



Children and Young People Scrutiny Committee

Date: Tuesday, 4 December 2018

Time: 2.00 pm

Venue: Council Antechamber, Level 2, Town Hall Extension

This is a **Revised Supplementary Agenda** containing further items of business (agenda items 8a and 8b) that are to be considered as part of agenda item 8 (Budget 2019/20 Refresh: Update for Scrutiny Committees) which were not available when the original agenda was published.

Access to the Council Antechamber

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Meetings of the Children and Young People Scrutiny Committee are 'webcast'. These meetings are filmed and broadcast live on the Internet. If you attend this meeting you should be aware that you might be filmed and included in that transmission.

Membership of the Children and Young People Scrutiny Committee

Councillors –

Sameem Ali, Alijah, Hewitson, T Judge, Lovecy, McHale, Madeleine Monaghan, Sadler and Stone (Chair)

Co-opted Members -

Mr A Arogundade, Mr L Duffy, Mr R Lammas, Mrs B Kellner, Mrs J Miles, Dr W Omara and Ms Z Stepan

Revised Supplementary Agenda

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

The minutes of the meeting held on 6 November 2018 **were previously circulated.**

5. Manchester's Transformation Plan for Children and Young People's Mental Health and Wellbeing

The presentation of Craig Harris, Executive Director of Nursing, Safeguarding and Commissioning, the Strategic Director of Children and Education Services, Helen Scott, Senior Commissioning Manager, and Maria Slater, General Manager of Child and Adolescent Mental Health Services (CAMHS) **was previously circulated.**

6. Population Health Needs of Manchester Children

The report of the Director of Population Health and Wellbeing **was previously circulated.**

7. Annual Reports Fostering and Adoption Services

The report of the Head of Looked After Children **was previously circulated.**

8. Budget 2019/20 Refresh: Update for Scrutiny Committees

The Committee will consider the reports detailed below as part of the 2019/20 budget refresh process.

8a. Update on Revenue Financial Strategy and Business Plan Process 2019/20

Report of the Chief Executive and City Treasurer

This report provides an update on the Council's financial position and sets out the next steps in the budget process, including scrutiny of the draft Budget proposals and Directorate Business Plan reports by this Committee. The report also summarises the officer proposals for how the Council could deliver a balanced budget for 2019/20, the detail of which will be discussed at the relevant scrutiny committees.

**8b. Children and Education Services Business Planning 2019/20
Report of the Director of Children's and Education Services**

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This report sets out in broad terms the directorate's key priorities, key activities and revenue and capital strategy for 2019-20.

In the Business Plan for the period 2017-2020, directorates set out their proposed savings in the context of their objectives. This report sets out both the progress made to date in delivering these savings and the directorate's focus over the final year of the three year plan. This report is a refresh of the directorate's Business Plan for 2018-20 in the context of changing resources, challenges and opportunities.

Taken together, the directorate business plans show how the directorates will work together and with partners to deliver our Corporate Plan and progress towards the vision set out in the Our Manchester Strategy.

9. Overview Report

The report of the Governance and Scrutiny Support Unit **was previously circulated.**

Information about the Committee

Scrutiny Committees represent the interests of local people about important issues that affect them. They look at how the decisions, policies and services of the Council and other key public agencies impact on the city and its residents. Scrutiny Committees do not take decisions but can make recommendations to decision-makers about how they are delivering the Our Manchester Strategy, an agreed vision for a better Manchester that is shared by public agencies across the city.

The Children and Young People Scrutiny Committee reviews the services provided by the Council and its partners for young people across the city including education, early years, school standards and valuing young people.

In addition to the elected members the Committee has seven co-opted member positions. These are:

- Representative of the Diocese of Manchester – Mrs Barbara Kellner
- Representative of the Diocese of Salford – Mrs Julie Miles
- Parent governor representative – Mr Ade Arogundade
- Parent governor representative – Dr Walid Omara
- Parent governor representative – Ms Zaneta Stepan
- Secondary sector teacher representative – Mr Liam Duffy
- Primary sector teacher representative – Mr Russell Lammas

The co-opted members representing faith schools and parent governors are able to vote when the Committee deals with matters relating to education functions.

The Council wants to consult people as fully as possible before making decisions that affect them. Members of the public do not have a right to speak at meetings but may do so if invited by the Chair. If you have a special interest in an item on the agenda and want to speak, tell the Committee Officer, who will pass on your request to the Chair. Groups of people will usually be asked to nominate a spokesperson. The Council wants its meetings to be as open as possible but occasionally there will be some confidential business. Brief reasons for confidentiality will be shown on the agenda sheet.

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Smoking is not allowed in Council buildings.

Joanne Roney OBE
Chief Executive
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Further Information

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

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This revised agenda was issued on **Thursday, 29 November 2018** by the Governance and Scrutiny Support Unit, Manchester City Council, Level 3, Town Hall Extension (Mount Street Elevation), Manchester M60 2LA

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Manchester City Council Report for Information

Report to: Health Scrutiny Committee – 4 December 2018
 Children and Young People Scrutiny Committee – 4 December 2018
 Neighbourhoods and Environment Scrutiny Committee – 5 December 2018
 Economy Scrutiny Committee - 5 December 2018
 Communities and Equalities Scrutiny Committee – 6 December 2018
 Resources and Governance Scrutiny Committee – 6 December 2018

Subject: Update on Revenue Financial Strategy and Business Plan Process 2019/20

Report of: The Chief Executive and City Treasurer

Summary

This report provides an update on the Council's financial position and sets out the next steps in the budget process, including scrutiny of the draft Budget proposals and Directorate Business Plan reports by this Committee. The report also summarises the officer proposals for how the Council could deliver a balanced budget for 2019/20, the detail of which will be discussed at the relevant scrutiny committees.

Recommendations

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

Committee are asked to note that the joint funding for commissioning as part of the pooled budget for Health and Social Care will also need to be formally agreed at MHCC Board as part of finalising the budget.

Wards Affected: All

Contact Officers:

Name: Joanne Roney
 Position: Chief Executive
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Name: Carol Culley
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Background documents (available for public inspection):

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

Suite of budget reports to Executive, 7 February 2018-
<https://secure.manchester.gov.uk/meetings/meeting/2997/executive>

Autumn Budget 2017, 29 October 2018 –
2018 Autumn Budget document is available on the Government's website
<https://www.gov.uk/government/publications/budget-2018-documents>

1 Overview

- 1.1 At its meeting on 8 February 2017, Executive agreed a three-year budget strategy for 2017-20. The financial position for years two and three of the strategy, 2018/19 and 2019/20 respectively, was adjusted to reflect changes arising from 2017/18. This included the financial benefits from the city's economic, population and housing growth. However, it also included the impact of austerity and a longer-living population, many with health problems and needing social care. The 2018/19 proposals therefore took into account the increase in demand for some services – adults and children's social care, support for homelessness and the need to reduce the impact of the reduction in government funding in some areas.
- 1.2 At its meeting on 7 February 2018, Executive agreed the final budget recommendations for 2018/19 to 2019/20 of three-year budget strategy for 2017-20. The budget was subsequently presented to Resources and Governance Scrutiny Committee on 20 February and approved by Council on 2 March 2018.
- 1.3 The three-year budget strategy followed consultation with Manchester people on what services matter most to them. The budget set reflected what Manchester people valued most, which was:
 - care and support for vulnerable people including older people and those with learning disabilities and mental health needs;
 - taking action on family poverty and giving young people the best start in life;
 - tackling homelessness;
 - supporting people into jobs and training;
 - keeping roads and neighbourhoods in good shape; and
 - parks and leisure to keep people active and happy.
- 1.4 The 2017-20 budget also set out the changes required to make the savings and deliver what was agreed by:
 - bringing health and social care services together,
 - supporting people earlier and more thoroughly so they will avoid more costly help later,
 - safely reducing the cost of children in care by finding more foster carers, and
 - changing the waste disposal arrangements to reduce costs.
- 1.5 The original revenue budget for 2018/19 totalled £576m. Of this, around 55% was invested in caring for our vulnerable adults and children; 10% for waste management including recycling, as well as looking after neighbourhoods including tackling fly-tipping, maintaining grounds and trees, trading standards and licensing; 11% to support the costs of investment in major projects; 9% on transport, roads and street lighting; 2% for supporting people in to work and training; 3% for libraries, culture, leisure, parks and open spaces. The remaining 10% is invested in supporting services that keep the City running such as customer services, elections and IT and making sure that benefits and other payments are handled properly.

