



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

Date: Wednesday, 10 February 2021

Time: 10.00 am

Venue: Virtual meeting - Webcast at  
<https://vimeo.com/507030768>

This is a **Revised Agenda** as item 6 comprises of two separate reports (item 6a - Children and Education Services Budget 2021/22 and item 6b - School Budget 2021/22).

### **Advice to the Public**

The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020

Under the provisions of these regulations the location where a meeting is held can include reference to more than one place including electronic, digital or virtual locations such as internet locations, web addresses or conference call telephone numbers.

To attend this meeting it can be watched live as a webcast. The recording of the webcast will also be available for viewing after the meeting has concluded.

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

### **Councillors –**

Abdullatif, Sameem Ali, Alijah, Chohan, Cooley, Hewitson, 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

## Revised Agenda

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**1. Urgent Business**

To consider any items which the Chair has agreed to have submitted as urgent.

**2. Appeals**

To consider any appeals from the public against refusal to allow inspection of background documents and/or the inclusion of items in the confidential part of the agenda.

**3. Interests**

To allow Members an opportunity to [a] declare any personal, prejudicial or disclosable pecuniary interests they might have in any items which appear on this agenda; and [b] record any items from which they are precluded from voting as a result of Council Tax/Council rent arrears; [c] the existence and nature of party whipping arrangements in respect of any item to be considered at this meeting. Members with a personal interest should declare that at the start of the item under consideration. If Members also have a prejudicial or disclosable pecuniary interest they must withdraw from the meeting during the consideration of the item.

**4. Minutes** – Previously circulated

**5. Update on Schools and Settings and their Response to COVID-19** – Previously circulated

**6a. Children and Education Services Budget 2021/22**

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Report of the Strategic Director for Children and Education Services

This report provides updated Children and Education Services 2021/22 budget proposals that reflect the feedback and decision(s) from the scrutiny and Executive meetings that were held in January 2021.

**6b. School Budget 2021/22**

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Report of the Strategic Director for Children and Education Services

This report provides a summary of the confirmed Dedicated Schools Grant (DSG) allocation from the 2021/22 settlement announced on the 17<sup>th</sup> December and the budget allocation across individual school budgets and Council's retained schools budgets which was reported to Schools Forum on 18th January 2021.

**7. Overview Report** – Previously circulated

## Further Information

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

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This revised agenda was issued on **Thursday, 4 February 2021** 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:** Children and Young People Scrutiny Committee - 10 February 2021  
Executive - 17 February 2021

**Subject:** Children and Education Services Budget 2021/22

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

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## Summary

As reported to the Executive on the 16th October 2020 it is anticipated the implications of COVID-19 will have a significant impact on the Council's finances. As a result of additional demand for services and impact on the Council's income (as set out in the November and January reports to Executive and scrutiny committees) the Council is facing a significant budget gap for 2021/22 onwards. Funding announcements in the government's spending review on 25 November and provisional local government finance settlement on 17th December suggest the Council will not be facing the worst-case scenario for 21/22, which was a shortfall of around £100m. It is now expected that savings in the region of £41m, as previously identified, will be sufficient. This report provides a further updated Children and Education Services 2021/22 budget proposals that reflect the feedback and decision(s) from the scrutiny and Executive meetings that were held in January 2021.

This report which for ease of reference is structured as follows;

Section 1	Introduction
Section 2	Background and context
Section 3	Revenue Strategy
Section 4	Directorate Revenue Budget 2021/22
Section 5	Our Corporate Plan and Business Plan
Section 6	Impact on Workforce, Residents, Risk Management and Legal Considerations
Section 7	Consultation
Section 8	Conclusion

This report outlines the financial management and leadership of the Directorate's budget, the financial position which includes demography, growth of demand and a series of savings options proposed by officers aligned to the remit of the Children and Young People Scrutiny Committee to contribute to the Council's duty to achieve a balanced budget in 2021/22. The report also sets out the impact the options will have on residents and the workforce.

The 2020/21 Dedicated School Grant notification was received on the 17<sup>th</sup> December 2020 and totals £602.626m. The overall increase in grant since last year is £42.477m. The biggest change in the grant is due to 2% per pupil related increase in part of the grant that supports primary and secondary schools, transfer of Teacher's Pay and Pension Grants and £9.773m uplift (not including the teacher's pay and

pension grant transfer) in the high needs block. The proposed Schools Budget for 2020/21 has been agreed in consultation with Schools Forum on the 18<sup>th</sup> January 2021 and is reported on in a separate report to this meeting.

The Council's budget proposals for 2021/22 and onwards will be subject to further refinement following feedback from public consultation which is set to close on the 21<sup>st</sup> February 2021.

### Recommendations

Scrutiny Committee members and the Executive are asked to consider the content of this report and comment on the propositions, challenges, priorities and opportunities which are outlined throughout the body of the report.

**Wards Affected:** All

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

<b>Environmental Impact Assessment - the impact of the issues addressed in this report on achieving the zero-carbon target for the city</b>
The report reflects the fact that the Council has declared a climate emergency by making carbon reduction a key consideration in the Council's planning and budget proposals.

<b>Manchester Strategy Outcomes</b>	<b>Summary of the Contribution to the Strategy</b>
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 liability 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

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

The report contains draft savings options, for comment, prior to a draft budget. Report being prepared for the Council's Executive due to sit in February 2021. The draft options for 2021/22 total £12.359m, of which £2,611m are not recurrent. The non-recurrent savings to smooth out transition to reductions in budget. Over 2021/22-2024/25 in total £10.998m of recurrent savings planned to be delivered. Most of these options are deemed to be deliverable and there is a level of confidence that most of the options are "the right thing to do" and have been developed in line with the Directorate budget strategy.

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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 Budget 2021/22 – Children and Young People Scrutiny 13<sup>th</sup> January 2021

Children and Education Services Budget 2021/22 – Children and Young People Scrutiny 4<sup>th</sup> November 2020

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

Annual report on Special Educational Needs and Disability (SEND) - Children and Young People Scrutiny Committee - 4 March 2020

Attainment and Progress 2019 - Children and Young People Scrutiny Committee – 24 June 2020

Council Business Plan 2020/21 - Executive - 12 February 2020



## **1.0 INTRODUCTION**

- 1.1 Manchester City Council has been at the forefront of the response to the coronavirus pandemic in the City. This report sets out a one year budget for 2021/22, however the longer term implications have been considered and these are considered in the Council's medium term financial planning. As a result of the COVID-19 Pandemic there has been additional demand for services and reductions to Council's income (as set out in the global monitoring report to Executive 17 Feb 2021). This left the Council facing a significant budget gap for 2021/22 onwards. Funding announcements in the government's spending review on 25 November and provisional local government finance settlement on 17 December mean the Council will not be facing the worst-case scenario for 2021/22, (which was a shortfall of around £100m). The government settlement assumes eligible Councils will increase Council Tax by 3%, for the Adult Social Care precept. After accounting for additional Adult Social care funding through both additional precepts and grant the revised savings proposals from all Directorates total £41m.
- 1.2 With the likely scale of funding pressures and future resource reductions, it is important that the Council holds a robust position on reserves and maintains the ability to deal with issues that arise during the financial year.
- 1.3 This report has taken into consideration the observations and feedback from Scrutiny Committee Members during the meetings held in November 2020 and January 2021 and as such provides the draft 2021/22 revenue budget options for the Children and Education Services Directorate. The proposed officer budget options follow a comprehensive review across all service areas in order to ensure that the existing budgets are realistic and sufficient to ensure that the service area can deliver its objectives and contribute to the Corporate Plan priorities during and the pandemic and managing the impact of the longer term consequences once the pandemic is controlled. The budget strategy is intelligence led, reflects the Directorate priorities that aim to work within existing economies of scale to strengthen partnerships and deliver services local, place based services on a city wide, locality and neighbourhood footprint. This delivery model includes collaborating and working in partnership with Manchester Local Care Organisation (MLCO); is aligned with the Council's Bringing Services Together arrangements and scrutiny from Manchester's Safeguarding Partnership (MSP). The draft budget for 2021/22 also makes proposals for £6.027m of growth demography to ensure there is sufficient resources to meet the care and placement needs of those children who are looked after by the Council.
- 1.4 Set out in this report are a series of proposed savings and relevant information relating to the Children and Education Services Directorate to assist Committee Members in their considerations. The proposed savings options outlined in this report have been assessed by officers for their deliverability and impact. In addition, the summary savings schedule is supported with a risk or RAG (Red /Amber /Green) impact rating.

- 1.5 The proposals have also been considered by Executive Members who are keen that all the identified options are set out so they can be considered and consulted on. Since November and January's scrutiny committee the proposals have been subject to further refinement.
- 1.6 The 2020/21 Dedicated School Grant notification was received on the 17<sup>th</sup> December 2020 and totals £602.626m. The overall increase in grant since last year is £42.477m. The biggest change in the grant is due to 2% per pupil related increase in part of the grant that supports primary and secondary schools, transfer of Teacher's Pay and Pension Grants and £9.773m uplift (not including the teacher's pay and pension grant transfer) in the high needs block. The proposed Schools Budget for 2020/21 has been agreed in consultation with Schools Forum on the 18<sup>th</sup> January 2021 and is reported on in a separate report to this meeting.

