> December 2019 and totals £560.304m. The overall increase in grant since last year is £29.536m. The biggest change in the grant is due to 1.84% per pupil related increase in part of the grant that supports primary and secondary schools and £11.994m uplift in the high needs block. The proposed Schools Budget for 2020/21 has been agreed in consultation with Schools Forum on the 20<sup>th</sup> January and is reported on in a separate report to this meeting.
- 1.7 As previously reported, the budget for 2020/21 makes proposals to apply **£6m** of additional Social Care Support Grant announced as part of the Spending Round and seeks approval for year two of the additional non-recurrent resource from the Social Care reserve of **£10.674m** to ensure there is sufficient resources to meet the care and placement needs of those children who are looked after by the Council. Since the report in January, an additional cash limit budget of **£1.7m** is proposed towards the cost for 2020/21 from a recent increase in the number of placement for children looked after and leaving care.

## 2. Background and Context

- 2.1 In line with the priorities of the Our Manchester Strategy, and Our Corporate Plan, the Directorate's focus is to work with our partners and stakeholders so that Manchester's children and young people are safe, happy and successful; attending a 'good or better' school.
- 2.2 The Directorate also contributes to other corporate priorities, including supporting Manchester's Children and Young People to be healthy, well and safe (**Healthy, cared for people**), enabling clean, safe and vibrant neighbourhoods through promoting the welfare of young people (**Neighbourhoods**) and reducing demand through reform and enabling our workforce to be the best they can be (**Well-managed Council**). It also plays a leading role in ensuring our young people are equipped with the skills they need to benefit from the growth of the city (**Growth that benefits everyone**).
- 2.3 The priorities, guiding principles and behaviours of Our Manchester, run throughout all key strategies and approaches being taken forward in the city from the overarching Children and Young People's Plan (Our Manchester, Our Children) through to Early Help, Our Promise to Looked After Children and Care Leavers, All Age Disability, Youth Justice Plan, Valuing Young People and Young Carers Strategy; as well as contributing to other strategy/delivery plans to improve the experiences and outcomes for our children and young people.
- 2.4 The Directorate for Children and Education Services is responsible for the following services:
  - Early Help
  - Early years
  - Education services



- Special Educational Needs and Disabilities (SEND) for 0-25 years
  - Children's Social Care Services for children and their families
  - Statutory responsibilities for safeguarding, looked after children and young people, care leavers
  - Youth Justice Services
  - And a broad range of associated functions.
- 2.5 Manchester is a large, diverse and complex local authority with a growing child population; increasing by 22.6% between 2008 and 2018, and projected to increase by a further 17.2% between 2018 and 2028. The numbers of pupils recorded on the October 2018 school census increased by 15,875 (26%) between October 2013 and October 2018, with 8,466 (43%) of the increase relating to secondary aged pupils.
- 2.6 The total number of children and young people aged 0 to 25 year with SEND that have an Education Health and Care Plan (EHCP) maintained by Manchester in 2018 was 4,099. This is a 61% increase since the end of 2015 and the Council is receiving more requests for EHCPs for young people aged 20 to 25 years. In Manchester's schools, there are a total of 2,895 EHCPs which is a 23% increase over three years. The most common types of primary need for pupils in Manchester with an ECHP is autism (26%), social, emotional and mental health (21% - compared to 12.8% nationally) and severe learning difficulties (19% - compared to 12.5% nationally).
- 2.7 The basic level of unit funding for primary and secondary pupils in the Dedicated Schools Grant (DSG) has risen from £5,088 in 2014/15 to £5,288 in 2019/20, an increase of £200 per pupil in cash terms. However, when compared to the Retail Price Index (RPI) inflation over the same period, it represents an actual real term reduction of around £643 per pupil. This is similar for those children with SEND/high needs, which has seen funding for 2-18 year olds increase from £615 to £657; an increase of £42 per child. However, when the RPI inflation is applied it represents an actual reduction of approximately £105 per pupil, thus compounding the impact of children in need of services from the Council and growth in Manchester's child population.
- 2.8 Following the publication of the Ofsted Inspection of Children's Services in 2014 additional Council resources were invested into Children's Services, specifically targeted at supporting improvements in the Statutory Safeguarding, Looked After Children's Services and Early Help Services. Significant progress and success has been achieved since 2014, characterised by the Ofsted judgement in December 2017 that the Council's services for children and young people looked after and those in need of help and protection are no longer inadequate.
- 2.9 Positively, there is strong evidence that progress continues to be made across both Children and Education Services as outlined the bi-annual self assessments and 2018/19 outturn performance report; both of which demonstrate Children and Education Services have performed well against the majority of targets compared to the 2017/18 reporting period. The exception to this, and most significantly, is the increase in children looked after by the Council; a pattern that is similar to all

comparable statistical neighbours and areas where there are high levels of deprivation.

- 2.10 Since 2015/16 there has been significant progress in reducing the number of children placed in residential provision with an increase in those placed within internal foster care placements. In addition there have been improvements in securing a 'permanent' arrangement for children through adoption and the increased number of Special Guardianship Orders (SGOs).
- 2.11 The Council has been part of a Regional Adoption Agency since 2017, which has maintained the good performance and mitigated the removal of the 'inter-agency fee' grant.
- 2.12 In addition, during the same time period there has also been a significant improvement in the quality of settings and schools in the City; reflected in the end of school year in July 2019 when:
- 93% of school children in Manchester attend a good or better primary school compared to 88% in 2014
  - 79% of pupils attend a good or better secondary school compared to 64% in 2014.
  - 98% Early years setting are good or better compared to 64% in 2014
- 2.13 The improvements in Children and Education Services has in part been associated with stronger partnerships supporting greater collaboration and robust leadership; underpinned by an effective performance/assurance framework.

### **3. Budget Strategy**

- 3.1 Manchester's Children and Education Services continue on a 'journey to excellence' to increase the effectiveness of services and outcomes for children and young people. This and delivery of our financial plan cannot be achieved in isolation, rather a strong partnership (internally within MCC and externally with our key partners). This is facilitated through effective leadership and management at a locality level and development of programmes of activity with our key partners, adopting a targeted and systematic approach that delivers:
- Improved standards of practice;
  - Earlier prevention to reduce reliance on expensive specialist services;
  - Better commissioning and market management to increase impact and reduce costs;
  - Making efficiencies where possible in service delivery.

#### **Children's Locality Programme**

- 3.2 The aim of the Children's Locality Programme is to deliver with partners an integrated, multi-agency place based teams centred around locality partnerships and understanding and resolving of the specific complexities for children in each geographical area. The Children's Locality Programme is made up of the following series of interconnected projects/workstreams:

1. Complex safeguarding;
  2. Front door reform;
  3. Early Help / Early Years to include a further strengthening of partnerships and collaboration with the Manchester Local Care Organisation and Integrated Neighbourhood Teams;
  4. Social work teams;
  5. School clusters;
  6. Youth Justice Service;
  7. Leadership across children's partnership.
- 3.3 The current project plan has a timeline for completion by April 2020, when all expected structural and service changes will be completed. This has already started and will propagate greater collaboration. The aim is for practitioners working together in a locality, having conversations to agree effective, right and timely interventions resulting in positive change for our children to have a *safe, happy, healthy and successful lives*; preventing unnecessary escalation of children's needs and negative long term outcomes.
- 3.4 It is anticipated the impact of the Children's Services Locality Programme will release social worker capacity to be redirected to better support a timely plan of 'permanence' for children who become looked after and support the continued improvement in the overall quality of practice and divert resources to early help services.
- 3.5 Joint commissioning activity and focused evidenced based interventions such as the implementation of No Wrong Door, 'Front Door' reform and the Complex Safeguarding Hub are expected to lead to a sustained reduction in the number of children requiring a statutory intervention and specialist care placements.
- 3.6 Manchester's Children's Services and its partners have expressed a commitment to implement the Strengthening Families programme which is a multi-agency approach that uses motivational interviewing taking a 'think family' approach facilitated by the co-location of Adult, Mental Health and Domestic Abuse and Children's Services. Developed in Hertfordshire, the evidence demonstrated a reduction in both admissions and length of time children spent in local authority care. It is anticipated this project will begin following Ofsted's ILACS (Inspection of Local Authority Children's Services) and require additional investment of £350k. Following the review of Children's Services Front Door which has taken place during 2019/20, this is expected to release costs from the Multi Agency Safeguarding Hub (MASH) and Duty and Assessment Teams which will support the investment into Strengthening Families.
- 3.7 Children require consistency and continuity of care in order to provide them with a foundation from which their physical, emotional and developmental needs can be met. Permanence is a framework of emotional, physical and legal conditions to give a child a feeling of security, continuity, commitment and identity. The greater degree of permanence will come from practice standards and guidance, systems to enhance outcomes and workforce development to identify best permanence options and understand the journey to permanence must start from the outset. This will be supported by the tracking of individual children to ensure

more timely and better outcomes for children using alternatives to care. It is expected that children will secure 'permanence' quicker, which would mean for some children the average length of time in care will reduce; the cost of this will be met from within existing resources and the financial benefits should be realised in the medium to long term.

- 3.8 The Children and Social Work Act 2017 mandates Local Safeguarding Children Boards to replace their current arrangements with new flexible local safeguarding arrangements. The revised statutory guidance underpinning the Act, *Working Together to Safeguard Children*, came into force on 29 June 2018. The Act establishes collective responsibility and accountability of these arrangements across the three Chief Officers (from the local authority, Clinical Commissioning Group and the Police). It is expected that the introduction of the Manchester Safeguarding Partnership will lead to a reduced supporting infrastructure (business unit and commissioning of reviews) and therefore level of financial contribution once established and practices embedded. This is likely to result in a financial saving in the medium and long term.