- 1.6 The Council also delivers major projects through a separate longer term capital strategy which is refreshed each year. The investment priorities are aligned to Our Manchester and also recognise the priorities that residents have identified; making Manchester an attractive place to live and further improving the quality of life for its residents - increasing their overall social and economic prospects and enabling them to fully participate in the life of the City.
- 1.7 The priority areas of investment agreed for 2017-20 included improving housing with care for older people, supported housing for adults with learning disabilities, building and refurbishing leisure centres, and improving the City's roads.
- 1.8 Building on the above, the Council's Executive has recently agreed a set of priorities which are also reflected in the Council's new Corporate Plan. These provide the framework for the refreshed business plans on the agenda for each Scrutiny Committee. The Corporate Plan has 15 key priorities (see also Appendix 1) which are based around the seven main themes of:
- **Young people** - *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.*
 - **Healthy, cared-for people** - *Work with partners to enable people to be healthy and well. Support those who need it most, working with them to improve their lives.*
 - **Housing** - *Ensure delivery of the right mix of good-quality housing so that Mancunians have a good choice of quality homes*
 - **Neighbourhoods** - *Work with our city's communities to create and maintain clean and vibrant neighbourhoods that Mancunians can be proud of.*
 - **Connections** - *Connect Manchester people and places through good-quality roads, sustainable transport and better digital networks.*
 - **Growth that benefits everyone** - *To support our priorities, we need to continue to promote and drive sustained economic growth and job creation that benefits everyone.*
 - **Well-managed council** - *Support our people to be the best and make the most of our resources.*
- 1.9 The Chancellor's Autumn Statement has also been published and there is a separate paper on the agenda for the Resources and Governance Scrutiny Committee which covers the main details. Whilst the specific details of the overall funding for individual local authorities will not be known until the Local Government Finance Settlement which is due on 6 December, there are some funding announcements which have already been made. These have not yet been built into the budget for 2019/20 and include:
- a further £240m in 2019/20 for adult social care which equates to £2.667m for each year for Manchester - this follows the allocation of a similar amount in 2018/19,

- £410m Social Care grant in 2019/20 for adults and children's social care, Manchester's indicative amount is £4.555m,
- £420m in 2018/19 for potholes that will be allocated directly to highways authorities and must be spent prior to 31 March 2019. The allocation for Manchester is £1.686m.

2 The Original Revenue Budget Position 2019/20

- 2.1 2019/20 represents the third and final year of the Council's current three-year strategy. Last year the 2018-20 budget was refreshed to protect the City's most vulnerable but remained focused on delivering the overarching strategy.
- 2.2 The original budget for 2018/19 and 2019/20 as reported to Council in March 2018 has been restated for the implications of changes within 2018/19 including those listed below and these may also lead to some changes in 2019/20:
- the allocation of budgets originally held centrally for inflation (non-pay and pay, including meeting the minimum wage requirements), growth items and funding set aside for high risk areas to Directorate budgets;
 - budget transfers between directorates
- 2.3 The updated position is as follows:

Table One: Updated Original Revenue Budget Position 2019/20

	Original 2018/19 £,000	Rebaser 2018/19 £,000	Original 2019/20 £,000	Rebaser 2019/20 £,000
Resources Available				
Business Rates Baseline	314,212	316,597	241,901	241,901
Business Rates Top Up	(16,630)	(19,015)	41,536	41,536
<i>Baseline Funding Level</i>	<i>297,582</i>	<i>297,582</i>	<i>283,437</i>	<i>283,437</i>
(Reduced) / Additional Business Rates Income	7,393	7,393	21,223	21,223
Business Rates Grants	19,778	19,778	15,535	15,535
Council Tax	154,070	154,070	161,723	161,723
Other non-ringfenced Grants	35,809	35,809	39,662	39,662
Dividends and Use of Reserves	53,342	53,342	53,342	53,342
Use of other Reserves	8,188	8,188	4,490	4,490
Resources to be identified	0	0	8,967	8,967
Total Resources Available	576,162	576,162	588,379	588,379
Resources Required				
<i>Corporate Costs:</i>				
Levies/Charges	68,045	67,945	68,862	68,762
Contingency	3,103	3,103	2,100	2,100
Capital Financing	44,582	44,507	44,582	44,507
Transfer to Reserves	7,181	7,181	3,409	3,409
<i>Sub Total Corporate Costs</i>	<i>122,911</i>	<i>122,736</i>	<i>118,953</i>	<i>118,778</i>
<i>Directorate Costs:</i>				
Additional Allowances and other pension costs	10,183	10,030	10,183	10,030

	Original 2018/19 £,000	Rebased 2018/19 £,000	Original 2019/20 £,000	Rebased 2019/20 £,000
Insurance Costs	2,004	2,004	2,004	2,004
Directorate Budgets	422,086	437,003	423,111	438,028
Inflationary Pressures and budgets to be allocated	18,978	4,389	34,128	19,539
<i>Total Directorate Costs</i>	<i>453,251</i>	<i>453,426</i>	<i>469,426</i>	<i>469,601</i>
Total Resources Required	576,162	576,162	588,379	588,379
Balance	0	0	0	0

- 2.4 The budget for 2019/20 identified a funding gap of £8.967m in 2019/20. The February 2018 report to Executive noted that this would need to be met from a combination of changes to business rates and commercial income, commissioning decisions, efficiencies and a further review of budget requirements.

3 The Revised Revenue Budget Position 2019/20

- 3.1 In July 2018, the Council reported an in-year overspend of £13.7m, this was reduced to £6.1m as reported to Executive in October through the recovery plans that were being implemented.
- 3.2 It is expected that the in-year position for 2018/19 will further improve through:
- continuing implementation of the recovery plans;
 - effective use of any one-off resources
 - further progress on the delivery of social care savings, recognising the ambitious targets in Social Care
 - controls on spend
- 3.3 It is important that the Council works to set a sustainable budget position going forward in to 2019/20. The most significant risk to the budget position is the additional need arising from services such as Social Care and Homelessness, together with the non-achievement of planned savings, accepting that some savings may be delayed into future years. At present the full year effect of these budget pressures for 2019/20 is estimated at £12.686m which will further increase the original budget gap of £8.967m to £21.653m
- 3.4 To support the budget position and meet the identified pressures, there has been a full review of resources available, which has identified an additional £4.930m, and further officer recovery proposals of £15.508m. These are set out later in the report.
- 3.5 Taken together this leaves a gap of £1.215m in 2019/20 as summarised in the table below.