## **2.0 BACKGROUND AND CONTEXT**

- 2.1 A key priority for Manchester City Council is to ensure that Manchester's children are safe, happy, healthy and successful; supported by services that are effective and efficient.
- 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) and ensures there are sufficient and high-quality places in local schools and early years settings.
- 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 Strategy, 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 delivery of 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's population has continued to grow since the 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, a 28% increase. This population growth is driven by the continued, and forecasted continuation, of economic growth. The annual school census completed in May 2019 identified 87,874 pupils attending Manchester Schools compared to 89,318 pupils in October 2020 – this snapshot shows growth of 1,444 pupils across the mainstream primary and secondary phases within a year.
- 2.6 Within the Manchester school population, the January 2020 census showed that 18% of pupils have Special Education Needs. This was made up of 14% who have their needs met at SEN Support level and 3.9% of the school population who have an Education, Health and Care plan (EHCP). The census shows that the number of pupils who have their needs met through SEN Support or an EHCP is increasing. The percentages of pupils at SEN Support level and EHCP are higher than the latest national comparison data. Manchester currently maintains 5,285 Education, health and care plans for children and young people up to age 25.
- 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 £5,691 in 2021/22, an increase of £603 per pupil in cash terms. However, taking account of the Retail Price Index (RPI), it represents an actual real term reduction of around £470 per pupil. It should also be noted that the significant per pupil increase in 2021/22 is a result of funding formula changes whereby external grants have been rolled into core funding.
- 2.8 Following Ofsted's inspection in 2017 which judged Manchester's Children's Services to no longer be inadequate, the service has continued to make progress and improvements in the services provided. This is evidenced through the frequent reporting to Scrutiny Committee(s), alongside regular performance/assurances reporting, independent peer reviews and through Ofsted's focused visits in 2018 and more recently December 2019.
- 2.9 However, it is evidently clear in order for the service to continue to make improvement and for Manchester's Children's Services to be judged as 'good or better' by Ofsted, a key success factor is for there to be a stable, talented and confident workforce. Subsequently the Directorate launched in 2020 a five-year workforce strategy to sustain and continually improve Children Social Care Services. The strategy which has been scrutinised by Committee Members offers a range of incentives to specific groupings of roles which have proven difficult to recruit, retain and offer the foundation for the development of the services' future strategic leaders.

## **SUMMARY IMPACT OF CHILDREN AND EDUCATION SERVICES**

### Children Services

- 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' arrangements for children through adoption and the increased number of Special Guardianship Orders (SGOs). There are 592 special guardianship orders at present, a 62% increase in the number of SGO's since 2015/16.
- 2.11 Implementation of a redesigned 'front door' to respond to requests for a Social Care Service - the Advice and Guidance Service was developed to increase the access to social care expertise and deliver a more locality coordinated and efficient and proportionate Children's Social Care service. This contributed to a wider programme of reforms to enable "Practitioners working together in a locality, having conversations to agree effective, right and timely interventions resulting in positive change for our children to have safe, happy, healthy and successful lives; presented to Scrutiny Committee members in March 2020. The impact of these improvements was evidenced by the number of referrals made into the service reducing from 13,228 in 2017/18 11,174 in 2018/19 whilst at the same time overall reducing the rates of referrals to the service. Quality assurance measures are in place to scrutinise decisions made by staff in the three locality hubs.
- 2.12 In addition we have reduced the number of children and young people subject to child protection plans from 787 at the end of 2018/19 to 731 at the end of 2019/20 and increased the percentage of child protection conferences held within 15 days of the start of the Section 47 enquiry from 78.4% in 2017/18 to 88% in 2019/20.
- 2.13 The Council has been part of a Regional Adoption Agency since 2017 which has maintained good performance and mitigated the removal of the 'inter-agency fee' grant. Adoption timeliness continues to improve with a three-year average of 384 days from entering care to being placed for adoption, compared to 429 days at the end of 2018/19. There is a three-year average of 98 days from Placement Order to an adoption match being agreed, compared to 131 days at the end of 2018/19.

### Education Services

- 2.14 Before schools partially closed in the summer term 2020, the overall Ofsted outcomes for Manchester in March 2020 indicated:
- 95% of Early years settings and 89% childminders were judged to be good or better.
  - 89% of schools are good or better which is above national average and indicates a continually improving system.

- 93.3% of Manchester primary schools and 69% of secondary schools are judged by Ofsted to be good or outstanding.
- all post 16 provision is judged to be good or better in the City
- 88% pupils in the City attend a good or better school which is above national average and 5th highest in NW region.

2.15 Due to the pandemic full Ofsted inspections of schools and Children's Services will not resume until Spring 2021 although they will carry out assurance and focused visits throughout the Autumn and Spring to look at how the system is responding. There will not be a grade provided for these.

2.16 The improvements in both Children and Education Services has in part been associated with continued and strengthening partnerships that support even greater collaboration and robust leadership; underpinned by an effective performance/assurance framework.

### **3.0 REVENUE STRATEGY**

3.1 As previously outlined Manchester's Children and Education Services remain committed to continue a 'journey to excellence'; characterised by effective and efficient services that improve the experiences and outcomes for children and young people. This paper sets out a revised approach towards the reduction of costs by developing and changing services alongside the capacity and culture within the Directorate to ensure its delivery.

3.2 An effective Children and Education Service and delivery of our financial plan cannot be achieved in isolation and requires a continued strong relationship with all our partners both internally within MCC and externally. 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 which through the following key strands of activity support the Directorate Budget approach. This is further underpinned by a mission statement to be *safe, effective and efficient* and built around the following 4 themes which are articulated in paragraphs 3.4 to 3.18;

1. Cost avoidance - preventative and edge of care intervention
2. Care planning and practice improvement
3. Commissioning and Partnerships
4. Service improvement/efficiencies

3.3 It is recognised within Children and Education Services the budget is an interconnected set of financial commitments designed to improve the experience and outcomes of Manchester's children and young people. Thus, enabling a managed and complex ecosystem of interventions, services and organisations held together by relationships, partnerships and collaboration; evidenced in successive Peer Reviews, Ofsted monitoring, focused visits and inspections.

## Cost Avoidance - Preventative and edges of care Interventions

### Early Help

- 3.4 A recent evaluation of Manchester's early help approach found that a coordinated and targeted offer of support for families can have a significant impact on reducing the need for high cost, statutory children's services by:
- a) preventing families coming into contact with high-cost support: since 2015, 4,337 families who had not previously been known to Children's Social care, were identified as needing coordinated support (either through a referral to Early Help or commencing an Early Help Assessment) Of these 97% (4,202) remained having no social care involvement within 12 months of the intervention ending.
- b) supporting 'step down' from high-cost support: since 2015, 2,402 families received 'early help' support who had a CIN status before or during an intervention. Of these 83% (2,004) were stepped down and remained so 12 months after the support had ended.
- 3.5 The evidence from the evaluation demonstrates that mainstream investment in early intervention, supplemented by national Troubled Families funding, is preventing families from needing further, high-cost support across a range of measures but particularly children's social care. The family level data is complimented further by a cost benefits analysis, covering the period 2015-2020, which shows a return on investment of £1.90 for every £1 invested.

### Edge of Care Intervention

- 3.6 Research tells us children living in stable and loving homes tend to do better than their counterparts. As a result, and alongside other specialist interventions, in 2017 Alonzi House was remodelled to support children on the 'edge of care/becoming looked after' to remain safely within their families and communities. Since this time the children Alonzi House has worked with:
- 85% have remained at home with their families.
  - Increased their attendance at school to 90% or above
  - Reduced school exclusions by 50%
  - Contributed to the risk of exploitation for 71% of young people where this was a presenting issue.
- 3.7 In addition, and more recently, in 2019/20 having adopted and adapted the No Wrong Door model as part of the Greater Manchester innovation programme. The services provided by Alonzi House have been adapted to include our 'looked after' children to promote stability and inclusion in family-based care arrangements. This has resulted in the multidisciplinary team operating out of Alonzi House to provide foster families with a wraparound support which will include an outreach element and both practical and emotional support; securing stability, permanent arrangements for children and significantly reduce 'unplanned' placement endings.

- 3.8 The underpinning financial principle is to prevent unplanned placement moves, which invariably are associated with increasing, expensive costs and poor outcomes for children and young people.

#### Care Planning and Practice Improvement

- 3.9 Effective leadership of the system is fundamental and underpins strategies to mitigate rising demand and costs. This is reinforced by maintaining a strong grip on decision-making, assessments and resource allocation for individual children and young people.
- 3.10 The successful delivery of the Children's Services Locality Programme during 2019/20 has enabled the redistribution of social worker capacity. The aim of which has been to secure a timely plan of 'permanence' for children who become looked after and the continued improvement in the overall quality of practice. Over time it may be possible to divert further resources from specialist social work to early help services. This is evidenced by the presentation at today's Scrutiny Committee, recent Looked After Children (LAC) admissions and discharges compared to other Core Cities. Manchester is seeing quite a different trend - with significantly lower admissions and less impact on discharges. In terms of admissions Manchester did have a particularly high rate of growth in the LAC population last year. This points to improved practice and management oversight/grip on planning and decision making for children.
- 3.11 Spend on residential placements for 'Looked After Children' has increased each year since 2015/16, attributed to increasing need, unplanned endings and limitations in the internal and external fostering capacity. A refreshed commissioning approach in 2019/20 that is based on 'relationships' and seeks to embed an outcomes-based commissioning approach and shared understanding of expected outcomes with providers whilst working collaboratively with health partners to identify provision that meets the needs of children with complex health problems and children with Special Education Needs or Disability has seen the use of External Residential placements reduce by 10% since April 2020.
- 3.12 Manchester City Council operates two children's homes through commissioning arrangements with external providers. Informed by research and an analysis of children's needs, this has led to Children's Services and Manchester Health and Care Commission securing capital funding from NHS England which will contribute to costs associated with the remodelling of one of these homes to better respond to the presenting needs of children and young people with learning difficulties and/or autism and their families. The home will provide outreach and a specialist short break provision, which is expected to improve the experiences and outcomes of children. The service is informed by a cost benefit analysis and will deliver significant financial savings in the medium/long term.
- 3.13 Manchester continues to seek to increase the number of internal foster carers for specific groups of children whilst at the same time strengthening its relationship with Independent Foster Care agencies to develop a market of

high-support foster placements for children with high/complex needs, including those stepping down from residential placements.