#### Integration with partners

- 3.9 The development of greater collaboration and partnerships in the delivery of services for children and families at a locality level is central to improving the experiences and outcomes for Manchester's children and the Directorate Budget Strategy. Subsequently, underpinned by the 'Our Manchester' behaviours a key component of the 'Delivering Children's Services in a Locality' programme of work is the development of local leadership arrangements to drive changes in behaviour and culture.
- 3.10 Since 2017 Manchester Health and Care Commissioning (MHCC), Children's Social Care and Education Services have worked increasingly closer together in the commissioning of services for children with complex/high needs. This is achieved via agreed processes and the establishment of a High Needs Multi-agency Commissioning Panel. The panel considers and agrees funding requests to commission specialist services for any child or young person who has complex physical, psychological or behavioural needs, that cannot not be met by universal services and require either dual or tripartite funding. The Panel covers all children from the age of 0 to 18 years. In 2019/20 MHCC has contributed £3.4m towards meeting the needs of children with complex/high needs.
- 3.11 There remains negotiations to establish an aligned budget for children with complex/high needs for 2020/21. Notwithstanding this a formula for the commissioning of specialist provision has been agreed, progress towards an aligned budget and collaborate in the commissioning of provision where gaps have been identified through an analysis of needs. It is expected the following and agreed activity will positively impact on outcomes, improve value for money:
- Review and refresh the Children's Commissioning Strategy and the priorities set out therein. This will be informed by an analysis of the 'top' 100 most expensive placements which is c£20m in totality, working across Greater Manchester to secure a joint budget and commissioning approach

that works in harmony with the work taking place across Greater Manchester and dovetails with Placement North West.

- Develop and implement early transitions for children and young adults with high needs inc joint assessments, planning and reviews with Adult Transitions Services.

- 3.12 Manchester City Council operates two children's homes, Lyndene and Olanyian, through a commissioning arrangement with external providers. These two children's homes are currently being recommissioned in partnership with MHCC against a specification that will promote occupancy rates and targeting a specific cohort of young people (informed by analytics and need). It is expected this will lead to a medium to long term reduction in spend through better occupancy rates and a more effective intervention with young people that improve their outcomes and avoid expensive external placement costs. The Council and MHCC have recently submitted a bid and secured capital funding from the NHS England which will contribute to costs associated with the remodelling of the homes; particularly in relation to supporting children and young people with a learning disability.
- 3.13 In addition, as part of the NHS transformation/Ithrive programme MHCC has reviewed, developed and issued a new specification with Manchester Foundation Trust (MFT) for Child and Adolescent Mental Health Services (CAMHS), making reference to the needs of children looked after, care leavers and using the 'Ithrive' model to focus on determining positive outcomes for all Manchester children. The new commission will extend the current offer to children looked after, children and young people aged up to 25 years and those placed outside of Manchester and care leavers. The new contract commenced in September 2019. This brings to an end the £0.5m contribution in 2020/21 that the Council has made to MFT since the Early Intervention Grant funding ended in 2011. The funding released will be used to support the development of provision for children with high and complex needs. Further to the Children and Young People Scrutiny Committee in January 2020, a report to consider the scope of the revised CAMHS specification, locality transition plan and the benefits and impact for Manchester's looked after children and care leavers is scheduled for the Committee in May 2020.

#### Commissioning Strategy

- 3.14 Children's Services commissioning expenditure accounts for c£50m of the budget through the commissioning of a broad range of services which contribute to and meet the needs of our children and young people. Over the last few months the Directorate has undertaken a comprehensive analysis of the range of children's needs, demand and placement requirements to inform a strategic commissioning strategy; essential to inform the medium and long term financial plan. The strategy in development will aim to manage the complexity of presenting needs and rising placement costs within the local and regional market, specifically:
- The alignment of current internal and external market capacity and existing commissions with the current and projected future needs.

- Consider and development opportunities to shape and influence the internal and local/regional external provider market
  - Identify future opportunities for the Council to invest capital such as developing partnerships with charitable or non for profit organisations.
- 3.15 To support the medium term financial plan a quantitative cost and activity model has been undertaken internally by the Council which identified potential growth scenarios for children looked after based on recent trends and projections of referrals, admissions and discharge rates and 0-18 population projections. There is projected to be a greater number of children living in the city by 2025, estimated at around 14,500 more children. Consistently the proportion of the under 18 population in care for the last five years has remained between 1.1 and 0.9%. Therefore the most likely scenario for financial planning purposes is for 1% of the projected child population.
- 3.16 In addition an external provider has undertaken a benchmarking exercise that considers the costs, profile of children and the range and choice of placements for our looked after children against similar local authorities. The findings from this exercise indicated the correlation between need and the 'trilogy of risk' (domestic violence, substance misuse and mental health) and social determinants indicate a more prudent forecast for financial modelling should be used for financial planning purposes. The recommendation is for a 3% increase per annum in admissions to care, rather than 1% of 0-18 year old population which has previously been considered.
- 3.17 In addition further findings from the external provider were as follows and will be used to inform the placement sufficiency plan;
- Manchester has succeeded in maximising Special Guardianship Orders (SGO) conversions compared to other areas, therefore ongoing high growth in that area would be unrealistic for future planning.
  - Whilst the shift from external foster care to internal foster care between 2016 and 2019 of c100 placements has been achieved, it was highlighted that 63% of internal carers are over 50 years old. Internal foster care recruitment needs to plan for replacement of 19 carers per year just based on attrition alone. It is unlikely that recruitment targets will be achieved and recommendation is for a target of 40 new carers per year and improved recruitment and retention of existing internal foster carers.
  - There were 56 adoptions in 2018/19, which was a reduction in 2017/18. As the Regional Adoption Agency (RAA), Adoption Counts has only been in practice for two years, it is suggested that the adoption rates will start to increase again, now that the RAA is more established and better understands the needs of Manchester's children. It is proposed that there is an increase of 10 adoptions every year for the next 5 years.
  - Manchester uses a high number of Independent Foster care Agencies (IFAs) compared to other Greater Manchester local authorities; proposing a strategic approach that reviews processes and engagement with

external provider market; negotiating on price and is reflective of Manchester's presence in the local market.

- Manchester has the lowest proportion of children looked after in residential care when compared to other Greater Manchester local authorities at 10.2%, therefore significant reductions in the use of residential are not likely to be achieved.
- Whilst there was no specific recommendation finding and proposal that considered the growth of internal provision, it is suggested that a focus should be on marketing, increasing the number of placements made locally and better use of North West Framework to manage and reduce costs.
- In addition to making better use of 'step down' from residential settings to fostering, a specific recommendations indicated there was insufficient commissioning capacity at a senior level with Children's Services and for this to be focused on delivering the following four strategic aims;
  1. Grow internal fostering refocus the IFA market
  2. Reform processes to manage complexity
  3. Commission for outcomes
  4. Reduce avoidable residential care unit costs

- 3.18 Informed by our own analysis and that of the external provider a detailed action plan for the sufficiency strategy will be produced by the service over the next few months. Progress against the plan will be overseen by the Strategic Director of Children's and Education Services reported quarterly to Strategic Management Team and Executive Members. This will require the Directorate to secure additional commissioning capacity; the estimated cost implications of this are reflected in the budget proposals for 2020/21 in the next section.

#### Directorate review for Children and Education Services

- 3.19 Since 2018 there is clear evidence that the Directorate priorities and strategies have had a positive impact. Subsequently alongside changes in the presenting needs of children, trends and patterns of service requirements inform us there is now a need to 'realign' resources in order to ensure this progress is sustained and the Directorate positively contributes to building *a 'safe, healthy, happy and successful' future for our children*. Consequently a directorate review is being undertaken to ensure resources/capacity are better aligned to the service priorities. This review is expected to create opportunities and lead to changes in roles, responsibilities and deployment of staff. In addition there are a number of specific service/team reviews being undertaken to identify how the respective service area can build on our success to date and better supports our strategic priorities and improve the outcomes for children.
- 3.20 Significant progress has been made since 2015/16 and has reduced the 'agency spend by £1.7m. If this can be sustained the aim is to reduce the agency spend further by March 2020. However, an analysis of 'leavers' indicates an emerging pattern of staff terminating their employment after two years in post, with no

apparent single issue. Consequently progress is reliant on effective 'branding/communications', management support/span of responsibility, manageable workloads, competitive terms and conditions for Social Workers including career progression. Plans to address this are in development and the estimated cost implications of this are reflected in the budget proposals for 2020/21 in the next section.