Table Two: Revised Shortfall 2019/20

	2019/20 £m
Original 2019/20 Budget Gap	8.967
Additional Pressures	12.686
Initial Shortfall	21.653
Resource Review	(4.930)
Officer Recovery Proposals	(15.508)
Revised Shortfall	1.215

- 3.6 The options for closing this gap will include the application of the one-off grant for Adult and Children's Social Care announced for 2019/20 as part of the Chancellor's Autumn Budget 2018, taken together with any changes arising from the Local Government Finance Settlement and potential further changes to the resource position arising from Council Tax and Business Rates when the figures are finalised in January 2019.
- 3.7 The additional pressures and proposed recovery actions are set out in full in the Directorate Business Plan reports for consideration by the relevant Scrutiny Committee. The main areas are highlighted in the paragraphs below.

Additional Pressures (£12.686m)

- 3.8 **Children's Services (£6.039m).** This includes the planned use of £1m of inflation provision.
- 3.9 The 2017-20 budget strategy provided for an investment approach for Children's Services which was to be sustained from the savings delivered. This meant that as the non-recurrent resources reduced, the placement budgets for 2018/19 and 2019/20 would need to make savings in order to sustain the current spend on social work and Early Help.
- 3.10 Whilst the Investment Strategy has made considerable progress in reducing expensive placements, this has not been at the pace budgeted for and, in line with the national position, the service is experiencing continued need.
- 3.11 **Health and Social Care (£2.807m)** The financial plan has been updated to reflect revised timelines to deliver savings, mainly relating to New Care Models. The underlying assumptions are broadly in line with the approved business cases, but the phasing of the delivery of benefits has changed to reflect differences in mobilisation and implementation. This has led to a pressure of £2.807m which will be mitigated within the directorate as set out in the Health and Social Care budget report.
- 3.12 **Homelessness (£3.840m)** The pressure is made up of:
- The demand for dispersed accommodation is continuing to rise at the current rate to 1,500 properties during 2019/20 - £1.3m.

- Bed and breakfast numbers being stabilised at existing levels from work ongoing to meet the need differently. The full year impact of current numbers would be an additional budget requirement of £1.740m.
- Additional capacity for Homelessness support to reduce caseloads - £0.8m.

Resources Review (£4.930m)

3.13 There has been a review of resources including an update to resources following the final Council Tax and Business Rates surpluses for 2017/18 and 2018/19 estimates; the announcement that Greater Manchester are to retain the 100% Business Rates pilot for 2019/20; completion of the latest Council Tax Base return and announcements on New Homes Bonus funding. These have a net impact of improving the position by £4.930m as follows:

- Council tax (£3.146m) Increased prior year surplus partly offset by slightly lower than forecast growth in Council Tax base.
- New Homes Bonus (£0.865m) - The estimate is based on the number of new properties as at October 2018. This assumes the government's growth threshold is increased to 0.8%, however, if it is retained at the current 0.4% a further £1m could be received. Confirmation is expected in early December.
- Business Rates (£0.919m) resulting from an increase in the prior year surplus and updated forecast income.

3.14 It is proposed that these additional resources are utilised to support the priority areas agreed with residents. However, further funding is required to deliver a balanced budget and Strategic Directors have put forward a number of recovery proposals to meet the budget requirement.

3.15 It should be noted that resources may change further following the Local Government Finance Settlement which is expected 6 December and confirmation of the forecast Council Tax and Business Rates positions in January 2019.

Officer recovery proposals (£15.508m)

3.16 One of the biggest risks to the delivery of any balanced budget is optimism bias in the level of savings achievable, any plan needs to be supported by evidence and be realistic. The proposals put forward are detailed in the individual Directorate Business Plans and involve:

- The requirement to identify some further savings/recovery proposals
- Allocation of any remaining unallocated and ongoing corporate budgets such as inflation to the best effect to address budget pressures
- Increasing the Looked After Children's (LAC) reserve from one-off income in order to support delivery of a revised strategy for Children's Services and address need. The detailed proposals will be presented to the Children and Young People Scrutiny Committee.

- 3.17 Officer proposals have been developed for detailed discussion at the relevant scrutiny committee, the table below summarises these by directorate. The recovery is being managed by careful application of the council's resources (£6.1m), risk share contribution from the pooled budget (£4m) and revised savings proposals (£5.4m). It is important to note that joint funding for commissioning as part of the pooled budget for Health and Social Care will need to be formally agreed at MHCC Board as part of finalising the budget.

Table Three: Officer Proposals by Directorate

Directorate	Proposed Savings £'000	Grant income and other resources £'000	Total 2019/20 Recovery £'000
Children's Services	776	3,000	3,776
Adult Social Care	1,625	5,382	7,007
Homelessness	440	1,400	1,840
Corporate Core	1,189	0	1,189
Neighbourhoods Directorate	376	300	676
Strategic Development	1,020	0	1,020
Total Directorate Budgets	5,426	10,082	15,508

4 Revised Position Budget Position 2019/20

- 4.1 Requests for additional funding to meet the spending proposals outlined in this report and detailed within Directorate Business and Budget Plans remain subject to Scrutiny and Executive consideration. Should all the requests and recovery proposals be agreed there will be a resource gap in 2019/20 of £1.2m.
- 4.2 As stated earlier in the report, the options for closing this gap will include the application of the one-off grant in 2019/20 for Adult and Children's Social Care announced as part of the Chancellor's Autumn Budget 2018 alongside the announcements arising from the Local Government Finance Settlement and potential further changes to resources from Council Tax and Business Rates which will be known in January 2019. A revised position will be brought forward as part of the updated budget proposals to be reported to Scrutiny Committees and Executive in February 2019.

Table Four: Proposed Revised Budget Position

	2018/19 £'000	2019/20 £'000
Resources Available		
Business Rates Baseline	316,597	323,290
Business Rates Top Up / (Tariff)	(19,015)	(39,853)
<i>Baseline Funding Level</i>	<i>297,582</i>	<i>283,437</i>
(Reduced) / Additional Business Rates Income	7,393	18,114
Business Rates Grants	19,778	19,563
Council Tax	154,070	164,869
Other non-ringfenced Grants	35,809	40,527
Dividends and Use of Airport Reserve	53,342	53,342
Use of other Reserves	8,188	4,490
Total Resources Available	576,162	584,342
Resources Required		
<i>Corporate Costs:</i>		
Levies/Charges	67,945	68,762
Contingency	3,103	2,100
Capital Financing	44,507	44,507
Transfer to Reserves	7,181	3,409
<i>Sub Total Corporate Costs</i>	<i>122,736</i>	<i>118,778</i>
<i>Directorate Costs:</i>		
Additional Allowances and other pension costs	10,030	10,030
Insurance Costs	2,004	2,004
Directorate Budgets	437,003	435,206
Inflationary Pressures and budgets to be allocated	4,389	19,539
<i>Total Directorate Costs</i>	<i>453,426</i>	<i>466,779</i>
Total Resources Required	576,162	585,557
Shortfall	0	1,215

5 Scrutiny of the Draft Budget Proposals and Directorate Budget reports

- 5.1 The Directorate Business Plans are attached for the Committee's consideration. These reports contain details of how the Directorate will support the delivery of the Council's priorities as set out in the Our Manchester Strategy.
- 5.2 The Committee is invited to consider the proposals which are within its remit, alongside the draft Directorate budget reports and business plans and to make recommendations to the Executive before it agrees the final budget proposals.