- 3.14 In addition, in responding to the accommodation needs of our care leavers, the Directorate continues to work proactively and positively with the housing providers including the third sector to further develop models and increase the Leaving Care offer. This has led to a reduction in Care Leavers experiencing placement moves and successfully transitioning to independence and contributing to the development of Greater Manchester Care Leaver's covenant.

#### Commissioning and Partnerships

- 3.15 Manchester has established a talented and skilled commissioning team within Children's Services. This capacity provides greater opportunities to negotiate on price, shape the market and develop stronger, enduring relationships with providers. Furthermore, strong collaboration between the Council and the health service is essential to achieve improved influencing of the market, greater economies of scale and improved outcomes.

- 3.16 The service has developed the following set of commissioning principles which prospective providers are to consider and underpin the Directorate's approach to commissioning:

- Prioritise ethical providers who are informed by appropriate values and principles and are passionate about Our Children
- Recognise and value the voices of children and young people in the development and monitoring of services.
- Ensure we learn from/utilise experience, use data 'intelligently' and consultation to inform innovative service design.
- Co-produce and develop the provider market with service users and providers.
- Ensure we work collaboratively across the Council to ensure maximisation of existing resources.
- Social value is embedded within all commissioning activity to support our communities and services.

#### Delivering Services Locally and in Partnership

- 3.17 The Children's Locality Model Programme delivered during 2019/20 was focused on reforming Children's Services to deliver local, place based services on a 1-3-13 footprint; aligned with Integrated Neighbourhood Teams/ Bringing Services Together; strengthening local partnerships to work together in response to specific complexities of each geographical area across the city. Following the successful implementation of this programme, a review has been undertaken; resulting in an emphasis on strengthening our partnerships and collaborations to jointly commission and deliver services in unison with key partners, as reflected in the following 4 service delivery areas:

1. **Smoke Free Families** (an initiative that involves early years, help and community health services working closely together). Delayed due to the



impact of Covid19 but more recently progress has been accelerated in partnership with Manchester Local Care Organisation which will inform future relationships and improve outcomes for children and families. Adopting a thematic approach where partners can work together putting aside service boundaries and focus on the needs of residents and families. The Smoke Free Families is a resulting approach that will involve a whole family approach to adopt a smoke free home environment for babies and young children. The resulting impact and outcome measures are aligned to the Start Well Board priorities and will highlight learning and wider adaptability for our future neighbourhood and locality working.

2. **Think Family** - Many children who 'become looked after' have experienced domestic abuse parental mental health and substance misuse problems. Subsequently Manchester's Children's Services and its partners are developing plans to implement the Strengthening Families programme which is a multi-agency approach which uses motivational interviewing and takes a 'think family' approach which is facilitated by the co-location and joint working between Adult, Mental Health, Domestic Abuse and Children's Services. Developed in Hertfordshire, the research evidence demonstrates a reduction in both admissions and length of time children spent in local authority care can be achieved.
3. **Targeted offer for children with SEND** - The repurposing of Lyndene Children's Home will see the development of an integrated service offer for children with SEND and their families with robust commissioning governance. The service is developing a dedicated short breaks and outreach service for children with disabilities (including autism) and building on existing pilot short breaks projects which support the transition to universal services. Assessments will be integrated within existing planning routes for specialist services.
4. **Care Leaver Accommodation Offer** - The aim of the Care Leaver Accommodation Project is to work in partnership with Health, Housing, education and both children and adult social care to:
  - Improve stability / Homes for Life for Manchester's Care Leavers
  - Deliver accessible Integrated Support services delivered at the right time
  - Improve choice in where and who to live with
  - Deliver Innovative and individual models of living including intergenerational living where appropriate.
  - To share learning with the Greater Manchester Commissioning leads and develop regional approaches to delivering accommodation and support.

#### Service improvement/efficiencies

- 3.18 Service improvements and efficiencies run across all the budget approaches outlined above, as demonstrated by the review of Families First and commissioning and partnership involved in the repurposing of Lyndene's Children's Home.

#### **4.0 CHILDREN AND EDUCATION SERVICES DIRECTORATE REVENUE BUDGET 2021/22**

- 4.1 During 2019/20 an external benchmarking exercise was undertaken to consider the costs, profile of children and the range and choice of placements for our looked after children set 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. This exercise indicated a requirement for a more prudent forecast for financial modelling should be used. The report predicted a 3% increase per annum in admissions to care was judged as a realistic projection for Manchester.
- 4.2 The following section outlines the revenue budget for the Council’s Children and Education Services, emerging areas of pressure and financial savings proposals which are organised to reflect the Directorate’s budgetary approach as set out in paragraph 3.2.

##### Education and Schools

- 4.3 In July 2020 the Department for Education announced the provisional school funding settlement for 2021/22. Beyond 2021/22 the government will, later this calendar year, put forward its proposals to move to a ‘hard’ National Funding Formula 2022/23 onwards. It is estimated that Manchester receives £20m above the national funding formula values which equates to roughly £300 per pupil in the City. It is expected that once the national funding formula is introduced transitional protection will be applied and the £300 per pupil loss may be protected over a number of years.
- 4.4 For 2021/22 the City’s Primary and Secondary schools should expect to see between a 2%-3% increase in pupil related funding, this is estimated to equate to **£10.611m. Teacher’s pay and pension grants have been transferred into DSG, in total this equates to £17.522m** for Manchester’s primary and secondary schools. This is before increases in pupil number and changes to pupil characteristics are taken account of.
- 4.5 Manchester’s provisional grant allocation for support to children with special educational needs has increased by 10%, and it is estimated that the additional allocation will be c. **£11.456**, included within the additional allocation is an uplift for Teacher pay and pension grant of £1.683m. This part of the Dedicated Schools Grant is currently overspent consequently the estimated £10m increase will mostly be allocated to meet the existing and new pressures on the budget.
- 4.6 Funding for early years in schools and private, independent and voluntary settings was published in December 2020 and has increased by £0.524m for increase hourly rates. The part of the grant supporting the Local Authority, the central schools block shows a reduction of £51k, the Local Authority is working through implications of this change.

- 4.7 The Children and Education Services net annual budget for 2020/21 is £132.228m with 1,316 full time equivalent staff summarised in table one below, a subjective analysis is provided in appendix one of this report:

Table one: Base Budget

Service Area	2020/21 Gross Budget	2020/21 Net Budget	202/21 Budgeted Posts (FTE)
	£'000	£'000	
Children's Safeguarding	128,108	110,073	885
Education*	339,737	17,466	314
Directorate Core and Back Office	4,717	4,689	117
<b>Total</b>	<b>472,562</b>	<b>132,228</b>	<b>1,316</b>

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

### **OVERVIEW OF OPTIONS FOR SAVINGS IN THE CHILDREN'S AND EDUCATION SERVICES DIRECTORATE**

- 4.8 The draft options for savings have been informed by the Directorate Budget approach **to deliver safe, effective and efficient services**, the progress and impact of the services to date. This approach has been developed by thinking through the way in which the Directorate can meet its statutory duties and make the maximum contribution to the priorities for the City, as set out in the earlier parts of this report. In some cases, this is by increasing the pace of implementing the already identified reforms and services improvements as a way of making financial savings by reducing demand for expensive, reactive services. In other cases, this is by choosing options for service reductions which will have the least damaging impact on the achievement of our priorities.
- 4.9 £12.359m of the 2021/22 officers' options are deemed to be deliverable and there is a level of confidence that most of the options are "the right thing to do" and have been developed in line with the budget strategy. Options developed by officers reflect the Directorate's budgetary approach – safe, effective and efficient and can be categorised into and are listed in table two below:
- Options for cost avoidance and those associated with the delivery of services to children with high/complex needs through transforming services and increasing the range and choice of placements (sufficiency). Most of these options are underpinned by commissioning activity.
  - Options to accelerate the pace and ambition of collaboration with partners.
  - Options which aim to remove duplication and develop a shared understanding of how services could deliver tasks effectively and efficiently. These include options for service reductions which will enable the Directorate to deliver a balanced budget whilst enabling the Council to meet its statutory duties.
  - Options for income generation

Table two: Budget Options

Area	Option			2021/22	2022/23	2023/24	2024/25	Total
		Description	RAG Imp	£'000	£'000	£'000	£'000	£'000
Children's Services	Placement Stability	Cost Avoidance	Amber	627	415			1,042
Children's Services	Re-commission – Lyndene	Effective Commissioning	Amber	462				462
Children's Services	Multi-Agency Arrangements	Effective Commissioning	Red	1,000				1,000
Children's Services	Leaving Care	Effective Commissioning	Green	1,767				1,767
Children's Services	Market Development	Effective Commissioning	Red	400	376			776
Children's Services	Unaccompanied Asylum Seeking Children	Effective Commissioning	Green	515				515
Children's Services	Commissioning Review	Effective Commissioning	Amber	300				300
Children's Services	Pace Beds	Effective Commissioning	Green	28				28
Children's Services	Improving Permanence	Care Planning & Practice Improvement	Green	160	159			319
Children's Services	Stability Team and Wrap Around Support	Care Planning & Practice Improvement	Green	300				300
Education	Premises	Efficiencies	Green	129				129
Education	Attendance	Efficiencies	Green	70				70
Core	Business Support	Efficiencies	Amber	130				130
Children's Services	Adoption Services	Efficiencies	Green	357				357
Education	SLA Schools	Efficiencies	Amber	30				30
Children's Services	Families First	Service Reductions	Green	445				445
Children's Services	Section 17	Service Reductions	Green	50				50
Children's Services	No Recourse to Public Funds	Service Reductions	Amber	600				600
Children's Services	Workforce Development	Service Reductions	Green	140				140
Children's Services	Legal - Fees reduction	Service Reductions	Amber	260				260
Education	Schools Quality Assurance	Service Reductions	Red	300	-150			150
Education	Free Travel	Service Reductions	Green	400				400
Core	Strategic Business Support	Service Reductions	Amber	80				80
Children's Services	CAMHS	Service Reductions	Amber	148				148
Children's Services	Early Years – Core offer,	Service Reductions	Amber	200	100	100	100	300