### Education and schools

- 3.21 The Dedicated Schools Grant funding settlement was announced on the 19th December 2019. The settlement includes funding for pupil growth, inflation, high needs funding and increases where core funding is below the national minimum funding levels. Manchester's additional grant for primary and secondary school at local authority area level is £16.9m in total. £8.7m of the increase relates to a 2,071 additional pupils in the city and £8.2m is as a result of the 1.84% increase in the amount of the grant allocated on a per pupil basis.
- 3.22 The part of the grant supporting high needs has increased by £11.994m in 2020/21. £11.309m of the £11.994 increase relates to an uplift in the grant nationally. £0.685m of the increase relates to the additional numbers of high need pupils and level of need in the city. This is a significant uplift however around £0.3m less than estimated in the last report. This will still enable the Council to avoid any reduction in funding to schools to fund pressure on high needs budgets as other authorities have done and Manchester considered and consulted on for 2019/20.
- 3.23 The high needs block includes the funding for special school places and independent specialist placements, special services such as the Sensory Service, resourced provision in mainstream schools and top up funding for mainstream schools and colleges linked to statements/Education, Health and Care Plans (EHCPs). These children are often found to require specialist health and social care provision and are reflected in the tripartite funding protocol described above.
- 3.24 The increase in funding will be allocated in full to meet the existing and new pressures on the budget. There will be a significant carry forward deficit from 2019/20 projected to be £3.7m and a similar underlying deficit for 2021/22. Provision in the independent sector is commissioned on a more costly place by place basis and not using block contracts. Currently a large part of the provision used is provided by one Trust that has just announced a 5% uplift on all provision. Work has been initiated to work with this Trust to ensure that our arrangements for commissioning provision is more cost effective.
- 3.25 In the medium term there is a planned programme of capital investment to significantly increase the number of special school places provided by the Council. This will reduce spending on specialist placements in independent provision which is currently being used to meet increased need. On average a place in specialist independent day provision is £35k compared to an average of £19k in a Manchester special school. Increasing the number of places available in areas of high need such as north Manchester, will also reduce costs of providing home to school transport.



- 3.26 The capital programme includes £4.8m of investment in additional provision for young people with SEND who are post 16. Once completed, there will be the option to register this provision so it can meet the needs of young people up to the age of 25. This will also reduce pressure on this element of the high needs budget.
- 3.27 The launch of a strategy for the Council to reduce exclusion and promote inclusion will also impact on children who wherever possible should be educated in mainstream schools. This strategy aims to reduce the number of children in Manchester excluded from school, will reduce the requirement for places and the pupil referral unit (PRU) which is creating a pressure within the high needs block and contributes to the pressures within Children's Services. Consequently the strategy is multi-agency/disciplinary and will include a 'deep dive' to better understand the increases in numbers of pupils in Manchester with social, emotional, mental health needs and how this could be reduced.

#### 4. **Revenue Budget 2020/21**

##### Introduction

- 4.1 The Children and Education Services net annual budget for 2019/20 is £120.432m with 1,316 full time equivalent staff summarised in the table below:

**Table: 2019/20 Base budget**

Service Area	2019/20 Net Budget (Original) £000's	2019/20 Gross (Revised) Budget £000's	2019/20 Net (Revised) Budget £000's	2019/20 Budgeted Posts (FTE)
Children's Safeguarding	98,631	114,649	99,589	885
Education*	17,446	334,998	16,383	314
Directorate Core and Back Office	4,357	4,564	4,460	117
Total	120,434	454,211	120,432	1,316

\*Education gross budget includes the Dedicated Schools Grant (excluding Academy Schools)

- 4.2 The Children's and Education Services net budget has reduced by £2k between the original net budget approved by the Executive in February 2019 of £120.434m and the current budget of £120.432m. The reductions relate to transfer of Youth Services to Neighbourhood Services, a cross cutting saving and centralisation of building running costs to Corporate Facilities Management Service. There have been budget increases relating to inflation funding from the

Corporate inflation budget for home to school transport contracts, looked after children and care leaver placements.

- 4.3 In 2019/20 the additional investment from the social care reserve of £10.674m of has been applied to the Children's Services Safeguarding budget to provide sufficient funding to respond and meet the needs of children in need of help, support or protection. The majority of the investment has been applied to meet the costs of children and young people placements in foster-care, residential and supported accommodation. The main factors that drive numbers and costs of care for children are:
- Market 'saturation' attributed to local, regional and national needs of children becoming and/or looked after and attributed to a complex interaction between demographics, socio-economic trends and new contextual challenges.
  - Cost of placements affected by the market and effectiveness of the approach and contract and commissioning strategy.
  - Placement types and the ratios of different types of care provided which has a significant impact on the overall cost of care to Council.
- 4.4 In 2020/21 the continued investment of £10.674m will be required to ensure the Directorate is able to meet levels of need of children in 2019/20; supported by the application of £6m Social Care Support Grant to reflect existing and future potential pressures from predicted increasing need.
- 4.5 The existing and new investment will be applied to stabilise the service and meet the cost of children looked after placements. This will enable the Directorate to maintain capacity for early help services and social work which will impact the effectiveness of the service and outcomes for children and young people from improved standards of practice and earlier prevention to reduce reliance on expensive specialist services. There is a small amount of the investment proposed to be used to improve commissioning and market management to increase impact and reduce costs and making efficiencies.
- 4.6 It is proposed that the use of Social Care Support Grant is phased over 2020/21 and 2021/22 to smooth the impact of budget strategy and efficiencies from the investment that are projected for 2021/22 and 2022/23. It is estimated that £4.2m of the grant will be used in 2020/21 and the remaining £1.8m transferred to the social care reserve for use in 2021/22. The following paragraphs set out proposed use of the Social Care Support Grant in 2020/21:

#### Children looked after placements

- 4.7 Over the last five years the number of children looked after per 10,000 aged under 18 years old in Manchester has reduced compared to other similarly deprived authorities and most Greater Manchester local authorities. The trend over recent years has been for children looked after numbers to be c1% of the under 18 population. A continuation of this trend would lead to an increase of 82 in 2020/21 from the 2019 baseline of 1,281 (on which the 2019/20 budget is based). This would be an additional budget requirement of £0.692m.

- 4.8 Following an external review considering the potential future impact on admissions to care from factors such as domestic violence, substance misuse, mental health and other social determinants, a more prudent forecast is recommended. This reflects the impact of admissions to care increasing by 3% per annum (para 3.16) which would increase children looked after numbers to 1386 in 2020/21, an increase of 105 against the April 2019 baseline. Current children looked after numbers in October 2019 are 1,335, which suggests there is an increase in looked after children that already exceeds the growth anticipated at 1% of the child population. To allow for a more prudent increase would require a further investment of £1.186m.
- 4.9 This would be an additional budget requirement for an increase in children looked after numbers in 2020/21 of **£1.878m** which has been reflected in the proposed budget.
- 4.10 In the January 2020 report to the Children and Young People Scrutiny Committee the full year cost impact in 2020/21 of increases to children looked after during 2019/20 at end of October was estimated to be £0.964m. Resources of £500k currently committed to Child and Adolescent Mental Health Services in 2019/20 were proposed to be redirected in 2020/21 to reduce the pressure on the complex placements budget. It is proposed that the balance **£464k** is committed from the Social Care Support Grant to meet the full year effect cost of current placements in 2020/21.
- 4.11 By the end of December 2019 there had been a significant increase in the number of children looked after as well as costs of leaving care. The Fostering Service had an increase of 60 additional foster care placements, with 43 relating to internal carers. Special Guardianship Orders, Child Arrangement Orders and Adoption Allowances numbers have also increased overall by 23 since October 2019. Leaving Care placements have increased by 16 with a 20% increase in the average unit cost. External and internal residential placements have remained unchanged. External and internal residential placements have remained unchanged. The ongoing impact is estimated as c£3.5m. This will be funded from the Social Care Support Grant (£1.8m) with the remaining £1.7m being met from increase to the Children's Services cash limit budget.

#### Leaving Care

- 4.12 Despite placements being more cost effective and of better quality, the number of placements has continued to increase during 2019/20. Leaving Care Allowances have also increased by 35% last year following change to extend support up to the age of 25 for all care leavers through the Children and Social Work Act 2017.
- 4.13 Work continues with Strategic Housing to increase the range and choice of provision for care leavers that is both suitable and achieves value for money; whilst enabling young people to successfully live independently. This includes investment in Supported Accommodation provision at Seymour Road and adoption of the National House Project; providing supported tenancies for care leavers in the spring 2020 onwards. In addition, there is ongoing work with Homelessness in order to review the response and offer to young people (16/17

year olds) presenting as homeless and the associated costs. For 2020/21 investment of **£1.183m** is proposed to provide sufficient budget to meet the current and presenting need.

#### Support for Families

- 4.14 Section 17 of the Children Act 1989 places a duty on local authorities to safeguard and promote the welfare of children within their area who are in need; and so far as it is consistent with that duty, to promote the upbringing of such children by their families. This support can include a wide range of services but usually includes accommodation and/or essential living expenses; often associated with families at risk of homelessness, including those with refugee status, limited leave to remain or discretionary leave; all of whom are eligible for an assessment and/or support under s17 if so identified. The Council's budget for this support is currently forecast to overspend by **£390k**, with a risk this may increase due to the impact of welfare reform and the uncertainty with Brexit.
- 4.15 People who remain in the UK unlawfully or are refused asylum seekers and have 'No Recourse to Public Funds' (NRPF) may still be entitled to support to avoid a breach of the family's human rights and to support a child directly. The Council supports families in this position through the NRPF team which supports people with their application to the Home Office and has a separate budget. At this stage this budget has an underspend of £200k which provides some capacity for the pressure in this area increasing further.