6 Next Steps

- 6.1 Recommendations from the Scrutiny Committees will be considered by Executive at its meeting in January 2019 when it considers the draft budget proposals. These will incorporate any changes arising from the Local Government Finance Settlement and other funding announcements which are expected in early December.
- 6.2 The Executive will agree its final budget recommendations on 13 February 2019.
- 6.3 These recommendations will be considered by the Resources and Governance Scrutiny Committee at its special budget meeting on Monday 25 February. Chairs of the other five Scrutiny Committees will be invited to attend this meeting to articulate the views of their Committee regarding the proposals. The Council will then make its final decisions and will set the budget on 8 March 2019.
- 6.4 The timeline is detailed below. It is aligned with MHCC funding announcements and approvals. The pooled budget for Health and Social Care will need to be formally agreed at MHCC Board as part of finalising the budget.

Table Five: Budget Timeline

Dates	Milestones
December 2018	Consider Autumn Budget announcements and Directorate Business Plans for 2019/20. Identify consultation requirements.
4-6 December	Scrutiny Committees will consider the draft budget report and Directorate business plan(s) relevant to their remit
Early December	Local Government (Provisional) Finance Settlement issued and other funding announcements
Mid December	Publication of health and care national guidance and funding settlement
16 January 2019	Executive to consider draft budget proposals.
5-7 February	Scrutiny Committees to consider the updated budget position and make recommendations to Executive (13 February) and then on to Council in March, taking into account any consultation feedback
8 March	Council - Budget Approval and Council Precept Approval 2019/20 MHCC - Approve Final Budgets for the Pool (27 March)

- 6.5 Early next year work will begin on the budget requirements for 2020/21 and beyond. This is in the context of considerable changes to Local Government Funding including the outcome of the Spending Review, changes to how local government funding is distributed, changes to the Business Rates Retention

scheme, and the Green Paper on the future of Adult Social Care funding and interaction with the NHS 10-year plan.

7 Conclusions

- 7.1 The Council remains committed to the priorities within the three-year strategy 2017-20 which followed consultation with Manchester people on what services matter most to them.
- 7.2 The proposed 2019/20 budget has been adjusted to reflect changes arising following the first two years of the strategy, including increased service need, partly met by financial benefits generated from the City's growth.
- 7.3 In July 2018, an in-year overspend of £13.7m was forecast for 2018/19, this was reduced to £6.1m as reported in October through recovery plans. Work is ongoing to close this further, including the effective use of one-off resources and continuing budgetary controls. The full-year effect of the position in 2018/19 has been reflected in the 2019/20 proposals.
- 7.4 The 2019/20 original gap of £8.967m could be reduced to £1.215m if the proposed actions set out in this report are supported. Consideration must be given to closing the remaining gap. Potential options include application of additional funding expected following the Autumn Budget announcements, confirmation of funding in the provisional finance settlement expected early December and any changes to Council Tax or Business Rates when figures are finalised in January.

8 Recommendations

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

Appendix 1**Corporate Plan Priorities**

Theme	Priority
Young people <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>	• Ensure all children have high-quality education
	• Support more Manchester children to have the best possible start in life and be ready for school and adulthood
	• Reduce the number of children needing a statutory service.
Healthy, cared-for people <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>	• Support Mancunians to be healthy, well and safe
	• Improve health and reduce demand by integrating neighbourhood teams that are connected to other services and assets locally, delivering new models of care.
	• Reduce the number of people becoming homeless and enable better housing and better outcomes for those who are homeless.
Housing <i>Ensure delivery of the right mix of good-quality housing so that Mancunians have a good choice of quality homes</i>	• Accelerate and sustain delivery of more housing, with enough affordable housing for those on low and average incomes, and improved quality of housing.
Neighbourhoods <i>Work with our city's communities to create and maintain clean and vibrant neighbourhoods that Mancunians can be proud of</i>	• Enable clean, safe, vibrant neighbourhoods
	• Reduce greenhouse gas emissions and improve air quality.
Connections <i>Connect Manchester people and places through good-quality roads, sustainable transport and better digital networks</i>	• Improve public transport and highways, and make them more sustainable
	• Facilitate the development of the city's digital infrastructure, to enable delivery of transformed public services and support a thriving digital

Theme	Priority
	economy.
Growth that benefits everyone <i>To support our priorities, we need to continue to promote and drive sustained economic growth and job creation that benefits everyone</i>	<ul style="list-style-type: none"> • Support good-quality job creation for residents, and effective pathways into those jobs.
	<ul style="list-style-type: none"> • Facilitate economic growth of the city
Well-managed council <i>Support our people to be the best and make the most of our resources</i>	<ul style="list-style-type: none"> • Enable our workforce to be the best they can be through the Our People Strategy and Our Manchester behaviours
	<ul style="list-style-type: none"> • Balance our budget, including delivering savings, reducing demand through reform, and generating income.

Manchester City Council Report for Resolution

Report to: Children and Young People Scrutiny Committee - 4 December 2018

Subject: Children and Education Services Business Planning: 2019-2020

Report of: Director of Children's and Education Services

Summary

This report sets out in broad terms the directorate's key priorities, key activities and revenue and capital strategy for 2019-20.

In the Business Plan for the period 2017-2020, directorates set out their proposed savings in the context of their objectives. This report sets out both the progress made to date in delivering these savings and the directorate's focus over the final year of the three year plan. This report is a refresh of the directorate's Business Plan for 2018-20 in the context of changing resources, challenges and opportunities.

Taken together, the directorate business plans show how the directorates will work together and with partners to deliver our Corporate Plan and progress towards the vision set out in the Our Manchester Strategy.

Recommendations

The Committee is invited to review and comment on the initial Children and Education Services Business Plan. The plan will be developed further taking the Committee's comments into account, and a revised plan will be submitted to the Committee's meeting on 5 February 2019.

Wards Affected: All

Manchester Strategy Outcomes	Summary of the Contribution to the Strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	Effective Children and Education Services are critical to ensuring our children are afforded opportunities and supported to connect and contribute to the city's sustainability and growth.
A highly skilled city: world class and home grown talent sustaining the city's economic success	Ensuring children and young people are supported and afforded the opportunity to access and achieve in the City; empowered and supported by the delivery of a strong and cohesive system that works for all children.

A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	Improving education and social care services that are connected to the wider partnership build the resilience of children and families needed to achieve their potential and be integrated into their communities
A liveable and low carbon city: a destination of choice to live, visit, work	Improving outcomes for the children and families across the City, helps build and develop whole communities and increases the livability of the City
A connected city: world class infrastructure and connectivity to drive growth	Successful services support successful families who are able to deliver continuing growth in the City

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

- Equal Opportunities
- Risk Management
- Legal Considerations

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 2019/20 to be reported to the Executive for approval in February 2019.

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Background documents (available for public inspection):

Children's Services Budget and Business Plan 2018-20, Executive 7th February 2018

1. Introduction

- 1.1 This report sets out in broad terms the directorate's key priorities, key activities and draft revenue and capital strategy for 2019/20. It is a refresh of the directorate's Business Plan for 2018-20 in the context of changing resources, challenges and opportunities.
- 1.2 In the Business Plan for the period 2017-2020, directorates set out their proposed savings in the context of their objectives. This report sets out both the progress made to date in delivering these savings and the directorate's focus over the final year of the three year plan.
- 1.3 Taken together, the directorate business plans show how the different parts of the Council will work together and with partners to progress towards the vision set out in the Our Manchester Strategy.

2. The Directorate Business Plan

- 2.1 The Directorate Business Plan is set out from paragraph three below and includes:
 - A description of the contribution that the directorate makes to delivery of our Corporate Plan priorities
 - The directorate's vision and objectives
 - A self-assessment of the directorate's key challenges for 2019/20
 - The revenue strategy
 - The capital strategy/programme
 - Other considerations
- 2.2 This represents the initial draft business plan for the Directorate. A more detailed plan will be submitted to Scrutiny Committees and Executive in February which will update the position and take into account the comments of this Committee.