	Speech & Language						
Children's Services	Managing Demand	Service Reductions	Red	1,000			1,000
Children's Services	Troubled Families	Use of reserves	Amber	1,150	-1,150		
Education	DSG reserve	Use of reserves	Green	1,000	-1,000		
Children's Services	Children's Services Reserve	Use of reserves	Green	311	-311		
Children's Services	Children's Services Reserve	Use of reserves	Green		1,409	-1,409	
<b>Total</b>				12,359	- 152	- 1,309	100
							10,998

### **Cost Avoidance - Preventative and Edge of Care Services**

- 4.10 There have been fluctuating trends over the last decade in terms of the number of Looked After Children in Manchester **decreased** between 2010 to 2017. However comparable to a national trend, numbers of Looked After Children began to **increase**. The average annual increase over the last three years has been 6.8%. Population increase has had some part to play in recent LAC growth but an increase in rate from 97 per 10,000 children 2017 to 116 in 2020 demonstrates that there are other factors at play than simply the increase in population. The Directorate has reported recently that it has not always been able to discharge children from care, because of the restricted Family Court sittings. There has also been an inability to move children from existing placements has meant that they have had to keep some children in high-cost placements, particularly in residential care, when in the normal course of events they would have been moved into Foster Care, adoption or out of care altogether.
- 4.11 The primary aims of the placement options outlined in paragraph below are to improve outcomes for children and young people by reducing escalation and need for external residential placements by preventing placement breakdowns and expanding the availability of more local good quality foster placements and support. These options have the additional benefit of helping the Council to reduce costs in this area. A number of the options are underpinned by the development of commissioning approach outlined in paragraph 3.15 - 3.16 of this report.

#### **Placement Stability Offer**

- 4.12 The Placement Stability offer will form part of the current service provided by Alonzi House under the umbrella of the Alonzi Hub (formerly known as No Wrong Door) and will come under the existing management structure. The hub will work directly with foster families with a wrap-around support which will include a specialist outreach element and both practice and emotional support to families at risk of 'breakdown'. This will aim to help build up confidence and relationships; allowing both the child and the adults to have an allocated worker

and access to appropriate professional interventions to help with the child's care plan. It is expected that the offer will enable step down and avoidance of two residential placements per quarter starting from July 2021, this equates to part year saving of **£0.616m** in 2021/22 and rises by another **£415k** in 2022/23.

### **Effective Commissioning**

#### **Lyndene Children's Home**

- 4.13 The Council's Executive recently approved the repurposing of Lyndene Children's Home. Lyndene Children's Home is to provide children and young people and their families' good quality edge of care services, helping young people remain living within their family and community where it is safe and possible to do so. The re-purposed facility is projected to lead to avoidance of four residential placements per annum, net of additional cost running this totals **£462k** reduction in costs per annum 2021/22 onwards.

#### **Multi-Agency Joint Commissioning Arrangements for Children with High and Complex Needs**

- 4.14 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. It is anticipated that through further development of multi-agency arrangements **£1m** of reduced residential costs are planned delivered by improving the quality of partnership working and improved strategic partnership commissioning. Joint commissioning approach and arrangements are a priority to be delivered next year.

#### **Care Leavers - Transition to Independence**

- 4.15 The key outcome of the Care Leavers covenant outlined in section 3 is to ensure that a quality and innovative offer of support and accommodation is accessible to care leavers as standard. It is expected that as a result of recent discussions with GM Housing Providers that over 100 placements will be made available to care leavers. Further work will be completed which will oversee the support hours to ensure that all young people aged 17 ½ will have step down support hours as standard within their placement agreement. This transformation has already commenced and is expected to release savings of **£1.030m** 2021/22 onwards.
- 4.16 Recently legislative changes place a duty on local authorities to provide Care Leaver support up to the age of 25. However, young people leaving care are able to access housing support after their 18 birthdays. Planning for transition to independence pre 18 years is met by the social worker and pathway planning. On-going support after the age of 18 years shifts to personal assistant. Additionally, the Homelessness Directorate have identified £130k which is to be used to commission steppingstone care leavers accommodation with Manchester Housing Providers. Through earlier and better pathway planning it

is expected that the average number of over 18 Supported Accommodation placements changes from 30 to 15 over the financial year, this should lead to a saving of **£0.737m** 2021/22, like the previous option this service transformation has commenced and is part of the current projected outturn position of the Directorate.

#### Market Sufficiency - Looked After Children Placements

4.17 This strategy aims to demonstrate a detailed understanding of the children's placement market, examining supply whilst identifying gaps in provision. The strategy will offer realistic, cost effective and outstanding solutions to ensure sufficiency for looked after children. The keys aims of the strategy will be:

- Grow internal fostering refocus the External Foster Care market
- Reform processes to manage complexity
- Commission for outcomes
- Reduce avoidable residential care unit costs

4.18 Informed by our own analysis and that of the external provider a detailed action plan for the sufficiency strategy is being produced by the service. Progress against the plan will be overseen by the Strategic Director of Children's Services and Education reported quarterly to Strategic Management Team and Executive Members. It is planned that this strategy could aim to save **£400k** in 2021/22 and a further **£376k** 2022/23 onwards.

#### Unaccompanied Asylum Seeking Children (UASC)

4.19 A specialist team has recently been established to respond to UASC and offer bespoke and targeted intervention alongside providing consultation and wider support across the services in the city, sharing knowledge and expertise to overcome barriers for children and families. The increased demand and level of complexity within this population has informed the development of this targeted service and partnership approach.

4.20 In responding to the accommodation needs of our care leavers work is being progressed to access and commission high quality accommodation more efficiently. It is expected this work will reduce the risk of spend on Unaccompanied Asylum Seeking Children (UASC) and Care Leaver placements exceeding the Home Office UASC grant by **£297k**. In addition to reducing spend on UASC, whilst the outcome on the National Transfer Scheme consultation is outstanding the grant received from the Home Office was increased on 8th June 2020. The effect of the change in grant rates, based on the current numbers of 221 UASC and unaccompanied minors that have turned 18, is estimated to be **£0.515m**. Both of these savings have been achieved in 2020/21 and are included in the projected outturn position for this year.

#### PACE

4.21 Police and Criminal Evidence Act sets out that children should not be kept in the police station overnight after they have been charged with a criminal offence.

Children refused bail should be transferred from the police station to local authority accommodation under the requirements of the Section 21(2)(b) Children Act 1989. Jointly commissioning provision at Greater Manchester level would release a commissioning saving of **£28k** 2021/22 onwards.

### **Care Planning and Practice Improvement**

#### **Securing Timely Plans of Permanence**

- 4.22 Permanence is the term used to describe the long-term plan for a child's upbringing and provides an underpinning framework for all social work with children and their families from family support to remain within their family through to adoption. By working on the basis that all children should live within their family and community and for those who become 'looked after' by the Council should have a timely and permanent loving and stable family as soon as possible. Increased focus on permanence through improved performance structures, management oversight/grip and tracking systems for individual children to ensure more timely and better outcomes for children. It is estimated that from April 2021 onwards a 5% reduction can be applied to the number of days in care for all new entrants to care. This saving total **£160k** in 2021/22 and increases by another **£159k** 2022/23 onwards.

#### **External Residential Care**

- 4.23 The implementation of a workstream considering both under 13's and over 13's year old children in residential care has provided insights that indicate for some an unplanned ending of their fostering arrangement led to their placement in a residential setting. Currently there is a £200k budget to prevent unplanned ending of a fostering arrangement. Whilst this has helped some children the impact has been insufficient. Consequently, it is proposed this budget is reduced by £100k in 2021/22 and the £200k budget to set up the Stability Team is no longer required. Rather, we will establish the Stability Team by remodelling existing staffing allocations; this will release a saving of **£300k** in 2021/22 onwards.

### **Efficiencies and Income Generation**

#### **Agile Working**

- 4.24 Agile working is being undertaken across the Directorate. However, it is evident some Education staff will be able to work in a more agile way operating between home and the office. This will lead to a diminishing need for office space and as a result release rental costs for one of the sites currently in use. Surrender of the lease this year generates a **£129k** saving 2021/22 onwards.

#### **School Attendance**

- 4.25 Work related to prosecutions for non-attendance at school is currently commissioned outside the Council. In September 2020 this work was brought



back in-house. A savings has been realised as a result of this coming back to the Council, the full year impact of this is **£70k** 2021/22 onwards.

### Business Support

- 4.26 Business Supports staffing budgets have been reviewed looking at spend in previous years. Currently staffing budgets are set using the top of each grade for all posts, and a percentage allowance reduction is made to reflect the anticipated turnover in staffing throughout the year. Based on the historic turnover in this area it is proposed to introduce a higher turnover allowance for the service, it is anticipated that a **£130k** saving 2021/22 can be achieved through this approach.

### Regional Adoption Agency

- 4.27 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 is responsible for recruiting adopters, family finding for children and providing support to adoptive families. 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. Re-negotiation and rebasing of Regional Adoption Agency recharge has already realised saving of **£357k** in 2021/22 onwards.

### Service Level Agreements with Schools

- 4.28 Education Services have reviewed their Service Level Agreements with schools. It is proposed that:
- The Newly Qualified Teacher offer current charge has been benchmarked against other providers and it is believed that the charge can be increased without reducing take-up.
  - Key Stage Two writing moderation is currently free to all our schools. It is proposed primary academies are charged £200 for MCC to be the moderation provider.
  - Quality Assurance, the Council currently pay for every school to have a Quality Assurance Professional visit. This is a key aspect of the Council's assurance of our school system. It is proposed academies are charged 50% of the £475 cost per visit.