#### Workforce

- 4.16 Social Work Recruitment and Retention - Manchester's City Council's Children's Services have continued to improve the experiences and outcomes of children and their families in receipt of services. This has been supported by an increase in the stability of the workforce and reduced social worker turnover, which has also shown a reduction in the use of interim/agency staff resulting in a saving of £1.7m since 2017. However, in recent months the turnover and vacancy rates for children and family social workers has increased. An analysis of exit interviews, 'leavers' and a terms and conditions benchmarking exercise indicates a pattern of social workers leaving the employment of the council after two years and a significant difference in the salary paid by Manchester and neighbouring local authorities for 'experienced' social workers. A series of measures are being considered, to be in place by March 2020, that seek to build on the strengths in the service to recognise the commitment and loyalty of our staff, slow the increase in social work turnover, increase the social work experience in the service and remove the reliance on agency staff. An overarching 5 year recruitment and retention strategy has been developed to incorporate the aforementioned measures in addition to investments into workforce development, flexible working, health and wellbeing and quality of social work practice to ensure Children's Services is well positioned to attract and retain talent, and secure improved outcome for children and families. The estimated cost of these proposals is **£500k** in 2020/21, reducing in 2021/22 and 2022/23.
- 4.17 Social Work service realignment. Since 2016 the Directorate has initiated and

completed a number of service reviews and redesigns including the Complex Safeguarding Hub and Children's Services 'Front Door' arrangements. The impact has been in accordance with strategic intent and resulted in a reduction in the number of social work referrals and assessments. Subsequently as part of the Children's Services Locality Programme Board it is planned to realign the social work capacity to better respond to and meet the needs of Manchester's children and deliver safe, effective and efficient service. It is anticipated along with the proposals alluded to in paragraph 4.11 will support our approach to recruitment, retention and driving standards of practice. The realignment is progressing towards the implementation phase and should be in operation by April 2020.

- 4.18 Families First Service delivers an intensive short-term family support intervention to children who are considered to be on the 'edge of care'. A review of the service has been completed to evaluate the impact of the service, value for money and alignment with strategic and practice priorities. The findings from the review concluded that whilst there are benefits the service can be more efficient, better aligned to the developing locality delivery model and support wider Directorate priorities. These changes are anticipated to result in the workforce capacity, skills and knowledge being reinvested to support the proposals set out within this report; creating alternative opportunities for the affected staff.
- 4.19 Commissioning - Despite much improved planning and joint commissioning arrangements between Children's Social Care, Education and MHCC, since 2015/16 the average cost of residential care has increased by £1,500 (60%) per week. This presents one of the most significant financial challenges for the Directorate's budget. The delivery of the commissioning strategy described above needs to be supported by sufficient strategic commissioning capacity with skills, knowledge and expertise to implement and deliver the aforementioned commissioning and placement sufficiency plan; against which financial costs and benefits could then be determined for future years. It is estimated that an additional investment of **£145k** for workforce capacity will be required. This capacity is expected to achieve the following:
- Work in partnership with Council, Manchester Health and Care Commission (MHCC) and Manchester Local Care Organisation (MLCO) to contribute to wider strategies and develop a Commissioning Strategy for Children and Education Services
  - Oversee and deliver strategic commissioning and contract management priorities for the Directorate
  - Engage with and develop the private and public sector market to be more responsive to the presenting needs of Manchester's children; ensuring there is 'sufficient' range and choice of placements for 'our' children and are value for money.
- 4.20 Placement Stability Service - Children's Services is reliant upon universal and edge of care services to address the identified needs. There is no specific service to support carers at times when they are experiencing difficulties and all too often has resulted in instability of and/or breakdown of fostering arrangements; which has at times led to the use of expensive external provision. Children's Services

is seeking to establish a Placement Stability Service with the aim of providing a targeted and specialist intervention to prevent the breakdown of fostering arrangements, high cost external placements and improves the wellbeing and outcomes for our children and young people. Additional investment of **£200k** for workforce capacity is required to support this.

#### Children's Legal Services

- 4.21 The cost of legal support for Children's Services has continued to increase significantly this year. The Strategic Director of Children's and Education Services and the City Solicitor having considered the cost drivers are working together to manage need, reduce the use of experts, streamline decision making/legal advice processes to create solicitor capacity. Children's Services and the Corporate Legal Service are working to address this position. For 2020/21 the Corporate Legal Service requires investment of £300k to reduce the use of external legal services by improving the recruitment and retention of solicitors within the Council and to increase capacity to deal with more complex cases. Children's Services require investment of **£0.9m** to address the need for legal services and to meet the requirements of the courts, of which £300k is funded from a transfer of budget from Corporate Core.
- 4.22 Nationally, the number of children being referred to Children's Social Care Services and who require statutory intervention that has resulted in legal care and/or supervision proceedings has risen by 25% since 2016. The President of the Family Division for the Judiciary has reported more needs to be done to strengthen the pre-proceedings work/assessments prior to making a legal application; this in turn would at times avoid expensive and protracted legal proceedings. This highlights the importance of having sufficient children legal and social work capacity to manage the volume of activity and complexity of children and their family needs.

#### Regional Adoption Agency

- 4.23 From July 2017, adoption services in Stockport, Manchester, Trafford, Salford and Cheshire East local authorities have been delivered through an integrated service called Adoption Counts. This is a Regional Adoption Agency (RAA) as set out in the Education and Adoption Act 2016 and was the second regional adoption agency to become operational nationally. By 2020, the government expects all adoption services to be delivered via regional adoption agencies. Adoption Counts are responsible for recruiting adopters, family finding for children and providing support to adoptive families.
- 4.24 In 2019/20 MCC invested £200k into the RAA to reflect the national challenge with identifying prospective adopters and the need for greater capacity to increase the number of adoptions opportunities for Manchester children. In 2019/20 the interagency fees have increased due to using placements from other agencies to meet assessed needs. In the longer term recruitment of prospective adopters should provide greater capacity for meeting diversity of need. It is proposed that the RAA budget is increased by **£95k** in 2020/21 to meet the cost of interagency fees and the position is reviewed for 2021/22 to reflect progress by

the RAA to manage the overall cost of the service.

### Education Psychology

- 4.25 The Education Psychology budget is currently forecast to overspend by £349k in 2019/20. EHCPs for children and young people aged up to 25 were introduced on 1 September 2014 as part of the Special Educational Needs and Disability provisions in the Children and Families Act 2014. In Manchester schools, there are a total of 4531 EHCPs which is a 23% increase over three years. Subsequently, Education Psychologists assessments have had to increase beyond the current available budget. In 2018/19 the Special Education Needs reform grant was used to manage this pressure, this grant is no longer available.
- 4.26 There is a further risk that costs may increase in 2020/21 because the commission for Educational Psychology is being tendered for the first time since it transferred to One Education and became a traded service. Nationally, the demand for Educational Psychology exceeds supply and this could influence the response to the tender and increase costs. This service is not permitted to be funded from the Dedicated Schools Grant consequently pressures on this budget will need to be offset through other Education budgets.
- 4.27 In order to manage further increases in need the Directorate is appraising whether delegating funding to special schools and PRUs for Educational Psychology and commissioning some Educational Psychology time to provide support and advice to school clusters will reduce the need for re-assessments and reduce the pressure on this budget. For 2020/21 investment of **£350k** is required to provide sufficient budget to meet current need.

### Home to School Transport

- 4.28 The budget is currently forecast to overspend by **£134k**, which is a significant reduction on the 2018/19 pressure of £0.7m. In the medium term, options to reduce the spend for home to school travel include:
- Procurement of an ICT programme which is more efficient at modelling routes for transport;
  - A complete service redesign which will allow more capacity for home to school travel assessments and more creative solutions;
  - Continuing to review arrangements where transport is provided but is not a statutory requirement;
  - Working with special schools on arrangements whereby they support transport arrangements for the most complex young people.
  - Working with the Placement Commissioning Team to ensure that providers and foster carers provide home to school transport as part of commissioning arrangements; removing duplication.

### Early Years Children's Centres

- 4.29 In 2012, the Council took the decision to withdraw from the direct provision of day care services in order to move to a new model, with the Council acting as

commissioner of day care services. The Council entered into leases of 37 vacant properties with day care operators across Manchester. All leases included a full repair and maintenance responsibility. A number of leases have now reached expiry point or a rent review. This has led to day care providers requesting a renegotiation of their lease terms as the current leases are no longer financially viable or providers have chosen to withdraw their services. The condition of the Council's estate for tendered day care is in a poor state, which is having an impact on the environment Manchester children are experiencing. The cost of maintaining the buildings is prohibitive with providers requesting that the Council takes responsibility for repair and maintenance of the property whereupon they would be willing to pay a higher market rent. With lease income being lower than expected and running costs of maintained tendered day care site being higher than budgeted for there is a recurring pressure on the budget; with a risk this may increase should 'provider income' reduce.

- 4.30 In light of these challenges the procurement process for tendered sites, maintenance and repair of the day care estate, management of the estate and the process of recharges is being considered. Condition surveys of properties will take place over the next few months to inform the review of leases and to ensure young people in Manchester get the opportunity to attend a good or better childcare provider that is situated in a fit for purpose education environment. Additional investment of **£250k** is required reflect the ongoing costs for maintaining the properties.

#### Short breaks for disabled children and their families

- 4.31 Local authorities are required to provide for families short breaks from caring for disabled children to support them to sustain their caring role. The types of short breaks include: day care, overnight stays, weekend stays, occasional longer stays, befriending, and leisure and social activities. In 2019/20 there is an overspend due to a 15% increase being made to carers and young people. For 2020/21 investment of **£80k** is required to provide sufficient budget to meet current and presenting needs.