3. Delivering Our Plan

- 3.1 The Directorate for Children and Education Services is responsible for social care services for children and families, education and youth services, with statutory responsibilities for safeguarding children and young people, special educational needs and disability (0 to 25) and a broad range of other functions.
- 3.2 In line with the priorities of the Our Manchester Strategy, and Our Corporate Plan, the Directorate's focus is to work with our partners, stakeholders in order for our **children and young people to be safe, happy and successful; attending a 'good or better' school.**
- 3.3 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)**.

- 3.4 The priorities, guiding principles and behaviours of Our Manchester, run throughout all our 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 for Looked After Children and Care Leavers, All Age Disability Strategy, Valuing Young People Strategy, Young Carers strategy plus other delivery plans to improve the experiences and outcomes for children and young people.

4. Vision and Objectives

- 4.1 The 'Our Manchester' Strategy sets out the City's vision for Manchester to be in the top flight of world-class cities by 2025. Critical to the delivery of the vision is supporting the citizens of Manchester, which includes its children, young people and their families to achieve their potential and benefit from its improving economic, cultural, and social capital.
- 4.2 Manchester's Children and Young People's Plan - Our Manchester, Our Children 2016 - 2020 - translates the Our Manchester priorities and the 64 'we wills' into a vision for 'building a safe, happy, healthy and successful future for children and young people;' this means:
- All children and young people feel safe, their welfare promoted and safeguarded from harm within their homes, schools and communities
 - All children and young people grow up happy – having fun and opportunity to take part in leisure and culture activities, and having good social, emotional, and mental wellbeing. It also means all children and young people feeling that they have a voice and influence as active Manchester citizens.
 - The physical and mental health of all children and young people is maximised, enabling them to lead healthy, active lives, and to have the resilience to overcome emotional and behavioural challenges.
 - All children and young people have the opportunity to thrive and achieve individual success in a way that is meaningful to them. This may be in their education, or in their emotional or personal lives.
- 4.3 The plan also highlights particular areas that Manchester is 'passionate' about achieving: ensuring children and young people live in safe, stable and loving homes; safely reducing the number of children and young people in care; ensuring children and young people have the best start in the first years of life; and ensuring children and young people fulfil their potential, attend a good school and take advantage of the opportunities in the city.
- 4.4 Our Manchester, Our Children' sets out how the city intends to take forward the overall ambition and approach described in the Our Manchester Strategy and Locality Plan in relation to children and young people. This is a plan for

children, not children's services. All parts of the city have a role in supporting children and young people, not least families.

- 4.5 The Plan sets out priorities both for what is to be achieved and also how they will be achieved. It promotes a different way of working in the City, one which at its core forges a deeper understanding of children. Families and local communities, listening to what they care about and working together to improve quality of life.
- 4.6 In order to most effectively contribute to the delivery of the priorities set out in the Children and Young People's Plan, from March 2018 the Children and Education Services have been transformed into an integrated Directorate. The Children and Education Services Directorate has been 're-shaped and defined' to maximise leadership and management capacity to strengthen practice, partnership working and promoting a strengths based approach so that together we reduce unnecessary demand and improve the lives of Manchester's citizens. The Children and Education Services Directorate Draft Plan, "Delivering Excellence, Getting to Good" has been refreshed and proposes 7 key priorities (see below). These, in turn, will be delivered through individual service plans and strategies which define and describe how they contribute to Children and Young People's Plan priorities; and how they respond to the identified risks, challenges and maximise presenting opportunities;
1. Increase the voice and influence of Manchester's children and young people.
 2. Support and develop children's readiness for school and adulthood embedded in an approach to early intervention.
 3. Everyone a leader - an empowered, capable and stable workforce; effective in the management of risk, Performance and planning for children.
 4. Continually improve outcomes for all children, including looked after children (LAC)/children and young people with special educational needs or disabilities (SEND) and 'reduce the gap' against National.
 5. Safely reduce the number of children looked after and/or in need of a statutory service.
 6. Sufficient range and choice of high quality early years, school, college, youth play and care provision which provides value for money.
 7. Lead the development of future arrangements for safeguarding partnership in response to legislative change.
- 4.7 The Children and Education Services Directorate remains focussed on delivering excellent services to children and their families which are effective, efficient and continually improve the outcomes for Manchester's children and young people.
- 4.8 The delivery of the Directorate priorities and Our Our Manchester, Our Children Plan cannot be achieved in isolation, rather, by a strong partnership (internally within MCC and externally with our key partners) and facilitated through effective leadership and management at a locality level, Further, the

development of programmes of activity and working with partner agencies in a targeted and system approach that delivers early prevention to reduce costs, better commissioning to reduce costs, making efficiencies where possible in service delivery.

- 4.9 The Our Healthier Manchester Locality Plan is moving from a focus on structures to a focus on our outcomes, our people, and our services. The following principles are in place to inform how this will be achieved across Children and Education Services.

- Focuses on person (child and family) centred outcomes across all sectors
- Improve communication and joint working; removing duplication
- Promote a culture of integration and inclusive approach cross a geographical area to achieve access to services in order for children and their families to receive a timely and 'right' intervention.
- Lean pathways and leadership to support practitioners work effectively together.

5. **Self-Assessment**

- 5.1 Manchester is a large, diverse and complex local authority region where there are 190 languages spoken within our school age population, there is a growing child population; increasing by 22.6% between 2008 and 2018 and to projected to increase by a further 17.2% between 2018 and 2028.

- 5.2 In addition there are too high rates of infant mortality, mothers smoking in pregnancy, poor dental health, child obesity, and low rates of immunisation take up than national averages.

- 5.3 Significant progress and success has been achieved since 2014, characterised by the Ofsted judgement in December 2017 that our services to children and young people looked after and those in need of help and protection are no longer inadequate. This progress cannot be understated and key highlights are summarised below;

- Strong and positive relationships with settings and schools in City
- 95% Early Years settings judged by Ofsted to be good or better - 64% in 2014
- Strong Primary Schools with 91.7% good or better and improving Secondary school system with 61.5% good or better compared to 54.2% October 2017
- 92.7% children offered place at 1st preference primary school and 77% for secondary (highest since 2014)
- School attendance has continued to be better than national at both primary and secondary
- Improved school outcomes for 'our' children - better than nationally at all phases
- Young Manchester Trust established - increased youth and play fund; 58 organisations delivering over 100 projects
- Universal Early Years Offer across Manchester since 2015 - only GM

- authority and 3% in school readiness levels increase since 2016
- Early help making a difference - 81% of children benefitting with only 9% 'requiring a repeat intervention'.
- Manageable caseloads for social workers - achieved
- Reduction in looked after children since 2010 from 137 to 104 per 10k population. The national trend has increased c3.8% annually. Since 1/4/18 Manchester's looked after children population has increased by 2.3%.
- Increasing number of internal foster carers (51%/49%) split between internal and external.
- Staff motivated; working hard behind a vision to *build a safe, happy, healthy and successful future for our children and young people.*
- Reliance on agency staff has significantly reduced from 146 in 2016/17 to 47 as at 12/11/18 (expect most will be replaced by permanent staff as at 1/3/19).