It is anticipated the activity above would generate **£30k** 2021/22 onwards.

## Service Reductions

### Families First

- 4.29 A review of the Family First Service in 2019/20 concluded that whilst there were benefits the resource should be better aligned to the developing locality delivery model and support earlier intervention via the Early Help Hubs which is one of our wider Directorate priorities. These changes were reflected in the report 'A five-year workforce strategy to sustain and continually improve Children Social Care Services' that has previously been presented to Scrutiny Committee Members. Alternative opportunities have been created and accepted by staff and as a result a saving of **£445k** has been released this year and forms part for other 2021/22 options.

### Section 17- Financial Assistance

- 4.30 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. Guidance is to be provided to staff about when these payments can be made should lead to a modest efficiency of **£50k** 2021/22 onwards.

### No Recourse to Public Funds (NRPF)

- 4.31 "No recourse to public funds" condition is imposed on almost all migrants granted limited 'leave to remain'. The Council supports NRPF families in this position through the NRPF team which supports people with their application to the Home Office and has a separate budget. Care Leavers subject to No Recourse to Public Funds are primarily supported through the Leaving Care budget. NRPF families also access support through the voluntary organisations, or Children's S17 budget.
- 4.32 In the last few years, and which has helped to increase efficiencies resulting in a current budget underspend, is that the length of time taken to resolve immigration issues has shortened. Work is on-going to forecast the additional spend as a result of Brexit. However, financial forecasting predictions indicate it is still expected that the spend will be £0.6m lower than the budget available 2021/22 onwards.

### Workforce Development

- 4.33 Part of the aforementioned workforce strategy outlined in paragraph 2.9 a budget was earmarked for masters for social workers totalling £140k, as part of the efficiencies options it is proposed this budget is released 2021/22 onwards.

### Legal Fees

- 4.34 The cost of legal support for Children’s Services has increased in the last few years. The Strategic Director of Children’s Services and the City Solicitor have considered the cost drivers and have worked together to manage need, reduce the use of experts, streamline decision making/legal advice processes to create solicitor capacity. Whilst the impact of this work is yet to be realised through continued focus on practice, work with the Family Courts (which has recently published its priorities to respond to Covid) and Legal Services it is anticipated that spend on legal fees can be reduced by **£260k** 2021/22 onwards.

### Schools Quality Assurance

- 4.35 The School Improvement grant is currently £420k per annum; this is allocated based on the number of the maintained schools in the city. Part of the grant could be used to fund School Quality Assurance officers in order to release capacity in the council budget. All schools in the City are allocated a School Quality Assurance officer who is their single point of contact for the Council and who maintain an overview of the performance of the school. If we were to do this it would potentially save £300k in 2021/22. This would reduce to £150k 2022/23 onwards in order for the Directorate Education Service to be able to retain oversight of the quality of learning and leadership as well as broker some interventions where there are identified areas for improvement. This quality assurance model has proven to be highly successful and effective in supporting improvements in the school system as evidenced by the number of schools judged good or better in Manchester. It is worth noting, without this delivery model, Manchester’s ability to respond to the challenges presented by the current pandemic across the entire education system may not have been as positive as they have been.
- 4.36 This reduced funding available within the school improvement grant will result in fewer interventions being available to support our maintained schools in response to identified or thematic issues and therefore a ‘risk stratification’ will be used to ensure resources are targeted to maximise impact. Maintained schools will also be required to fully fund any brokered school to school support which may be required. In recent years for example, this has included additional leadership support brokered from local National Leaders of Education.

### Free Travel

- 4.37 In respect of the providing Free Travel, it should be noted a local authority is only under a statutory duty to provide transport assistance if the nearest qualifying school is not within statutory walking distance of the child’s home. This is set out in the Education Act 1996 (as amended) or to certain children whose families are on a low income (Schedule 35B to the 1996 Education Act). Otherwise the provision of transport is at the local authority’s discretion. This does not apply to children with Education Health Care Plans.

- 4.38 Manchester City Council's Free travel policy changed a number of years ago, as a result only where children meet the new criteria in this policy will they be entitled to transport assistance between their home and school. Transition to the new policy included honouring passes issued under the old policy until the child until they left the school. As the new policy has been in place for a number of years the number passes being honoured has reduced. In addition, the creation of more secondary school places across the City, subsequent reduction in number of passes issued and reduction in number of passes honoured against the old policy will realise a **£400k** saving against the Free Travel budget in 2021/22.

#### Strategic Business Support

- 4.39 This part of the service supports the service's social care system training offer to the workforce and information governance. The service has reviewed their approach to systems training, considering the unpredictability in demand for subject access requests and non-staffing costs, at this stage this review has identified a potential saving of **£80k** 2021/22 onwards.

#### Child and Adolescent Mental Health Services (CAMHS)

- 4.40 In line with previous budget savings plans for the council and after working closely with colleagues in MHCC (Manchester Health and Care Commission) and providers to support a review of CAMHS. The aim of this work was to ensure CAMHS were aligned with the Future in Mind report and NHS Long Term Plan published in 2018. The ambition of which is to maximise the investment of 10.4m to enhance and integrate a system wide mental health and wellbeing offer for all children in Manchester as set out in Manchester CAMHS Transformation Plan:  
<https://www.mhcc.nhs.uk/publications/category/local-transformation-plan-children-and-young-peoples-mental-health-and-wellbeing>
- 4.41 The Transformation Plan promotes preventative approaches for all children and young people and their families who experience Mental Health problems or who may be vulnerable and at greater risk of developing Mental Health problems through a range of community, specialist CAMHS services and Voluntary sector organisations to deliver a range of universal, targeted and specialist services such as the following and as shared with Committee members in previous sessions:
- Core CAMHS
  - Kooth
  - IThrive
  - Mental Health in Schools Service
  - No Wrong Door – Alonzi House Hub Mental Health Support
  - CAMHS Looked After Children (LAC)
  - CAMHS Learning Disability
  - Specialist care – ADHD
  - Specialist Care – Autism
  - Integrated Community Response Service

4.42 The proposal is to redeploy 3.5fte posts currently delivering a specialist CAMHS to work exclusively with looked children who are at risk of placement breakdown as part of the No Wrong Door/Alonzi House Service. These staff will work with children and their carers in respect of attachment, life-work, relationships and liaise with specialist core CAMHS. This in turn links to the approach set out in paragraph 4.25 and will release **£148k** from current vacancies/uncommitted resources.

#### Early Years

4.43 The two proposals are an integral element of the Early Years Delivery Model (EYDM) and contribute to the first 1000 days/ Start Well Strategy. The proposals relate to the following interventions/service:

- Commissioned Speech and Language Offer
- Sure Start Children's Centre Core Purpose

4.44 The original scale of investment in Early Years **speech and language**, £436k is not required in the medium term as a key aspect of this commission involves training of the Early Years' and health workforce, which has already been delivered at scale. A revised speech and language therapy pathway that maintains a commitment to early intervention and prevention and Wellcomm screening will be redesigned with our partners. It is proposed there would be a phasing to the reductions incrementally over the next three years, the phasing would be over a three-year period, starting in 2022/23 at a rate of **£100k** per annum. It is becoming increasingly evident the impact of the pandemic is leading to increase need for this support rather than reducing, like referrals to Children's Services. The approach to delivery of this saving will be reviewed in 2022.

4.45 The **Sure Start Core offer** is central to the integrated arrangements that underpin the delivery of the early years' service. In 2019/20 the Early Years' Service redesigned delivery arrangements in line with the Children's Locality Programme, Bringing Services Together and strengthened partnership with the Manchester Local Care Organisation requirements. As a result, there is the opportunity to rationalise the number roles. However, the implementation of this redesign has been delayed due to the current pandemic situation. The implementation of the redesigned neighbourhood model has recommenced and is planned to be implemented in April 2021. This will deliver efficiency of **£200k** 2021/22 onwards.

#### Mitigation of Anticipated Covid-19 impact and pressures

4.46 As anticipated in December 2020 contacts and referrals for a Children's Social Care service have increased; attributed to increased vulnerabilities in the community such as family poverty, domestic violence and detrimental impact on mental health and associated with the impact of Covid19. In order to manage the increased need of children and their families for services it is intended continued investment in targeted, 'front door', edge of care services and approach to permanency as outlined previously and are all expected to have a

positive impact on managing this increased pressures. This coupled with an ongoing high performing Early Help service would indicate that the service is potentially resilient to meet the highly likely increase in need as a result of Covid-19 it is proposed that **£1m** of additional costs can be avoided 2021/22 onwards.

#### Use of Reserves

4.47 Section 4 the report sets out the options which are recommended to take forward. Not all the options can be fully realised in 2021/22. It is proposed that the following reserves are used to smooth out transition to reductions in budget.

- Dedicated Schools Grant (£1m) - Increase in contribution to support to multi-agency placements, 2021/22.
- Children's Services Reserve (£311k) - reduction in current year reserve drawdown 2021/22.
- Children's Services Reserves (£1.409m) - reduction in 2022/23 for shortfalls in Troubled Families grant. The Trouble Families grant is continuing 2021/22, this reserve will not be needed to off-set grant reduction in 2021/22.

#### Use of Grants

4.48 In addition to the Dedicated Schools Grant the Directorate's budget is reliant upon a range of other service areas funded through government grant which are summarised in the table below and accompanying notes. At this stage, the 2020/21 budget is based on assumptions the equivalent level of grant for 2021/22, where updates have not been made available. Budgets will be updated in year as grant announcements are made. They are reflected in the gross expenditure budget detailed in Appendix two.