#### Summary

- 4.32 The proposals above would lead an increased budget of £9.888m. This is a total Children's and Education Services budget of £130.320m broken down as follows:



	<b>2020/21 Budget</b>	<b>Gross</b>	<b>2020/21 Budget</b>	<b>Net</b>
<b>Service Area</b>	<b>£'000</b>		<b>£'000</b>	
Children's Safeguarding	124,537		109,477	
Education*	334,998		16,383	
Directorate Core and Back Office	4,564		4,460	
<b>Total</b>	<b>464,099</b>		<b>130,320</b>	

\*Education gross budget includes the Dedicated Schools Grant (excluding Academy Schools)

## 5. Capital Strategy / Programme

- 5.1 The capital programme for Children's and Education Services totals £127.8m over the period 2019/20 - 2023/24. This includes basic need grant funding for the creation of new school places, maintenance grant for the upkeep of school buildings, and other schemes including the use of grant funding on schools providing provision for students with SEND.
- 5.2 A summary of the current forecast budget is shown in the table below, and details of the individual projects will be found in the Capital Strategy and Budget report for Executive in February:

### Capital Programme from 2019/20

	<b>2019/20 £m's</b>	<b>2020/21 £m's</b>	<b>2021/22 £m's</b>	<b>2022/23 £m's</b>	<b>Future Years £m's</b>	<b>Total £m's</b>
Basic Need	3.9	20.8	26.7	43.4	0.0	<b>94.8</b>
School Maintenance	4.5	3.6	3.0	0.0	0.0	<b>11.1</b>
Other	16.8	5.1	0.0	0.0	0.0	<b>21.9</b>
<b>Total</b>	<b>25.2</b>	<b>29.5</b>	<b>29.7</b>	<b>43.4</b>	<b>0.0</b>	<b>127.8</b>

- 5.3 During the 2019/20 financial year work has continued in providing school places to meet the demand within Manchester. The programme to increase provision for students with SEND has progressed with a construction partner appointed for works at four sites across Manchester. The maintenance programme of work that was planned for summer 2019 is nearing completion, with the 2020/21 programme being drafted.
- 5.4 The Capital Strategy and Budget represents a continuation of the existing approved capital budget. The report to Executive will provide information on the expected future investment requirements for the Council, including the challenge

of providing sufficient school places across primary and secondary education alongside the Government's Free School Programme, and undertaking condition surveys across the entire educational estate, including children's centres, to strengthen decision making around the focus of maintenance works.

## **6. Impact on Workforce**

- 6.1 The framework for how the Council supports its workforce is set out in the People Strategy. This is currently being updated and the revised version will form part of the suite of budget reports. As the 2020/21 budget is a roll forward from 2019/20 there are limited changes to the agreed priorities, budget and workforce implications agreed last year. The proposals in this report include: investments into front line social work services by remodelling the operating model to ensure there is sufficient capacity to meet demands, a recruitment and retention strategy aimed at recruiting and retaining experienced and highly skilled social workers, and to provide additional capacity for commissioning and market management; all of which are important to successfully delivering the Children and Education Services Directorate budget strategy.
- 6.2 The Our Manchester strategy and approach is underpinned by strengths based working, building trusting relationship and innovative working; which is embedded across Children's and Education Services through an asset based approach to engaging with children and families; the approach starts from the point of "what matters to you" instead of "what is the matter with you" which truly embraces the Our Manchester way of working. This way of working has been embedded into early help assessments, education health and care plans and is a key part of the sign of safety social work model used across locality social work.
- 6.3 The workforce implications for Children's and Education Services represent a continuation and improvement of existing priorities as expressed in the workforce strategy; which is to achieve a stable, skilled and confident workforce through a culture of success, strengths-based approach and strong and effective leadership which will be achieved through:
- The continuing development and implementation of the Children's improvement plan
  - Implementation of the Children's Locality Model programme
  - Developing strong and effective leaders and managers; enabling them to create high performing and motivated team
  - Ensuring professionals that work with children and young people have manageable workloads
  - Continue to reduce the reliance on interim and agency workers
  - Recruitment and retention strategy

## **7. Impact on Residents, Communities and Customers**

- 7.1 Children's and Education Services deliver core business in line with the Council's strategic equality objectives in particular improving Life Chances; where there are specific needs identified these are informed by an individual assessment that gives due regard to their race, culture, gender, sexual orientation and disability.

- 7.2 We will continue to ensure that the Council meets its obligations under the Public Sector Equality Duty, building on our successes at fostering good relations between Manchester's communities of identity and maintaining fair and equal access to Council functions. Through ongoing customer monitoring, satisfaction and engagement approaches, we will strengthen and utilise our growing evidence bases at both Corporate and Directorate levels to identify the differential experiences of individual identity groups in Manchester accessing Council services, and proactively respond to make these as fair and equitable as possible.

**8. Conclusion**

- 8.1 The budget strategy provides information on the work ongoing within the Directorate to achieve longer term financial sustainability in the longer term by investing in early help and prevention, working with partners to deliver interventions that deliver longer term achieve better outcomes.
- 8.2 The proposed revenue budget for 2020/21 sets out the budget proposals as part of the preparation of the Council's budget. It is a one year budget which recognises that the Children and Education Services budget is under significant pressure due to increased complexity and need.
- 8.3 Final budget proposals will be made to the Executive in February 2020.

## Appendix 1

### 1. Revenue Financial Plan

Table showing an overall summary of financial position

Subjective Heading	2019-2020 Budget	2020-2021 Indicative Budget
	£'000	£'000
<b>Expenditure:</b>		
Employees	61,160	61,160
Running Expenses	392,999	402,887
Capital Financing Costs	0	0
Contribution to reserves	52	52
<b>Total Subjective Expenditure</b>	<b>454,211</b>	<b>464,099</b>
Less:		
Other Internal sales	0	0
<b>Gross Expenditure</b>	<b>454,211</b>	<b>464,099</b>
<b>Income:</b>		
Government Grants	326,195	326,195
Contributions from Reserves	1,594	1,594
Other Grants Reimbursements and Contributions	4,763	4,763
Customer and Client Receipts	1,175	1,175
Other Income	52	52
<b>Total Net Budget</b>	<b>120,432</b>	<b>130,320</b>

## Manchester City Council Report for Resolution

**Report to:** Children and Young People Scrutiny Committee – 5 February 2020  
Executive - 12 February 2020

**Subject:** School Budgets 2020/21

**Report of:** Strategic Director for Children and Education Services

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### Summary

Dedicated School Grant (DSG) is a ring fenced grant of which the majority is used to fund individual schools budgets in maintained schools and academies in the city, early years nursery entitlement and provision for pupils with high needs, including those with Education Health & Care Plans (EHCPs) in special schools, special provision and mainstream schools in Manchester and out of city.

This report provides a summary of the confirmed DSG allocation from the 2020/21 settlement announced on the 19th December 2019, and the budget allocation across individual school budgets and Council retained schools budgets which was reported to the Schools Forum on the 20th January 2020.

### Recommendations

The Committee and the Executive are each invited to review and comment on the directorate budget report.

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**Wards Affected:** All

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### Alignment to the Our Manchester Strategy Outcomes (if applicable):

Manchester Strategy Outcomes	Summary of the Contribution to the Strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	Ensuring sufficient, high quality school places are available and in the right place helps to ensure all children and young people achieve their full potential through regular school attendance and are able to access the jobs and opportunities in the City..
A highly skilled city: world class and home grown talent sustaining the city's economic success	Good school attendance is important as it supports school attainment..

A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	Regular attendance at high quality schools helps all children and young people to develop appropriate social skills, self-respect and respect for others.
A liveable and low carbon city: a destination of choice to live, visit, work	Access to good local schools providing a high quality education supports sustainable neighbourhoods and makes Manchester increasingly attractive as a place to work, live and bring up children.
A connected city: world class infrastructure and connectivity to drive growth	Successful services support successful families and schools who are able to deliver continuing growth in the City

**Full details are in the body of the report, along with implications for:**

- Equal Opportunities
- Risk Management
- Legal Considerations

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### **Financial Consequences for the Capital and Revenue Budgets**

The proposals set out in this report forms part of the preparation of the Council's draft revenue and capital budget for 2020/21 to be reported to the Executive for approval in February 2020.

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**Background documents (available for public inspection):** None

## 1. Introduction

- 1.1 The Dedicated Schools Grant (DSG) for 2020/21 was received on 19 December 2019. This is a ring fenced grant of which the majority is used to fund individual schools budgets in maintained schools and academies in Manchester. It also funds early years nursery entitlement for two, three and four year olds in maintained school nursery classes, private, voluntary and independent (PVI) nurseries, as well as provision for pupils with high needs including those with Education Health and Care Plans (EHCPs) in special schools, special provision and mainstream schools in Manchester and out of the city.
- 1.2 DSG funding is determined in two stagesL first, the government provides the grant to local authorities for all state funded schools in the city, and then local authorities determine the grant distribution to the local education establishments.
- 1.3 DSG is split into four blocks: schools, central school services, early years, and high needs. Section two of the report provides an outline of the 2020/21 DSG allocation at Local Authority (LA) level and section three sets out the distribution of grant across educational establishments and LA retained budgets.

## 2. Summary of Dedicated Schools Grant (DSG) 2020/21 Settlement

- 2.1 The 2020/21 DSG notification was received on the 19<sup>th</sup> December 2019 and totals **£560.304m**. The overall increase in grant since last year is £29.536m. The biggest change in the grant is due to 1.84% per pupil related increase in part of the grant that supports primary and secondary schools and £11.994m uplift in the high needs block.
- 2.2 Table one provides a breakdown of the grant across the DSG blocks and sets out why the grant changed between 2019/20 and 2020/21.