5.4 We are doing more with less and the Children and Education Services savings programme is to transform the service and is ambitious; there are significant challenges and risks to this programme and are arguably intrinsically linked to impact of welfare reform, demographics, wider public sector austerity measures. These are summarised below:

- Government funding for Troubled Families programme ceasing in 2020/21 (£2.4m recurring)
- Impact of school funding reforms compounding a real term reduction in school budgets (national funding formula delayed to post 2021/22)
- PVI settings in council buildings withdrawing due to building maintenance costs/reduced funding
- Rising costs in the external care market experienced regionally
- Continuing Increase in requests/need for a statutory Social Work Service, looked after children and leaving care placements
- Disproportionate rise in complexity of young person's population and numbers needing Education Health and Care Plan
- Continued pressure in schools 'high needs' funding block for children in need of specialist and additional learning needs.

5.5 All of the above must be considered within a national context of increasing financial pressures within Children's Services (Manchester is no exception), a changing regulatory framework which are aligned to Manchester's ambitions has an increased focus on the quality of social work practice and management oversight and ensuring the education system is inclusive within a 'school family' that is judged by Ofsted to be good or better and meets the needs of all learners. Consequently, it is important that Children and Education Services adapt, anticipate and respond to the challenges with purpose and focus. The recent Ofsted monitoring visit (October 2018) noted that "senior leadership has a good understanding of services strengths and of areas where quality and impact are not yet sufficient", demonstrating the strong basis in place to respond to these challenges.

6. Revenue Strategy

- 6.1 The Children and Education Services net annual budget for 2018/19 is £112,855m with 1,301 fte staff summarised in the table below:

Table 1: 2018/19 Base budget

Service Area	2018/19 Gross Budget £'000	2018/19 Net Budget £'000	2018/19 Budgeted Posts (FTE)
Children's Safeguarding	96,636	83,011	761
Education	348,224	22,440	411
Directorate Core and Back Office	7,720	7,404	129
Total	452,580	112,855	1,301

- 6.2 Over recent years the Children's Services budget has reduced in line with Council funding reductions. The Children's and Education Services net budget has reduced by c40% since 2010.
- 6.3 Following the publication of the Ofsted Inspection report additional Council resources were invested into children's services, specifically related to improvements in the Statutory Safeguarding and Looked After Children's Services; and Early Help Services to drive improvements on an 'invest to save' basis. The investment programme has been spread over a number of tranches, based on the broadly aligned principle of investment in services to save on spend and to better respond to the needs of children and complexity of need(s). Each tranche of investment has focussed on specific areas of the service.
- 6.4 The first tranche of investment in 2015/16 was focussed on service areas out with the statutory social work service to provide effective leadership and management, divert unnecessary demand away children and their families from statutory services and create the capacity to better respond to those children who were in need to being 'looked after' by the council; which had been factors in Ofsted's inspection findings and judgements in 2014. This included investment in:
- Early Help / MASH
 - Troubled Families (including Children in Need)
 - Troubled Families - Families First
 - Evidence based interventions
 - Adoption
 - Fostering
 - Safeguarding management and capacity
- 6.5 The four key characteristics of the second tranche investment were more directly aligned to the need to build capacity in order to improve the practice within the statutory social work service in order to:

- Reduce and manage demand within the service more effectively.
 - Implement manageable workloads through increased productivity and extra frontline social work posts.
 - Implement a comprehensive performance and practice management system.
 - Achieve and maintain a stable, confident and competent workforce.
- 6.6 The plan was for investment into early help and social work to be sustained from 2018/19 by recycling recurrent savings delivered through the reduction in the number of looked after children and a significant reduction in the use of external placements. This would be achieved by an overall reduction in the number of Children Looked After to c1000 by 2020 and meant that as the non-recurrent resources reduced, the placement budgets for 2018/19 and 2019/20 would need to deliver significant savings in order to provide the resource required to continue the spend on social work and Early Help services.
- 6.7 Whilst these kinds of improvement require a long term commitment to practice development, there are already a number of measurable impacts that can be attributed to the investment. A common indicator of improving practice is that families are less likely to repeat cycles of intervention through the social care system. When families do enter the system, they are more likely to receive the right help at the right time, and at the right level of intervention. There has been a 75% reduction in referrals to social care resulting in no further social work action compared with 13/14.
- 6.8 Where children's needs are more complex and require a statutory social work intervention, performance and assurance information indicates children and families are receiving a more timely service and are increasingly likely to have a better outcome. There are a number of positive improvements in our compliance with practice expectations, which are well reflected through independent scrutiny of the service (peer challenge and Ofsted) which reflect the increasingly experienced, knowledgeable and capable workforce and will ultimately realise better outcomes and reduce overall spend in the longer term. This remains a difficult challenge in the light of the demographic and complexity issues highlighted throughout the report. Securing a stable workforce with capacity for practitioners and managers to continually develop; of which 34% and 25% respectively are new to their current role.
- 6.9 In March 2018 the 2018-20 budget recognised that whilst tangible progress has been made in respect of the quality and services being delivered to children and young people; leading to a shift in resources from high cost reactive spend to investment which provides a safe and loving home (permanence), early intervention and prevention, the service is facing a number of financial challenges in responding to children in need of care and support. In addition the national position has seen an increase in the number of children being looked after by local authorities and the numbers of children with increasingly complexity of need; Manchester is no exception. This creates an additional pressure in finding suitable care and to achieve the savings at the required pace in placement budgets. Furthermore over the last three years the average cost of external residential has increased by over 60%. An

additional allocation for inflation of £1m in 2018/19 has been proposed which will support the budget position on a recurrent basis.

- 6.10 The 2018-20 budget delivery plan projected the level of need for children and young people would cost an additional of £17.3m in 2018/19 and a further £2.3m in 2019/20. Based on an estimate of placement need and further developments as a continuation of the existing strategy, numbers in external residential and foster care provision were expected to reduce during 2018/19 and 2019/20. This was expected to reduce costs by £10.5m in 2018/19 and a further £2.1m in 2019/20 to leave a remaining funding requirement of £7m in 2018/19 and 2019/20.
- 6.11 The position in 2018/19 is that external residential numbers have not yet reduced and external foster care has remained at a similar level. Increased need is largely being met through the internal and external foster care service and the number of Special Guardianship Orders (SGOs) are increasing, which is positive as it means that new demand is being met more effectively and efficiently.

External Residential

- 6.12 Following a significant reduction in external residential placements from 108 in 2011/12 to 78 in 2014/15, the placement numbers have stabilised over the last few years and are currently 77. As referred to above, since 2015/16 the average cost of care has increased by over 60%. This is due to a combination of increased complexity in children's needs, the rising cost of the external market, which is being experienced across the region and country and cost of living price rises over the period. During this time there has also been a significant reduction in internal residential placements from 88 in 2011/12 to 13 in 2018/19.
- 6.13 The 2018-20 budget included savings totalling £3.027m with £2.797m in 2018/19 and further £230k in 2019/20 from a reduction in residential placements to 50 by March 2019. In 2018/19 there is a projected shortfall of £2.445m as a result of both care costs and placement numbers being 77, which is above the budget target of 50 due to the need for children to be placed in external residential provision and the challenge in reducing the overall number.
- 6.14 For 2019/20 it is estimated that savings of £1.261m can be achieved against the original two year target of £3.027m, from a reduction in external residential placements from the current 77 to 68 by March 2020. This would be a reduction in savings from the 2018-20 target of **£1.766m** (after applying the £1m inflation allocation referred to in paragraph 6.9). The position includes a continuation in 2019/20 of a £2.2m contribution from the MHCC pooled budget towards joint health and care placements, this is subject to approval by MHCC Board.
- 6.15 The budget savings also included **£1m** commissioning savings in 2018/19 to be delivered through a framework contractual agreement in place that

achieves a reduction in unit prices across a number of providers. This savings have not been achieved. The position with the current provider market is that external residential prices are rising regionally and nationally, the unit costs for residential placements have increased by 7% during the first six months of 2018/19, rather than the planned 5% reduction.