4.49 The details on each of these grants are as follows:

- i. **Pupil Premium** - This funding supports disadvantaged pupils and assists them in decreasing the attainment gap between them and their peers. Pupil premium grant amounts per eligible child will remain unchanged for the financial year 2021/22. In addition to Local Authorities receiving the Pupil Premium grant to pay out to their maintained schools they receive an amount for each child they are looking after; they must work with the school to decide how the money is used to support the child's personal education plan.
- ii. **Universal Infant Free School Meal grant** – Universal infant free school meals (UIFSM) provides funding for all government funded schools to offer free school meals to pupils in reception, year 1, and year 2.
- iii. **Key Stage Two Moderation** – This will cover the monitoring of the phonics screening check and moderation of key stage 2 writing teacher assessment by the local authority

- iv. **Private Finance Initiative** – Education and Funding Agency grant related to two Manchester schools which have a 25 year contract with providers for facilities management.
- v. **Youth Justice** - Supports services to respond to and reduce offending behaviour; addressing the risk factors associated with it.
- vi. **Remand** – a contributory grant in respect of children remanded to youth custody, for which the full costs are met by the respective Local Authority.
- vii. **Troubled Families** – A results based funding scheme that provides financial incentive, attachment fee and sustained success payments to get to improve outcomes for troubled families.
- viii. **Staying Put** - grant to contribute to the financial costs that enable young people to continue to live with their former foster carers once they turn 18 and until they are 21 years of age.
- ix. **School Improvement Monitoring and Brokering Grant** - The grant has been allocated to local authorities since September 2017 and to allow them to continue to monitor performance of maintained schools, broker school improvement provision, and intervene as appropriate. Manchester's allocation for next year is yet to be confirmed.
- x. **Unaccompanied Asylum Seeking Children grant** - the Home Office make funding available to local authorities relating to their placement costs of supporting Unaccompanied Asylum Seeking Children (UASC). Manchester receives £143 per night per UASC under 18 year olds and £240 per week over 18 year olds.

#### Demography and Growth

- 4.50 It is proposed that the Children and Education Services cash limit budget will increase by £6.027m in 2021/22 for demography and growth in demand as a result of the pandemic.
- 4.51 **Demography** -. The demand has been determined based on the demographic numbers on which the 2020/21 budget was set compared to the current position and potential increase in demand informed by 3% population growth predictions.
- 4.52 Benchmarking of Manchester against other Greater Manchester local authorities, as well as 10 local authorities with the similar levels of deprivation indicates that LAC demand is likely to exceed population growth. Using a range of analysis, including correlation between Looked After Children demand and the 'trilogy of risk' (domestic violence, substance misuse and mental health) a more prudent forecast was based on a 3% increase in admissions each year, which equates to £1.953m in 2021/22, before taking account of the impact of Covid-19, during which time we have seen an increase in requests for help and support as well as incidents of domestic abuse/violence. Home to School

Transport has also been quantified at a 3% increase and totals £274k.

- 4.53 **Growth** - In the short term it is expected that budget pressures for Children's Services will only increase. The Family Courts are still fully recovering from the impact of the national "lockdown" that continues to delay proceedings to deal with discharge from care. Over the Covid period, referrals to our services fell by 18% across the North West. However, more recently (November data) we are seeing an increase in requests for early help and social work intervention. As a result, and as predicted this repressed need and impact from Covid is beginning to flow through the system, particularly as we have now significantly increased the number of children attending school.
- 4.54 In the medium term the repercussions of the pandemic are that there will be an increase in children's needs due to the increased vulnerability of families in the community associated with the increase in family poverty, family 'stressors' leading to domestic abuse/violence and parental mental health. There are some indications coming through from Core Cities that they are starting to see an upturn in Looked After Children placement numbers. As previously predicted the Manchester has experienced an increase in referrals this month.
- 4.55 The annual increase in Looked After Children in the City was 9.2% last year. Assuming placements increase at a similar rate 2021/22 creates a further budget requirement of £3.8m 2021/22 onwards.
- 4.56 The Directorate has indicated in paragraphs 4.47 what step it can take to safely 'manage down' the additional demand Covid-19 may create.

#### Pressures/risks

- 4.57 Paragraph below set out the emerging financial pressures/risks for 2021/22. Additional funding has not been allocated for this, but the risks need to be considered as part of the budget planning for next year.
- 4.58 **Early Years** - 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 condition of the Manchester City Council 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. Over the last 3 years the existing arrangement with providers has led to 15 settings withdrawing from the market. With lease income being £288k lower than expected and running costs of maintained tendered day care sites being higher than budgeted for there is a recurring pressure on the budget; with a risk this may increase should 'provider income' reduce further. A review of the current arrangements with tendered day-care is well underway and is expected to be concluded in the forthcoming financial year. The Directorate will look to manage this pressure through the Sales, Fee and Charges 75% grant.



- 4.59 **Youth Justice Services Accommodation** - It is critical that the service ensures that accommodation for the service is safe for children and staff. This will continue to impact on service delivery with the lack of readily available and suitable premises. This has delayed the implementation of some planned changes. Corporate Property colleagues are working to identify appropriate office space. Once suitable premises are identified there is a risk that this will add an additional financial pressure on Children's Services.
- 4.60 **Additional Demand Due to Impact of Covid-19** - As stated earlier in the report it is likely that the Directorate will see additional costs pressures due to the impact of Covid-19, this is outlined paragraph 4.12 of the report.

## 5.0 Our Corporate Plan

- 5.1 Our Corporate Plan describes the Council's contribution over the next 2-3 years to delivering the Our Manchester Strategy 2015-2025. These priorities have been refreshed for 2021-22 to align with the reset of the Our Manchester Strategy and to further strengthen the council and city-wide focus on the importance of Equality, Diversity and Inclusion.
- 5.2 These budget proposals are aligned to our Corporate Plan to ensure the priorities will be achieved. Our Corporate Plan themes and revised priorities are set out in table three below:

**Table 3: Corporate Plan Themes and Priorities**

Theme	Priority
<b>1. Zero carbon Manchester</b> <i>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</i>	€ Support the citywide Climate Change Framework 2020-25 including the Council's roles in reducing citywide CO <sub>2</sub> emissions and improving air quality
	€ Deliver activities to reduce the Council's own direct CO <sub>2</sub> emissions by at least 50% by 2025, as set out in the Manchester Climate Change Action Plan 2020-25
<b>2. Growth that benefits everyone</b> <i>Boost the city's productivity and create a more inclusive economy that all residents participate in and benefit from, and contributing to reductions in family poverty, as set out in the Our Manchester Industrial Strategy</i>	€ Deliver the Economic Recovery Plan, supporting the delivery of key growth schemes and the protection and creation of good-quality jobs for residents, enhancing skills, and effective pathways into those jobs. Includes support to Manchester's businesses and residents affected by challenges to the international, national and local economy.
	€ Facilitate economic growth and recovery in different sectors of the

	<p>economy, which supports the creation of a more inclusive economy.</p> <p>€ Support residents in order to mitigate the impact of poverty and take actions to reduce the number of people experiencing poverty, in particular given the effects of COVID-19. Including young people, older people, BAME groups and people with disabilities</p>
<p><b>3. Young people</b> <i>From day one, support Manchester's children to be safe, happy, healthy and successful, fulfilling their potential, and making sure they attend a school graded 'good' or better</i></p>	<p>€ All children to have access to a high-quality education, which is provided in an inclusive way. Children's school attendance to be achieved and sustained at or better than historic levels.</p> <p>€ Support more Manchester children to have the best possible start in life and be ready for school and adulthood. This includes ensuring that the voice of children and young people is heard, and that they have access to youth, play, leisure, and cultural opportunities.</p> <p>€ Reduce number of children needing a statutory service.</p>
<p><b>4. Healthy, cared-for people</b> <i>Work with partners to enable people to be healthy and well. Support those who need it most, working with them to improve their lives</i></p>	<p>€ Take actions to improve population health outcomes and tackle health inequalities across the city.</p> <p>€ Support the next phase of health and social care integration in the city, including plans to supercharge Manchester Local Care Organisation.</p> <p>€ Enable delivery through the MLCO of the Adult Social Care transformation programme – 'Better Outcomes, Better Lives' – focused on taking a strengths-based approach, supporting independence, building on the ASC improvement programme and embedding this into the MLCO Operating Model.</p> <p>€ Reduce the number of people becoming homeless and enable better housing and better outcomes for those who are homeless</p>
<p><b>5. Housing</b></p>	<p>€ Support delivery of significant new housing in the city, including through an effective recovery from COVID-19.</p>

<p><i>Ensure delivery of the right mix of good-quality housing so that Mancunians have a good choice of quality homes</i></p>	<p>€ Ensure inclusive access to housing by the provision of enough safe, secure and affordable homes for those on low and average incomes. This includes strategically joining up provision, and the improved service to residents enabled by direct control of Council owned housing in the north of the city.</p>
<p><b>6. Neighbourhoods</b> <i>Work with our city's communities to create and maintain clean and vibrant neighbourhoods that Mancunians can be proud of</i></p>	<p>€ Enable all our diverse neighbourhoods to be clean, safe and vibrant.</p> <p>€ Embed neighbourhood working across the whole Council and our partners, and deliver services closer to residents.</p>
<p><b>7. Connections</b> <i>Connect Manchester people and places through good-quality roads, sustainable transport and better digital networks</i></p>	<p>€ Improve public transport and highways, and make them more sustainable, whilst increasing walking and cycling.</p> <p>€ Facilitate the development of the city's digital infrastructure, to enable delivery of transformed public services and a more economically inclusive and resilient city.</p>
<p><b>8. Equality</b> <i>Deliver on our equality, diversity, and inclusion commitments to support Manchester's vision to be a progressive and equitable city.</i></p>	<p>€ Work together with Manchester's citizens and our partners to understand our diverse communities, improve life chances, and celebrate diversity.</p> <p>€ As an employer, ensure a fair and inclusive working environment which recognises, values and responds to the dynamics and opportunities of a diverse workforce.</p>
<p><b>9. Well-managed council</b> <i>Support our people to be the best and make the most of our resources</i></p>	<p>€ Development of the future shape of the Council, along with budget reductions and savings.</p> <p>€ Effectively manage our resources, via budget management and planning, support to managers and performance management.</p> <p>€ Carry out the work required to transform our Corporate Core.</p>

## **6.0 Impact on Workforce, Residents, Risk Management and Legal Considerations**

### **Workforce**

- 6.1 The Children and Educations Directorate currently has a budgeted workforce of 1,316 fte. The projected workforce impact of activity to deliver the savings options a reduction of 14 fte. This is not a significant change and it can be

managed through the Council's people principles, which focuses on supporting staff to move across the Council to meet its current and future need. The detailed impact on specific roles will continue to be identified as options are developed over the coming weeks and months. This process will be supported by continuous engagement with the workforce and Trades Unions.