**Table one: DSG settlement 2020/21 and 2019/20**

BLOCK	Schools	Central School Services	High Needs	Early Years	Total
	£m	£m	£m	£m	£m
2020/21	425.944	3.661	88.918	41.781	560.304
2019/20	409.073	3.658	76.924	41.113	530.768
<b>Difference</b>	<b>16.871</b>	<b>0.003</b>	<b>11.994</b>	<b>0.668</b>	<b>29.536</b>
<b>As a result of:</b>					
Pupil No. increases	10.757	0.086	0.685		<b>11.528</b>

Change in Grant Rates	8.160	-0.083	11.309	0.668	<b>20.054</b>
Growth Fund Decrease	-2.045				<b>-2.045</b>
<b>Difference</b>	<b>16.871</b>	<b>0.003</b>	<b>11.994</b>	<b>0.668</b>	<b>29.536</b>

### Schools Block

- 2.3 This block funds primary and secondary school budgets. The schools block allocation of £425.944m has been calculated bottom up on the basis as if the national funding formula (NFF) applied at school level. Local authorities are permitted to use a local ('soft') formula to distribute the aggregated total between each school and academy as is the case in Manchester. The £425.944m will be allocated out to schools in individual budget shares or held for the growth fund.
- 2.4 The budget is based on 79,435 children aged 5-16. The allocation has increased by £16.871m in 2020/21, of which **£10.757m** reflects growth in primary and secondary pupils between October 2018 and October 2019 of 2,071 (2.7%). In addition, £9.625m of the allocation is for premises and the growth fund.
- 2.5 The growth fund allocation changed in 2019/20 from a historical allocation to a new formulaic method based on lagged growth data. Manchester will receive a protected level of funding, but this is £2.045m lower than the 2019/20 allocation. Table two below shows the breakdown of the allocation across 79,435 children aged 5-16.

**Table two: Schools Block Allocation**

<b>Schools Block</b>	
<b>Guaranteed Unit of Funding</b>	
Primary	£4,669.73
Secondary	£6,209.31
<b>Numbers on roll – 79,435</b>	
Primary	49,960
Secondary	29,475
	£416,319,124
Funding growth	£5,345,089
Premises	£4,279,605
<b>Total</b>	<b>£425,943,818</b>



- 2.6 The Spending Round in September 2019 indicated increases in school funding and following consultation with Schools Forum in November 2019 and January 2020, Schools Forum endorsed the Council's proposals to increase funding for pupils, pupil characteristics, and protection under the MFG as much as is affordable within the formula.

#### Central School Services Block

- 2.7 The central school services block allocation is £3.661m and supports the Council's role in education. It comprises two elements:
- 'On-going Responsibilities' - funding for this is determined by number of pupils and deprivation
  - 'Historic Commitments' (previously known as Combined Services) - funding for this is based on past actual costs.
- 2.8 'On-going Responsibilities' - This funds the admissions service, copyright licenses, servicing of Schools Forum and the duties local authorities have for both maintained schools and academies. The per pupil amount for 'On-going Responsibilities' has reduced by 2.5% which equates to a per pupil reduction of £1.07 to £41.58 per pupil. The impact of the reduction in the rate per pupil has been off-set by an increase in Manchester's pupil numbers, demonstrated in table three below.
- 2.9 'Historic Commitments' are time-limited and expected to reduce over a period of time. The DfE has suspended a planned 20% reduction in funding in 2020/21 where local authorities can demonstrate an on-going borrowing commitment. Manchester has evidenced the on-going commitment for unsupported borrowing against a school's capital scheme of £358k per year, which runs until 2032/33.

**Table three: Central Schools Service Block**

<b>Central Schools Service Block</b>	<b>2019/20</b>	<b>2020/21</b>	<b>Difference</b>
Historic Commitments (£m)	<b>358,000</b>	<b>358,000</b>	<b>0</b>
On-going responsibilities:			
Unit of Funding (£)	42.65	41.58	(1.07)
October census number on roll	77,364	79,435	2,071
Total Ongoing (£m)	<b>3,299,575</b>	<b>3,302,907</b>	<b>(3,332)</b>
<b>Block Total (£m)</b>	<b>3,657,575</b>	<b>3,660,907</b>	<b>(3,332)</b>

### High Needs Block

- 2.10 The high needs block allocation is £88.918m and provides funding for children and young people with special educational needs and disabilities (SEND) from early years to age 25. The DfE has allocated an additional £0.7bn to the high needs block nationally. Manchester's additional high needs block grant allocation is £11.994m, an increase of 15.59% compared to 2019/20.
- 2.11 This block of funding is for those pupils or students who require provision that would not normally be available within the delegated resources of a mainstream school. It is also for pupils who would require additional targeted resources in order to meet their needs in a mainstream setting or placement in a specialist setting, such as a SEND resource unit or a special school. It enables both local authorities and providers to meet their statutory duties under the Children and Families Act 2014. High needs funding is also intended to support good quality alternative provision (AP) for pre-16 pupils who cannot receive education in schools.
- 2.12 The Council continues to work with special schools and intends to re-base funding based on a child's primary diagnosed need to one where the level of all the needs of the child are taken account of. This will also allow the Council to equalise funding rates across all of the special schools. Following consultation in October 2019, 12 out of 13 schools agreed with the proposed change. In January 2020, Schools Forum endorsed the proposed change to the formula. Based on the proposed revised formula the average increase per special school per place is 2%.

### Early Years Block

- 2.13 The early years block funding is £41.781m, this reflects the 2020/21 early years national funding formula (EYNFF) rates for all local authorities published in November 2019. Both the two year old rate and the three and four year old rate for Manchester have increased by 8p per hour from 2020/21. This is an increase of 1.64% for three and four year olds and 1.51% for two year olds and will be passed on in full to providers. However, this increase does not reflect the increase in the national living wage for April 2020 of 6.2% and for that reason is not expected to support financial sustainability for providers that are in difficulty.

## **3. Dedicated Schools Grant Allocation with Manchester**

- 3.1 DSG funding is provided in two stages: first, the government provides the grant to a local authority as set out in section two above, and then the LA determines the grant distribution to the local educational establishments. The proposals for local allocation set out below have consulted on with Schools Forum, who endorsed the proposals at their meeting in January 2020.

### Schools Block

- 3.2 The schools block funds individual primary and secondary (mainstream)

schools' budgets. Funding is currently based on a local funding formula. This formula applies to all primary and secondary schools and academies. Individual school funding is determined by pupil numbers, pupil characteristics, a lump sum and premises related factors.

- 3.3 No change to Manchester's individual schools formula for primary and secondary schools is proposed. Manchester schools will receive a 1.84% increase on funding for pupils and pupil led characteristics. Premises factors have not been uplifted by in line with allocations from the DfE. The lump sum continues to be funded at £41k above the rate the Council has been funded as part of the local formula. Protection of plus 1.84% per pupil compared to last year's budgets has been provided. This ensures that all schools will receive an inflationary increase compared to what was received last financial year on a per pupil basis.

#### Central Schools Services Block

- 3.4 This block provides funding for LAs to carry out central functions on behalf of pupils in state-funded maintained schools and academies. The block is split into funding for historic commitments and funding for LA school responsibilities, such as Admissions.

#### High Needs Block

- 3.5 The 2020/21 high needs block grant allocation totals £88.918m and includes an £11.994m uplift to the block. The breakdown of estimated spend against the additional allocation is provided in table four below:

**Table four: High Needs Block growth**

	2020/21 £m
<b>Additional HNB Allocation</b>	<b>11.994</b>
Mainstream EHCPs, Special School places, Resource units, Education, Health and Care Plans	5.124
Post 16 Places	1.700
Out of City Places	3.059
Central Services	0.279
<b>TOTAL: Growth</b>	<b>10.162</b>
Recovery Balance (year 1)	1.832
Balance	<b>0</b>

- 3.6 The school population in Manchester has increased significantly since 2008. This has led to an increased demand for places across specialist places and support. Currently, 2.0% of the school population attend specialist provision either within a special school or resource provision within a mainstream setting. Expected growth planned mirrors that of mainstream growth and does not increase the proportion of children attending a special or resource school in Manchester. The Council is expanding the Education and Health Care Plans

Casework service in line with expected growth for EHCPs next year. Manchester's High Needs Block is projected to overspend by £5.332m 2019/20, giving an expected DSG overspend of £3.664m. It is proposed that the deficit is recovered over two year period

#### Special School Budgets

- 3.7 The Council has undertaken a review of the special schools funding formula to establish an equitable and efficient funding system that aligns funding to individual pupils needs. Special schools places are funded on a £10k place plus top-up based on primary needs of children in their school.
- 3.8 The Council has worked with special schools and has re-classified top-up values based on all the needs of the child instead of the child's primary diagnosed need. This has also allowed the Council to equalise funding rates across all of the special schools. A consultation on the changes has run throughout October 2019 to January 2020. Based on the proposed revised formula, the average increase per special school per place is 2%.

#### Early Years

- 3.9 Manchester's funding rate per hour for both the universal and additional hours provision for 3 and 4 year olds as well as the 2 year offer is proposed to be increased by 8p on the base rate, in line with the 8p increase received in the DSG settlement.

#### **4. Summary**

- 4.1 Table five below sets out the grant breakdown of DSG blocks. The table provides a summary of the split between individual school budgets and those budgets retained centrally by the authority across each of the blocks in 2019/20 and 2020/21.