Foster care and Special Guardianship Orders

- 6.16 There has been a significant reduction in actual placements and spend on external foster care from an average of 646 in 2014/15 to 461 in 2018/19. The 2018-20 budget included savings totalling £5.628m with £2.934m in 2018/19 and further £2.694m in 2019/20 from a reduction in placements from 459 when the budget was set to 344 by March 2019 and 282 by March 2020. For 2019/20 it is estimated that savings of £2.735m can be achieved against the original two year target of £5.628m, from a reduction in placements from the current 461 to 433 by March 2019 and 361 by March 2020. This would be a reduction of **£2.893m** in planned savings from the 2018-20 target.
- 6.17 Strategic commissioning is continuing to meet with key external fostering providers in order to ensure that discounts are given for long term placements and volume. Notwithstanding this, it is considered that saving of **£0.650m** are high risk should be removed from the 2019/20 financial plan.
- 6.18 There has been an increase in internal foster care placements by over 50% following investment in 2015/16. The 2018-20 budget provided funding of £2.569m for an increase in the number of internal foster care placements from 442 when the budget was set to 546 by March 2019 to 618 by March 2020. From April to September 2018 the number of internal foster care placements has increased by 39 to 481. For 2019/20 it is estimated that funding of £2.062m is required for an increase in in-house foster carers from 481 in September to 511 by March 2019 and 539 by March 2020.
- 6.19 Over the period 2011-18 there has been a significant increase in the numbers of children made subject to a Special Guardianship Order, rising from 109 to 457. The current position is that the 2018-20 budget target for SGOs has been exceeded by 30. Whilst this is positive and indicative of the service's improvement, it has increased the pressure in the SGO budget by £121k in 2018/19 and an estimated £285k in 2019/20. It is proposed that £121k of the funding for internal foster care is allocated to the SGO budget in 2018/19 and £285k is allocated to meet estimated additional costs in 2019/20.
- 6.20 As part of the 2018-20 budget, following a review of the in-house fostering service, a £300k saving in 2018/19 was identified following benchmarking with other Councils. It was considered that social workers could reasonably manage with caseloads of 20 internal carers enabling posts in the service to be held vacant. However it was recognised that if the planned increase in in-house foster carers was achieved rate there would need to be future growth of additional social workers to ensure the 'offer' is sustained and placement breakdowns are avoided. During 2018/19 it has been identified that funding of £285k in 2018/19 and £311k is required to adequately resource the service

and this funding has been identified in the budget from the planned budget growth for in-house foster care.

- 6.21 After taking account of the planned use of the investment for internal foster care described above there is a reduction in the funding originally included in the 2018-20 budget of £2.569m to £2.062m, which releases **£507k** towards the closing the gap caused by the reductions in savings elsewhere in the budget.

Leaving Care

- 6.22 The Leaving Care budget included savings of £200k for 2018-20 from recommissioning of the service previously provided by Barnardos with a budget of £1.489m. The service was brought in-house from 1st October 2018 from this £163k of the £200k saving is expected to be achieved, the remaining **£37k** is not expected to be delivered.

Summary

- 6.23 In summary this is a reduction in planned saving for 2018-20 of **£5.839m**. In addition to this there is an increase in the Legal Services recharge of **£200k** based on additional legal capacity needed for the number of cases and court proceedings costs. This is a total identified pressure of **£6.039m** for 2019/20.
- 6.24 The following proposed measures would reduce this by £0.776m,
- A Children's Service budget delivery plan which provides new savings of **£376k** from a reduction in the use of agency staff (£186k), a review of commissioned services (£100k) and a review of discretionary spend (£90k)
 - Replacement of Strategic Commissioning savings for Children's with a target of **£400k**
- 6.25 Additional funding is built into the LAC Investment Fund to further support the position over the next three to five years by **£3m** per annum. It is suggested this comes from any rebate of business rates income from the GMCA this year, release of the sleep in provision £2.1m, £2m reserves no longer required and some release of the business rates reserve. This has to be underpinned by external validation of costs and activity. This would leave the need for additional budget for Children's of £2.263m in 2019/20.
- 6.26 The table below summarises the budget pressures and new budget recovery savings for 2018/19 and 2019/20. Appendix 3 shows the saving schedule which compares planned 2018-20 savings with proposed revised 2018-20 savings.

Table 2: 2019/20 proposed changes and revised budget

Service Area	Approved MTFP				2019/20 Identified pressures £'000	2019/20 Recovery proposals £'000	Proposed 2019/20 Net Budget £'000
	2018/19 Net Budget £'000	Approved savings £'000	Investment and other changes £'000	2019/20 Net Budget £'000			
Children's Safeguarding	83,011	-2,039	2,342	83,614	6,039	-686	88,667
Education	22,440	-230	415	22,625	0	0	22,625
Directorate Core and Back Office	7,404	0	0	7,404	0	-90	7,314
Total	112,855	-2,269	2,757	113,343	6,039	-776	118,606

- 6.27 The 2018 budget also announced a Social Care Support Grant for adults and children's social care £650m. Within this is a continuation in 2019/20 of £240m winter pressure funding provided in 2018/19 to ensure that adult social care pressures do not create additional demand on the NHS. This leaves £410m nationally of which it has recently been confirmed that £4.555m is for Manchester to improve the social care offer for adults and children's social care in 2019/20.

School Funding

- 6.28 Schools are funded by the Dedicated Schools Grant. The 2019/20 grant estimate is likely to total £514m in 2019/20, a £3m increase compared to 2018/19. This is a result of pupil growth attracting additional funding to the City, 0.5% increase in pupil elements of the national funding schools block formula and change in the allocation of the Local Authority growth fund from the Department of Education.
- 6.29 Despite the increase in the grant it is not anticipated that the high need block element the grant which supports the most vulnerable children will sufficiently meet all of the demand in the City. The majority of the High Needs block goes directly to schools to fund special schools and provide support for children with Special Educational Needs in mainstream schools.
- 6.30 The Council has recently consulted schools and the Schools Forum on a transfer of funding from the primary and secondary School Block to the High Needs block up to 0.5% (£2m) in 2019/20. Schools and the Schools Forum expressed concerns over reducing core funding to schools at a time when schools have seen a real terms reduction in funding. Whilst recognising the position and the importance of the high needs block being adequately funded, the proposal has not been agreed by the Schools Forum. The Forum recognises that the Council will now need to seek Secretary of State approval for the transfer. It is very likely that this will be approved as permission has been granted for many other local authorities that are in a similar position with the High Needs block.

7. Capital Strategy / Programme

- 7.1 The capital programme for Children's and Education is predominantly focused on the the creation of school places and the maintenance of the Council's school estate. A summary of the current capital budget is shown in the table below, with the detailed projects shown in appendix 2:

£'m	2018/19	2019/20	2020/21	2021/22	Total
Basic Need	40.4	76.8	1.1		118.3
School Maintenance	2.6	5.0	3.0	3.0	13.6
Other	2.2	1.8	0.8		4.8
Total	45.2	83.6	4.9	3.0	136.7

- 7.2 Work has progressed in 2018/19 on the expansions of several primary schools, to increase the number of permanent school places at those sites. Funding has also continued to be provided to two secondary academies to complete expansions to accommodate permanent places.
- 7.3 Executive have approved in principle an initial sum of c.£20m to increase the number of places across the SEND and Alternative Provision estate, and work is underway to identify schemes and create a programme of works. This will reduce the unallocated Basic Need available. The remaining unallocated Basic Need funding will be used to fund new places as required across the next few years, dependent on school population forecasts, especially given that the Council has not been allocated Basic Need funding for at least the next two years.
- 7.4 School Maintenance funding is provided by Government, and is used to undertake significant maintenance projects such as re-roofing, re-wiring and heating works. A programme of works for 2018/19 was identified and has been undertaken, with some funding held to manage issues that may arise during the winter when maintenance issues tend to emerge. Future grant awards are indicative, and are subject to change.