- 6.2 Effective and robust workforce planning arrangements are in place to ensure that, as functions and roles change, the skills and focus of the workforce are effectively developed to ensure the Directorate is able to meet its strategic priorities.
- 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, confident and talented workforce through a culture of success, strengths-based approach and strong and effective leadership and management 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
  - Effective recruitment and retention; to ensure the Directorate has the skills to meet current and future needs.
  - Managing and improving the health and wellbeing of the workforce; with a specific focus on reducing absence and improving attendance.
  - Building a high impact learning culture which ensures staff feel empowered and equipped to practice to high standards.
  - Ensuring professionals that work with children and young people have manageable workloads
  - Continue to reduce the reliance on interim and agency workers

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

- 6.4 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, faith, religion, belief, sex, sexual orientation and disability.
- 6.5 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. The Directorate is committed to understanding and addressing the effects and impacts of its activities for the diverse range of people using the service. To achieve this, we are committed to undertaking where required and monitor equality analysis of our new or altered functions, to ensure they are accessible and inclusive and do not cause adverse equality impacts. The service will use the Council's Equality Impact Assessment framework to do this. 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, remove barriers and proactively respond to make these as fair and equitable as possible.

### **Risk Management**

- 6.6 Children's Services will seek to manage all expenditure within the approved budget available and performance against budgets will be monitored and reported to the Executive and Elected Members on a regular basis, this will include a risk register with any mitigations identified.

### **Legal Considerations**

- 6.7 There are no legal implications arising from this report.

### **7.0 Consultation**

- 7.1 The savings options being considering protect residents' front-line services where possible and take into account what we'll need to recover from the pandemic. A number of Children's savings are service efficiencies. We believe that these options help us stick to the priorities that residents, businesses and our partners have helped us set, to make our city the best it can be in the coming decade – taking this opportunity to start reshaping our services and workforce to fit our city's future.
- 7.2 A public consultation is currently underway asking residents for their views on the Council's 2021/22 budget savings options. The consultation opened on 20 January 2021 and runs for a period of four weeks, closing on 21 February 2021. In addition to promotion via the Council's website, social media channels and e-bulletins, a consultation toolkit has been shared with community partners, voluntary and community sector partners, Councillors and key stakeholders to ensure that the consultation is promoted widely within our communities. The consultation can be found at: [www.manchester.gov.uk/budget](http://www.manchester.gov.uk/budget). The results will be shared at the Budget Resource & Governance Scrutiny Committee on 1 March 2021.

### **8.0 CONCLUSION**

- 8.1 Since 2016 significant progress has been made in the quality and subsequent impact of Children and Education Services on the lives and outcomes of Manchester's children; whilst acknowledging there is more to do to realise our ambitions for their welfare and future. However, whilst there are risks (as indicated in paragraph 6.4) the benefits of this progress and an effective commissioning arrangement has informed the proposals as outlined in section 4 along with the planned demography and anticipated pressure arising from Covid-19.
- 8.2 Should the proposed savings options be agreed and applied this would lead to a reduced budget of £10.995m.

- 8.3 Table four below summarises the projected budget for 2021/22, which is reflective of demographic and proposed growth; as well as the all officer options set out in the report.

**Table 4: Proposed budget 2021/22**

Service Area	Approved MTFP			
	2020/21 Net Budget	Approved savings	Investment and other changes	2021/22 Net Budget
	£'000	£'000	£'000	£'000
<b>Children's Safeguarding</b>	110,073	-10220	5,753	<b>105,606</b>
<b>Education*</b>	17,466	-1,929	274	<b>15,811</b>
<b>Directorate Core and Back Office</b>	4,689	-210	0	<b>4,479</b>
<b>Total</b>	<b>132,228</b>	<b>- 12,359</b>	<b>6,027</b>	<b>125,896</b>

- 8.4 It is also important to consider the interdependence and impact of proposals to be considered by other scrutiny committees in due course such as Facilities Management, Public Health and Manchester Fayre.
- 8.5 In conclusion, the Council is facing a significant budget deficit and uncertainty in respect of demand for services during and post Covid. It is therefore imperative contingency planning and financial savings are considered whilst balancing the challenges associated with securing an immediate financial reduction that leads to a negative impact in the medium/longer term; as so can often occur in Children's Services. The proposed revenue budget for 2021/22 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 budget is under significant pressure due to increased complexity and need.
- 8.6 Final budget proposals will be made to the Executive in February 2020.

## Appendix One: Subjective Analysis

Subjective Heading	2020/2021 Budget £'000	2021/2022 Indicative Budget £'000
<b>Expenditure:</b>		
Employees	61,796	61,496
Running Expenses	434,851	447,408
Capital Financing Costs	-	-
Contribution to reserves	1,975	975
<b>Total Subjective Expenditure</b>	<b>498,622</b>	<b>509,879</b>
Less:		
Other Internal sales	-	-
<b>Gross Expenditure</b>	<b>498,622</b>	<b>509,879</b>
<b>Income:</b>		
Government Grants	358,258	376,847
Contributions from Reserves	2,182	1,182
Other Grants Reimbursements and Contributions	4,747	4,747
Customer and Client Receipts	1,157	1,157
Other Income	49	49
<b>Total Net Budget</b>	<b>132,228</b>	<b>125,896</b>

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**Appendix Two: Children Grants**

<b>Grant Program</b>	<b>Service Area</b>	<b>Grant Funding £'000</b>
Dedicated Schools Grant	Education	339,719
Pupil Premium	Education	21,808
School Improvement Grant	Education	424
Universal Infant Free School Meal	Education	4,049
Youth Justice Board	Children Services	1,161
Unaccompanied Asylum Seekers Children	Children Services	5,627
Remand	Children Services	466
Troubled Families Grant	Children Services	3,044
Key Stage Two Moderation Grant	Education	17
Staying Put Grant	Children Services	529
<b>Total</b>		<b>376,847</b>

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**Manchester City Council  
Report for Resolution**

**Report to:** Children and Young People Scrutiny Committee – 10 February 2021  
Executive – 17 February 2021

**Subject:** School Budget 2021/22

**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.

Local authorities receive and manage the DSG within four blocks: schools, central school services, high needs and early years. A large proportion of it is paid directly to schools and other settings to provide the majority of education services. A proportion of the DSG is provided for local authorities to deliver education services.

DSG funding is determined in two stages: 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 educational establishments.

DSG arrangements for 2021/22 remain unchanged with the grant continuing to be allocated to local authorities in four blocks based on a national formula, but Local Authorities can continue to fund schools on the local formula. Manchester's Schools Forum has opted to maintain the local funding formula. In the Autumn the Government re-confirmed the intention to implement a National Funding Formula which means that primary and secondary school funding longer term is likely to be determined by the Department of Education (DfE), however it is expected the allocation of budgets will continue to take place locally.

This report provides a summary of the confirmed DSG allocation from the 2021/22 settlement announced on the 17th December and the budget allocation across individual school budgets and Council's retained schools budgets which was reported to Schools Forum on the 18th January 2021.

## **Recommendations**

The Committee and the Executive are invited to review and comment on the 2021/22 individual school budgets (ISB) and Council retained school budgets (RSB) determined from the Dedicated Schools Grant (DSG) settlement.

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**Wards Affected:** All

**Alignment to the Our Manchester Strategy Outcomes (if applicable):****Environmental Impact Assessment - the impact of the issues addressed in this report on achieving the zero-carbon target for the city**

The report reflects the fact that the Council has declared a climate emergency by making carbon reduction a key consideration in the Council's planning and budget proposals.

<b>Manchester Strategy Outcomes</b>	<b>Summary of the Contribution to the Strategy</b>
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 liability 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

**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 2021/22 to be reported to the Executive for approval in February 2021.

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

None

## 1.0 INTRODUCTION

1.1 The Dedicated Schools Grant (DSG) for 2021/22 was received on 17 December 2020, this is a ring fenced grant of which the majority is used to fund:

- Individual schools' budgets in maintained schools and academies in Manchester.
- Early years nursery entitlement for two, three- and four-year olds in maintained school nursery classes, private, voluntary and independent (PVI) nurseries.
- Provision for pupils with high needs including those with Education Health & Care Plans (EHCPs) in special schools, special provision, mainstream schools and further education in Manchester and independent settings (commonly known as Out of City placements).

1.2 The DSG is split into four blocks: schools, central school services, early years and high needs. This report sets out the 2021/22 settlement and implications of it on schools and the Council. This report which for ease of reference is structured as follows:

Section 1	Introduction
Section 2	2021/22 DSG Settlement
Section	Distribution of grant across educational establishments and Council retained budgets.
Section 4	Dedicated Schools Grant Deficit Recovery Plan
Section 5	Summary

## 2.0 DEDICATED SCHOOLS GRANT (DSG) 2021/22 SETTLEMENT

2.1 The 2021/22 DSG notification was received on the 17<sup>th</sup> December 2020 and totals **£602.626m**. Table one provides a breakdown of the grant across the DSG blocks and sets out why the grant changed between 2020/21 and 2021/22.