**Table five – DSG individual school budgets and retained school budgets**

	<b>Schools</b>	<b>Central School Services Block</b>	<b>High Needs</b>	<b>Early Years</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Retained School Budgets	3.756	3.658	22.761	1.151	<b>31.326</b>
Individual School Budgets	405.317	0	54.163	39.962	<b>499.442</b>
<b>DSG 2019/20</b>	<b>409.073</b>	<b>3.658</b>	<b>76.924</b>	<b>41.113</b>	<b>530.768</b>
Retained School Budgets	2.392	3.661	29.532	1.262	<b>36.847</b>
Individual School Budgets	423.552	0	59.386	40.519	<b>523.457</b>
<b>DSG 2020/21</b>	<b>425.944</b>	<b>3.661</b>	<b>88.918</b>	<b>41.781</b>	<b>560.304</b>

## **5. Recommendations**

5.1 The recommendations appear at the front of this report.

<b><u>Glossary</u></b>	
<b>Central Services Block</b>	<p>This is one of four blocks of Dedicated Schools Grant (DSG) allocated to local authorities to carry out functions on behalf of pupils in both maintained schools and academies. There are two distinct elements within this block:</p> <p>the ‘ongoing responsibilities’, comprising of funds previously separately specified by the Department for Education (DfE) and retained centrally (admissions, copyright licenses and servicing schools forum).</p> <p>the ‘historic commitments’ previously known as ‘combined services’.</p>
<b>Early Years Block</b>	The early years block funds all factors relating to three and four-year-olds and disadvantaged two-year-olds in nurseries, private, voluntary and independent settings, and maintained schools.
<b>High Needs Block</b>	The high needs block covers place funding for special schools/academies and units, top-up funding for high needs pupils, alternative provision and education otherwise than at school, and funding for local authority central special educational; needs services.
<b>Minimum Funding Guarantee</b>	The MFG stipulates the minimum amount by which a school’s budget must increase (or maximum decrease) when compared with its budget for the previous year, before allowing for changes in pupil numbers. Some specific items of expenditure (such as rates and resources specifically assigned to individual pupils with special needs) are excluded from the coverage of the MFG. The local authority can modify the operation of the MFG with the approval of the Secretary of State
<b>National Funding Formula</b>	National Funding Formula DfE has published proposals for a new national funding formula for schools, high needs and early years funding. In March 2016 DfE published proposals to make the distribution of schools and high needs funding fairer, and in August 2016 DfE published proposals on early years funding reforms.
<b>Soft Funding Formula</b>	The DfE will moved to a national funding formula at Local Authority level. The DfE use the national funding formula to calculate LAs’ funding allocations, LAs can still determine individual schools’ funding allocations through their local formula.
<b>Schools Block</b>	The schools block will fund all primary and secondary schools pupils that are not funded through high needs or early years blocks.

## Manchester City Council Report for Resolution

**Report to:** Children and Young People Scrutiny Committee – 5 February 2020  
Executive – 12 February 2020

**Subject:** School Place Planning and Admissions

**Report of:** Director of Education

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### Summary

This report provides an update on school admissions for academic year 2019/20 along with plans for creating additional capacity in response to forecast demand across primary and secondary schools.

### Recommendations

Children and Young People Scrutiny Committee are asked to comment on the contents of the report. Executive are recommended to:

1. Note the data relating to September 2019 admissions;
  2. Note the pupil forecasts submitted to the Department for Education (DfE) during summer 2019
  3. Support the principle that Basic Need funding is used to fund the new high school and contribute towards the development of the city centre school;
  4. Agree that the Council undertakes consultation to gather views on the plans to develop a new primary school in the city centre and a new secondary school in east Manchester as a first step towards identifying a provider for the new school;
  5. Delegate responsibility to the Director of Education in consultation with the Executive Member for Children's Services to:
    - progress the publication of a specification for each new school and invitations to sponsor based on the outcomes of the consultation
    - Identify a preferred sponsor for each school to be recommended to the DfE
- 

**Wards Affected:** All wards are affected.

Manchester Strategy outcomes	Summary of the contribution to the strategy
A thriving and sustainable city: supporting a diverse and	The ongoing growth of the City's education sector will continue to create opportunities for employment

distinctive economy that creates jobs and opportunities	in schools and those businesses which are involved in the supply of goods and services.
A highly skilled city: world class and home grown talent sustaining the city's economic success	A sufficiency of high quality education provision will provide future generations with the skills and behaviours to benefit from the City's economic success.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	Schools are environments in which the diversity and talent of Manchester's children and young people is celebrated. Pupils are supported and encouraged to achieve their aspirations and maximise their potential.
A liveable and low carbon city: a destination of choice to live, visit, work	Investment in modern, energy efficient and high quality education infrastructure drives reductions in carbon across the estate of schools.
A connected city: world class infrastructure and connectivity to drive growth	Investment in existing and new education provision will enhance the City's attractiveness to potential residents and contribute to the development of high quality neighbourhoods.

**Full details are in the body of the report, along with any implications for**

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

### **Financial Consequences – Revenue**

The additional school places will be funded from Dedicated School Grant. The funding is based on pupil numbers and pupil characteristics. Start-up costs of new schools set-up through Local Authority free school presumption will be funded by Manchester's Dedicated Schools Grant growth fund.

Existing revenue reserves will be used to fund the costs incurred on Matthews Lane, as noted in the capital consequences below.

### **Financial Consequences – Capital**

The current forecast of unallocated Basic Need grant funding is c. £61m which, based on other similar projects, should be sufficient to fund the land acquisition, remediation and build costs for a new secondary school. The proposal to build a secondary school at Hyde Road, in preference to the site at Matthews Lane, is set out in the report.

The costs already incurred on Matthews Lane to date, totalling £4.4m and relating to site investigation and design works, cannot be capitalised (as that scheme is not currently proceeding) and therefore cannot be funded from Basic Need grant. Instead



they will need to be funded from existing revenue reserves, and the Basic Need grant originally allocated to them will be added back to the Education Capital Programme.

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**Background documents (available for public inspection):**

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

1. Report to Children and Young People Scrutiny Committee – 30 May 2018
2. Report to Children and Young People Scrutiny Committee – 5 September 2017
3. Report to Children and Young People Scrutiny Committee – 6 December 2016
4. Report to Executive – 6 October 2015
5. Report to Young People and Children Scrutiny Committee – 29 September 2015
6. Report to Young People and Children Scrutiny Committee – 26 May 2015
7. Report to Young People and Children Scrutiny Committee – 13 January 2015
8. Report to Young People and Children's Scrutiny Committee – 8 July 2014
9. Report to Young People and Children's Scrutiny Committee - 8 January 2013
10. Report to Executive 16 January 2013 - School Organisation and Capital Investment Strategy
11. Report to Young People and Children's Scrutiny Committee – 21 May 2013
12. Report to Executive Committee – 29 May 2013

## **1.0 Introduction**

1.1 The Manchester Strategy 2016 “Our Manchester” provides the following key commitments to children and young people:

- Ensure that all children and young people have access to high quality learning, suited to their individual needs. All children should attend and be ready to learn and have the opportunities to develop skills, knowledge and abilities. It is our ambition that all schools in Manchester are rated good or outstanding by Ofsted.
- Celebrate the diversity and talent of Manchester’s children and young people. We value the range of backgrounds, heritage, and experiences of our children and young people and will strive to ensure that this is recognised and that they are supported to achieve their aspirations, however diverse.
- Ensure that all children and young people are prepared for life and citizenship and have the necessary skills for employment. To support this priority we will ensure that young people from disadvantaged backgrounds have opportunities for training and employment.
- Build children and young people’s confidence, resilience, social skills, communication skills and social capital to support success from the earliest years of a child’s life.

1.2 Ensuring that residents have access to high quality schools within their local area is central to achieving this strategy. Achieving a sufficiency of high quality school places to meet need continues to require considerable investment, strategic planning and partnership with schools and school providers across the City, as the primary, secondary and special school pupil populations continue to increase year on year and, increasingly, throughout each year.

1.3 The provision of high quality school places in areas of pupil demand will improve the outcomes of Manchester’s children and young people as well as reducing their travel times to access education.

## **2.0 School Admission Applications 2019/20**

2.1 The October 2019 school census identified 7079 reception age children on roll at a Manchester mainstream primary school and it is expected that additional children will arrive throughout the academic year. All children who applied on time for a reception place starting in September 2019 received an offer with 90.9% allocated their 1<sup>st</sup> preference school on national offer day.

2.2 Manchester’s year 7 mainstream cohort was 6295 and further demand is anticipated throughout the year as families continue to arrive in the city. All children who applied on time for a year 7 place received an offer with 77% being allocated a place at their 1<sup>st</sup> preference school on national offer day.

2.3 Manchester’s statistics for both national offer days are published on the Council’s website and are attached as an appendix to this report.

### 3.0 School Population Forecast

- 3.1 Manchester's population has continued to grow from our 2011 Census figure of 503,000, and our forecasts for population growth are estimating that by the mid-2020s the city of Manchester will have a population of circa 644,000. This population growth is driven by the continued, and forecasted continuation, of economic growth. It is within this context that ensuring a sufficient supply of high quality school places will remain a critical component of the Council's work in improving outcomes for Manchester residents and delivering the ambitions outlined in our ten year plan for the city – "the Our Manchester Strategy".
- 3.2 The range of factors which have given rise to the recent increased demand for school places is extensive and complex. It includes increased birth rate, migration to and movement around the City, the impact of welfare reforms, new housing developments, and changing patterns of parental preference for schools, restrictions on the supply of school places outside the City, changing economic circumstances and successful regeneration.
- 3.3 The City Council has an extensive and ambitious regeneration agenda, a crucial element of which is major housing development. Accurately assessing pupil numbers arising from new housing is an important aspect of pupil number forecasting. Getting this right will help school planning and drive regeneration activity rather than responding to it. Education Services are actively engaged with key residential growth projects to ensure school provision is incorporated into master planning and available to meet the needs of growing communities.
- 3.4 New housing is not the only factor which gives rise to an increase in the demand for school places. The way in which the existing housing stock is being used is a more significant contributory factor but is also more difficult to predict. Levels of housing occupation vary making it challenging to predict future saturation levels.
- 3.5 The annual school census completed in October 2019 identified 79,429 pupils attending Manchester Schools compared to 77,372 pupils in October 2018 – this snapshot shows growth of 2,057 pupils across the mainstream primary and secondary phases within a year.
- 3.6 Projections of anticipated pupil demand were submitted to the DfE in June 2019 as part of the School Capacity Survey (SCAP) 2019. The forecasts will identify the projected number of places required to meet the Council's sufficiency duty and determine its Basic Need funding allocation for future years.