8. Other Considerations

- 8.1 It should be noted that any changes proposed from business plans may require public consultation depending on their nature and impact on services. There remains a statutory requirement to consult business rate payers each year as part of the budget setting process.
- 8.2 The business plans submitted to Executive and Scrutiny Committees in February will include a full description of consultation and conversation with partners and other stakeholders that have taken place to develop the budget proposals, as well as the potential impact of proposals on different communities in Manchester and outcomes of equality analysis carried out and future Equality Impact Assessments required. Workforce implications will also be considered, including any required reduction in budgeted posts as well as strategic workforce development objectives for the Directorate.

Appendix 1 - Revenue Financial Plan

Table showing an overall summary of financial position

Subjective Heading	2018-2019 Budget £'000	2019-2020 Indicative Budget £'000
Expenditure:		
Employees	58,876	57,660
Running Expenses	393,155	402,113
Capital Financing Costs	499	499
Contribution to reserves	50	1059
Total Subjective Expenditure	452,580	461,331
Less:		
Other Internal sales	0	0
Gross Expenditure	452,580	461,331
Income:		
Government Grants	330,245	329,189
Contributions from Reserves	4,364	8,420
Other Grants Reimbursements and Contributions	3,986	3,986
Customer and Client Receipts	955	955
Other Income	175	175
Total Net Budget	112,855	118,606

Appendix 2 - Capital Strategy / Programme table

The table below shows the approved Children's Services capital programme:

£'000	2018/19	2019/20	2020/21	2021/22	Total
Children's Services Programme					
Basic Need Programme					
Cavendish Community - Increase capacity	266	0	0	0	266
Ashbury Meadow - Increase capacity	71	0	0	0	71
E-Act Academy - increase capacity	11	0	0	0	11
Claremont - Increase capacity	71	0	0	0	71
Charlestown - Increase accommodation		0	0	0	0
Briscoe Lane Academy	150	0	0	0	150
Stanley Grove - contribution to PFI	13	0	0	0	13
Manchester Communication Primary Academy	224	0	0	0	224
Dean Trust Ardwick	11	0	0	0	11
Ardwick PRU	40	0	0	0	40
Lytham Rd	343	0	0	0	343
Manchester Health Academy expansion	3,242	0	0	0	3,242
Co-op Academy expansion	3,471	0	0	0	3,471
St Margaret's C of E	54	0	0	0	54
St Matthews RC	192	0	0	0	192
Matthews Lane	10,267	28,155	1,138	0	39,560
Plymouth Grove Refurbishment	4,974	27	0	0	5,001
Beaver Rd Primary Expansion	4,661	15	0	0	4,676
Lily Lane Primary	3,761	11	0	0	3,772
St. James Primary Academy	3,005	12	0	0	3,017
Crossacres Primary School	2,019	11	0	0	2,030
Ringway Primary School	1,553	10	0	0	1,563
Webster Primary Schools	2,008	11	0	0	2,019
Basic need - unallocated funds	0	48,534	0	0	48,534
Schools Maintenance Programme					
Moston Lane - re-roof	338	0	0	0	338
Chorlton CofE Primary Rewire	15	0	0	0	15
Moston Lane Primary	8	0	0	0	8
Wilbraham Primary Roof	40	0	0	0	40
Abbott Primary School Fencing	109	0	0	0	109
Crowcroft Park PS-Rewire	531	0	0	0	531
Pike Fold Community Primary - Ground Stabilisation	16	0	0	0	16
Charlestown Primary	45	0	0	0	45
Armitage CE Primary	132	0	0	0	132
Higher Openshaw Comm School - Renew Boiler	126	0	0	0	126
Crowcroft Park PS - Roof Repairs	62	0	0	0	62
Northenden Primary School - Part Reroof	42	0	0	0	42

£'000	2018/19	2019/20	2020/21	2021/22	Total
Abbott Community Primary - Ext Joinery Repair	262	0	0	0	262
St Mary's PS - Joinery Repairs	119	0	0	0	119
Sandilands PS - Joinery Repairs	169	0	0	0	169
Lancasterian ID Secure Lobby	38	0	0	0	38
Cheetwood PS - Rewire	387	0	0	0	387
Pike Fold Community Sch - Repairs to air handling units	64	0	0	0	64
Button Lane PS - Boiler Installation	84	0	0	0	84
Schools Capital Maintenance -unallocated	0	5,012	3,000	3,000	11,012
Education Standalone Projects					
Paintpots	31	0	0	0	31
Community Minded Ltd	28	0	0	0	28
Early Education for Two Year Olds	136	0	0	0	136
Gorton Youth Zone	538	962	0	0	1,500
Greenheys Toilets	67	0	0	0	67
Healthy Pupil Capital Funding	263				263
Special Educational Needs grant	831	831	831	0	2,493
Universal Infant Free School Meals - Unallocated	335	0	0	0	335
Total Children's Services Programme	45,223	83,591	4,969	3,000	136,783

Appendix 3 Children's and Education Savings		Approved Budget 2018-20 Cumulative Savings £,000	Proposed Budget 2018-20 Cumulative Savings £,000	Change £,000
Placement Budgets				
Reduction of External Fostercare	Red	-5,628	-2,735	2,893
Reduction of External Residential	Red	-3,027	-1,261	1,766
Leaving Care - Alternative Delivery Model	Amber	-200	-163	37
Conversion of Fostering from external to internal SGO's	Green	-216	-216	0
Joint Commissioning of Complex Cases	Green	-1,500	-1,500	0
Total Placement savings		-10,571	-5,875	4,696
Other Children's Savings				
Review of Dedicated Schools Grant	Green	-1,500	-1,500	0
Demand Management and Practice Efficiencies	Amber	-1,000	-1,000	0
Review of Fostering Service	Red	-300	-300	0
Impact of School Crossing Patrols	Red	-220	-220	0
Reconfiguring of the Early Years Delivery Model	Amber	-180	-180	0
Total Other Children's Savings		-3,200	-3,200	0
Commissioning				
Residential - preferred supplier agreement	Red	-1,000	0	1,000
Foster care - new north west framework	Red	-650	0	650
Review of Commissions	Amber	-100	-100	0
Total Commissioning		-1,750	-100	1,650
Investment				
Increase in the use of Internal Foster care	Green	2,284	1,751	-533
Fostering Service	Green	285	311	26
Total Investment		2,569	2,062	-507
Total approved 2018-20 savings		-12,952	-7,113	5,839
New savings proposals				
Reduction in Use of Agency	Green	0	-186	-186
Legal Compensation budget underspend	Green	0	-50	-50
Information and governance existing underspend	Green	0	-40	-40
Review of further commissions	Green	0	-100	-100
Revised strategic commissioning savings	Red	0	-400	-400
Sub-total		0	-776	-776
Total 2018-20 approved and proposed savings		-12,952	-7,889	5,063