2.2 The overall increase in grant since last year is £42.477m, table one sets the movement since last year:

- **£20.236m** of the change is due to increases in the grant, £10.611m in the school block, £9.184m uplift in the high needs block. Part of this increase is due to the City having greater need, free school meals have increased by 7% since the start of the pandemic, which is given a heavier weighting in the formula. £0.524m of the increase relates to increase in hourly rates for Early Years and £83k reduction in central services schools grant.
- **£19.498m** of the increase relates to the transfer of the Teacher's Pay Grant and Teacher's Pension Grants into the DSG.
- **£4.454m** of the increase in the grant relates to increases in pupil numbers (last financial year this was £11.528m).
- downward adjustment of **£1.711m** relating to growth funding allocation.

Table one: DSG settlement 2021/22 and 2020/21

BLOCK	Schools	Central School Services	High Needs	Early Years	Total
	£m	£m	£m	£m	£m
2021/22	456.200	3.902	100.583	41.941	602.626
2020/21	425.944	3.661	89.127	41.417	560.149
<b>Difference</b>	<b>30.256</b>	<b>0.241</b>	<b>11.456</b>	<b>0.524</b>	<b>42.477</b>
<b>As a result of:</b>					
Change in Grant	10.611	-0.083	9.184	0.524	20.236
Transfer of TPG & TPECG	17.522	0.292	1.683	Tbc	19.498
Pupil No. increases	3.833	0.032	0.589		4.454
Growth Fund change	-1.711				-1.711
<b>Difference</b>	<b>30.256</b>	<b>0.241</b>	<b>11.456</b>	<b>0.524</b>	<b>42.477</b>

### Schools Block

- 2.3 The Schools Block allocation of £456.200m has been calculated bottom up on the basis as if the national funding formula (NFF) was 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 £456.200m will be allocated out to schools in individual budget shares or held for the growth fund.
- 2.4 The allocation has increased by **£30.256m** in 2021/22. The funding allocation provides a guaranteed unit of funding of £4,945.87 per primary pupil and £6,636.18 per secondary pupil. These units of funding have increased due to Manchester's historically funding levels are above the national formula funding values and because of this the Council funding is protected which is 2.00% of the minimum increase that can be applied. Part of this increase is due to the City having greater need, free school meals have increased by 7% since the start of the pandemic, which is given a heavier weighting in the formula. This makes up **£10.611m** of the grant increase.
- 2.5 **£17.522m** of the increase relates to the transfer of the Teacher's Pay Grant and Teacher's Pension Grants into the DSG.
- 2.6 The budget is based on 80,159 children aged 5-16, the allocation has increased by **£3.833m** to reflect growth in primary and secondary pupils between October 2019 and October 2020 of 724 (0.9%).
- 2.7 The growth fund allocation has reduced significantly in 2021/22, owing to a reduction in the **levels** of pupil growth between the October 2019 and October 2020 censuses. The 2021/22 growth fund allocation of £3.634m is **£1.711m less** than the 2020/21 allocation and impacts Manchester's ability to fund growing schools in the City.

2.8 At the time of writing this report it is expected that at January 2021 Schools Forum will endorse Council's intention to increase funding for pupils, pupil characteristics, and protection as much as is affordable within the formula when allocating out funding to schools.

#### Central Schools Services Block

2.9 The central school services block allocation is £3.902m 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.

2.10 'Ongoing Responsibilities' - funds the Admissions service, copyright licenses, servicing of Schools Forum and 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 per pupil reduction of £1.04 to £40.54 per pupil. The impact of the reduction in the rate per pupil has been offset by an increase in Manchester's pupil numbers, demonstrated in table three below.

2.11 'Historic Commitments' are time-limited and expected to reduce over a period. 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, the scheme runs until 2032/33.

**Table two: Central Schools Service Block**

<b>CSSB</b>	<b>2020/21</b>	<b>2021/22</b>	<b>Difference</b>
<b>Historic Commitments (£m)</b>	<b>0.358</b>	<b>0.358</b>	<b>0</b>
<b>On-going responsibilities:</b>			
Unit of funding	£41.58	£40.54	-£1.04
Transfer TPG & TPECG	£0.00	£3.67	£3.67
Total Unit of funding	£41.58	£44.21	£2.63
Oct 20 census number on roll	79,435	80,159	724
<b>Total On-going responsibilities (£m):</b>	<b>£3.303</b>	<b>£3.544</b>	<b>£0.241</b>
<b>CSSB Total (£m)</b>	<b>£3.661</b>	<b>£3,902</b>	<b>£0.241</b>

#### High Needs Block

2.12 The high needs block allocation is £100.583m and provides funding for children and young people with special educational needs and disability (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 £11.456m, an increase of 12.85% compared to 2020/21.

- 2.13 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.

#### Early Years Block

- 2.14 The early years block funding is £41.941m and is provisional, this reflects the 2021/22 early years national funding formula (EYNFF) rates for all councils published in December 2020. Both the two year old rate and the three and four year old rate for Manchester have increased in 2021/22, by 8p and 6p per hour respectively. This is an increase of 1.21% for three and four year olds and 1.49% for two year olds.

### **3.0 Distribution of grant across educational establishments and Council retained budgets**

- 3.1 DSG funding is provided in two stages: first, the government provides the grant to a local authority, and then the Council determines the grant distribution to the local educational establishments.

#### 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 3% increase on funding for pupils and pupil led characteristics. The lump sum continues to be funded at £37k above the rate the Council has been funded as part of the local formula. Protection of plus 2% 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.
- 3.4 The element of the grant which should support new schools and ones that are expanding is over-committed by £1.259m, this shortfall will be met from the budget which would otherwise be allocated out to all schools.

### Central Schools Services Block

- 3.5 This block provides funding for the Council 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 the Council's school responsibilities, such as Admissions.

### High Needs Block

- 3.6 The 2021/22 high needs block grant allocation totals £100.584m and includes an £11.456m uplift to the block. The table below provides the planned spend against the additional allocations provided in 2020/21 and 2021/22 are table three below:

**Table three: High Needs Block growth**

	2020/21 £m	2021/22 £m
<b>Additional HNB Allocation</b>	<b>11.994</b>	<b>11.456</b>
Mainstream EHCPs, Special School places, Resource units, Education, Health and Care Plans	5.124	6.076
Post 16 Places	1.700	0.956
Out of City Places	3.059	1.281
Central Services	0.279	-0.040
TOTAL: Growth	10.162	8.273
TPG and TPECG		1.683
Recovery Balance (year 1)	1.832	1.500
Balance	<b>0</b>	<b>0</b>

#### **4.0 DSG – High needs pressures**

- 4.1 DSG deficits can no longer be paid off from general funds without requesting permission from the Secretary of State. Deficits needs to be paid off from within DSG funds. Manchester's DSG is overspent due to high needs block pressure, table four below sets out the position 2017/18 – 2020/21 (forecast). At the point of 2020/21 budget setting, £1.83m of the 2020/21 HNB allocation was earmarked for planned recovery against the 2019/20 brought forward £4.28m deficit. Due to additional demand for EHCPs and Post 16 support surpassing expectations, very little of last year's deficit has been recovered.

**Table four: DSG Outturn Position**

<b>Balance</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21 (forecast)</b>
<b>surplus/(deficit)</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Opening	0.045	(0.769)	(1.711)	(4.281)
In-Year	(0.814)	(0.942)	(2.570)	(0.239)
<b>Year-End</b>	<b>(0.769)</b>	<b>(1.711)</b>	<b>(4.281)</b>	<b>(4.520)</b>

- 4.2 The key cause for the deficit is due to pupil growth and demand on part of the grant supporting children with high level of needs is greater than growth in the high needs block grant allocation. High needs block pressures are recognised to be a pressure nationally, over 80% of local authorities are reporting a high needs block deficit and the scale of the shortfall in funding is rapidly escalating. In order to manage high needs block the Council continues to develop more local less costly provision by creating additional special school places to meet demand within Manchester.
- 4.3 In the light of the DSG settlement and following review of all high needs block budget the recovery plan has been revised. The additional high need block will fund existing shortfalls and expected growth in both special schools and EHCPs in 2020/21 but not fully cover current shortfalls. Given this it is planned that the deficit is recovered over a three year period, whereby £1.5m of the annual grant allocation will be set aside for the recovery.

## 5.0 Summary

- 5.1 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 2020/21 and 2021/22.

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

<b>Budget</b>	<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	2.392	3.661	30.188	1.262	<b>37.503</b>
Individual School	423.552	0	58.939	40.155	<b>522.646</b>
<b>DSG 2020/21</b>	<b>425.944</b>	<b>3.661</b>	<b>89.127</b>	<b>41.417</b>	<b>560.149</b>
Retained School	1.100	3.902	33.884	1.569	<b>40.455</b>
Individual School	455.100	0	66.699	40.372	<b>562.171</b>
<b>DSG 2021/22</b>	<b>456.200</b>	<b>3.902</b>	<b>100.583</b>	<b>41.941</b>	<b>602.626</b>

- 5.2 The DSG recovery plan has been revised, whereby £1.5m of next year's grant will be earmarked for the grant's recovery.

<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>	<p>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.</p>
<b>High Needs Block</b>	<p>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.</p>
<b>Minimum Funding Guarantee</b>	<p>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</p>
<b>National Funding Formula</b>	<p>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.</p>
<b>Soft Funding Formula</b>	<p>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.</p>
<b>Schools Block</b>	<p>The schools block will fund all primary and secondary schools pupils that are not funded through high needs or early years blocks.</p>
<b>TPG &amp; TPECG</b>	<p>Teacher's Pay Grant and Teacher's Pension Grant. This funding covers the cost of the increase in the employer contribution rate of the Teachers' Pension Scheme (TPS) from 16.4% to 23.6%, from September 2019.</p>

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