Forecast	Y0	Y1	Y2	Y3	Y4	Y5	Y6
Sep-20	7247	7253	7124	7356	7326	7337	7318
Sep-21	6787	7370	7311	7175	7422	7381	7417

Forecast	Y7	Y8	Y9	Y10	Y11
Sep-20	6732	6505	6277	6220	5548
Sep-21	6952	6806	6560	6352	6164
Sep-22	7046	7028	6864	6639	6295

#### 4.0 Approach to Securing Sufficient School Places

- 4.1 In response to the increasing demand for primary places the Council continues to work with its partners to develop additional places in targeted areas, utilising capital funding (referred to as Basic Need funding) provided by the Government to the Council for this purpose, as well as through access to some additional sources of funding where possible and the development of free schools.
- 4.2 The development of new schools by a local authority requires that the DfE free school presumption process is undertaken. The presumption process is the main route by which local authorities establish new schools in order to meet the need for additional places, both in terms of basic need and the need for diverse provision within their areas.
- 4.3 Local authorities are responsible for determining the specification for the new school and will fund and deliver the site and buildings through its Basic Needs Funding allocation, and work with the approved sponsor to establish the school. All new schools established through the presumption process are classified as free schools. This reflects the fact that 'free school' is the department's term for any new provision academy. 'Academy' is the legal term for state-funded schools that are independent of local authority control and receive their funding directly from the government.
- 4.4 The presumption process requires local authorities to seek proposals to establish a free school where they have identified the need for a new school in their area. The process is broadly outlined as follows:

Step	Description
Local authority consultation	Stakeholder views gathered on proposed new school and used to inform specification
Impact and equalities assessment	Identify impact of proposed new school on existing educational institutions and pupils
School specification	Development of specification to enable proposers to understand the needs of the local authority and submit the strongest proposal possible

Seeking proposals	Marketing of the presumption competition as widely as possible to ensure that the broadest possible range of groups or organisations that might be interested in establishing the new school are aware of the opportunity to do so and have sufficient time to develop proposals
Assessing proposals	Submitted proposals to be assessed and scored by the local authority
Local authority recommendation	Local authorities should provide their assessments of each application to the Secretary of State at the earliest opportunity, including the scoring given for each proposal. This assessment will enable the RSC, on behalf of the Secretary of State, to decide on the most suitable proposer to take forward the new free school

- 4.5 In recent years the Council has undertaken two successful free school presumptions which led to the establishment of two new secondary schools: Dean Trust Ardwick in 2015 and Manchester Enterprise Academy Central in 2016.
- 4.6 New schools established through the Free School Presumption route will be expected to work to local admission arrangements and contribute to the City's priorities for its children and young people.

## **5.0 Actions to Secure Sufficient School Places**

- 5.1 The continued attractiveness of the city centre as a place to live and work and ongoing residential growth is expected to result in additional demand for primary school places as more residents choose to remain in the area when starting a family.
- 5.2 In response to this forecast demand the Council is working with Renaker Build to establish a new primary school as part of the Crown Street phase 2 development. The school is expected to provide 210 places for primary age children along with a 26 place nursery and be integrated in the masterplan for the area. Renaker Build is committed to a S106 contribution towards development of the school with the Council expecting to commit an element of basic need capital. It is anticipated that the school will be ready to admit pupils in 2024 and a provider will be secured by undertaking a free school presumption during 2020.
- 5.3 Olive School - a centrally funded free school - remains in the pipeline pending acquisition of a permanent site. The School will be part of the Star Academies Trust and is currently forecast to open in 2023.

- 5.4 As previously noted in this report, the larger primary cohorts have been driving increased demand at secondary schools. In response to this demand the Council commissioned a significant programme of expansions and new schools funded from Basic Need capital and worked with the DfE to secure the delivery of centrally funded free schools. The following table identifies the work undertaken at secondary phase in response to increased demand for places.

<b>School</b>	<b>Age Range</b>	<b>Delivery Route</b>	<b>Opened</b>	<b>Places</b>
Dean Trust Ardwick	11-16	MCC Free School	2015	1200
MEA Central	11-16	MCC Free School	2016	1050
Eden Boys Leadership Academy	11-18	DfE Free School	2017	600
Eden Girls Leadership Academy	11-18	DfE Free School	2017	600
CHS South	11-16	DfE Free School	2018	1200
Co-op Academy Manchester	11-16	MCC Expansion	2018	720
Didsbury High School	11-18	DfE Free School	2019	1050

- 5.5 An expansion of Dean Trust Ardwick has been commissioned in preparation for September 2020 admissions round which will increase its capacity by a total of 150 places (30 per year group). Work is also being progressed to identify opportunities to create additional secondary capacity in north Manchester where continued demand for places is forecast. A site in the ward of Miles Platting and Newton Heath has been identified as potentially being suitable to accommodate future education development.
- 5.6 The Council commissioned a 1200 place secondary school at Matthews Lane which secured planning permission in May 2018 and was proposed to open in readiness for September 2020. This scheme was paused whilst the Council awaited the outcome of Wave 13 free school applications submitted to the DfE by multi-academy trusts however, no successful bids were received.
- 5.7 It had also been expected that the Dean Trust / UK Fast free school approved in wave 12 would secure a permanent site and could open in readiness for academic year 2021/22. Unfortunately a site has still not been secured by the DfE and the Council will therefore need to take steps to meet its sufficiency duty by developing additional secondary provision.
- 5.8 The Council has continued to seek sites to safeguard for future development as a secondary school in east Manchester to meet the growing need for places. On this basis, a proposal has been to Executive regarding the acquisition of the Showcase Cinema site on Hyde Road, some of which will be the preferred option to develop a new secondary school, subject to site investigations. This would mean that the proposed school at Matthews Lane

will not be progressed. This decision has been informed by the outcome of detailed site investigations, which indicate that the design response required to construct a school at Matthews Lane would result in significant cost exceeding DfE affordability measures, and also that the change in location from Matthews Lane to Hyde Road provides improved access whilst still being well situated to meet the forecast demand for places. The Council could not have anticipated that the Hyde Road site would become available at the time Matthews Lane was being considered as a site for a new secondary school.

- 5.9 Development of a new secondary school at the Hyde Road site will require a free school presumption to be undertaken so that a preferred sponsor can be recommended to the RSC. It is expected that this process will commence in February and conclude in late summer or early autumn. The school will then enter the pre-opening phase so that places can be made available to children for September 2021 admissions round. Opening of the school for September 2021 will require the use of temporary accommodation for a period of up to 3 years while the permanent build is completed.

## **6.0 Contributing to the Manchester Strategy**

### **(a) A thriving and sustainable city**

- 6.1 The ongoing growth of the City's education sector will continue to create opportunities for employment in schools and those businesses which are involved in the supply of goods and services.

### **(b) A highly skilled city**

- 6.2 A sufficiency of high quality education provision will provide future generations with the skills and behaviours to benefit from the City's economic success.

### **(c) A progressive and equitable city**

- 6.3 Schools are environments in which the diversity and talent of Manchester's children and young people is celebrated. Pupils are supported and encouraged to achieve their aspirations and maximise their potential.

### **(d) A liveable and low carbon city**

- 6.4 Investment in modern, energy efficient and high quality education infrastructure drives reductions in carbon across the estate of schools.

### **(e) A connected city**

- 6.5 Investment in existing and new education provision will enhance the City's attractiveness to potential residents and contribute to the development of high quality neighbourhoods.

## **7.0 Key Policies and Considerations**

### **(a) Equal Opportunities**

- 7.1 The proposals in this report will ensure that there is sufficient educational provision in the City for children to attend high quality schools close to where they live so that they may fulfill their potential.

### **(b) Risk Management**

- 7.2 Risk issues and appropriate mitigations are addressed within the report.

### **(c) Legal Considerations**

- 7.3 Legal considerations are addressed in the body of the report.



**Appendix One: Admissions Statistics**

<b>Reception Offer Day Statistics</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Total Manchester Applicants	6799	7060	6937	7151	6763	7057
Online Applicants	4103	4975	5279	5412	4953	5212
Online Applicants (%)	60.3%	70.5%	76.1%	75.7%	73.2%	73.9%
Offered Preference 1	5977	6166	6130	6377	6266	6413
Offered Preference 1 (%)	87.9%	87.3%	88.4%	89.2%	92.7%	90.9%
Offered Preferences 1-3	6484	6752	6644	6900	6629	6858
Offered Preferences 1-3 (%)	95.4%	95.6%	95.8%	96.5%	98.0%	97.2%

<b>Year 7 Offer Day Statistics</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Total Manchester Applicants	5089	5428	5819	6362	6522	6593
Online Applicants	3857	4476	5063	5448	5555	5609
Online Applicants (%)	76%	82%	87%	86%	85%	85%
Offered Preference 1	3871	4063	4448	4751	5005	5055
Offered Preference 1 (%)	76%	75%	76%	75%	77%	77%
Offered Preferences 1-3	4660	4929	5345	5729	5965	6068
Offered Preferences 1-3 (%)	92%	91%	92%	90%	92%	92%

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