



Children and Young People Scrutiny Committee

Date: Wednesday, 7 February 2024

Time: 10.00 am

Venue: Council Chamber, Level 2, Town Hall Extension

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

Access to the Public Gallery

Access to the Public Gallery is on Level 3 of the Town Hall Extension, using the lift or stairs in the lobby of the Mount Street entrance to the Extension. There is no public access from any other entrance.

Filming and broadcast of the meeting

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 –

Reid (Chair), N Ali, Alijah, Amin, Bano, Bell, Fletcher, Gartside, Hewitson, Judge, Lovecy, Ludford, Marsh, McHale, Muse, Nunney, Sadler and Sharif Mahamed

Co-opted Members -

Mr G Cleworth, Ms S Davies, Canon S Mapledoram, Mrs J Miles, Ms L Smith and Mr Y Yonis

Supplementary Agenda

- 5. Revenue Budget Update 2024/25** 5 - 14
Report of the Deputy Chief Executive and City Treasurer

This report sets out the latest forecast revenue budget position, and the next steps. Following the Provisional Finance Settlement announced 18 December 2023 the Council is forecasting an estimated budget shortfall of £38m in 2024/25, £79m in 2025/26, and £90m by 2026/27. After the application of approved and planned savings, and the use of c.£17m smoothing reserves in each of the three years, the budget is balanced for 2024/25 and the remaining gap reduce to £29m in 2025/26 and £41m by 2026/27. This position assumes that savings of £21.4m are delivered next year.

This report provides a high-level overview of the updated budget position. Each scrutiny committee is invited to consider the current proposed changes which are within its remit and to make recommendations to the Executive before it agrees the final budget proposals on 14 February 2024.

- 5a. Children and Education Services Budget 2024/25** 15 - 44
Report of the Strategic Director (Children's and Education Services)

This report provides a further update to members on the priorities for the services in the remit of this committee and details the changes to the initial revenue budget options proposed by officers in November 2023. Each scrutiny committee is invited to consider the proposed budget changes that are within its remit and to make recommendations to the Executive before it agrees to the final budget proposals on 14 February 2024.

- 5b. Dedicated Schools Grant (DSG)** 45 - 54
Report of the Strategic Director (Children's and Education Services)

This report provides a summary of the confirmed DSG allocation from the 2024/25 settlement announced on the 19th December 2024 and the budget allocation across individual school budgets and Council's retained schools budgets which was consulted and reported to Schools Forum on the 15th January 2024.

Further Information

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

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This supplementary agenda was issued on **Friday, 2 February 2024** by the Governance and Scrutiny Support Unit, Manchester City Council, Level 2, Town Hall Extension (Library Walk Elevation), Manchester M60 2LA

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Manchester City Council Report for Information

Report to: Economy and Regeneration Scrutiny Committee - 6 February 2024
Communities and Equalities Scrutiny Committee - 6 February 2024
Health Scrutiny Committee - 7 February 2024
Children and Young People Scrutiny Committee - 7 February 2024
Environment and Climate Change Scrutiny Committee - 8 February 2024

Subject: Revenue Budget Update 2024/25

Report of: Deputy Chief Executive and City Treasurer

Summary

Local Government is under profound financial pressure, largely due to externally driven cost and demand pressures at a national level particularly affecting Adults Services, Children's Services and Homelessness. It is in this context that the Council must set a balanced budget.

This report sets out the latest forecast revenue budget position, and the next steps. Following the Provisional Finance Settlement announced 18 December 2023 the Council is forecasting an estimated budget shortfall of £38m in 2024/25, £79m in 2025/26, and £90m by 2026/27. After the application of approved and planned savings, and the use of c.£17m smoothing reserves in each of the three years, the budget is balanced for 2024/25 and the remaining gap reduce to £29m in 2025/26 and £41m by 2026/27. This position assumes that savings of £21.4m are delivered next year.

This report provides a high-level overview of the updated budget position. Each scrutiny committee is invited to consider the current proposed changes which are within its remit and to make recommendations to the Executive before it agrees the final budget proposals on 14 February 2024.

Recommendations

The Committee is recommended to:

- (1) Consider and comment on the forecast medium term revenue budget.
 - (2) Consider the content of this report and comment on the proposed budget changes which are relevant to the remit of this scrutiny committee.
-

Wards Affected: All

Environmental Impact Assessment - the impact of the issues addressed in this report on achieving the zero-carbon target for the city	The budget 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.
Equality, Diversity and Inclusion - the impact of the issues addressed in this report in meeting our Public Sector Equality Duty and broader equality commitments	Consideration has been given to how the proposed savings could impact on different protected or disadvantaged groups. Where applicable proposals will be subject to completion of an Equality Impact Assessment (EqIA) and an Anti-Poverty Assessment.

Manchester Strategy outcomes	Summary of how this report aligns to the OMS/Contribution to the Strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The effective use of resources underpins the Council's activities in support of its strategic priorities as set out in the Corporate Plan which is underpinned by the Our Manchester Strategy.
A highly skilled city: world class and home-grown talent sustaining the city's economic success	
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	
A liveable and low carbon city: a destination of choice to live, visit, work	
A connected city: world class infrastructure and connectivity to drive growth	

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

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

The changes included within this report will, subject to Member comments and consultation, be included in the final 2024/25 revenue budget set by Council on 1 March 2024.

Financial Consequences – Capital

None directly arising from this report.

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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.

[Medium Term Financial Strategy and 2023/24 Revenue Budget – Executive 15 February 2023](#)

[Revenue Budget Update 2024/2025 - Resources and Governance Committee 7 September 2023](#)

[Revenue Budget Update and Corporate Core Budget Proposals 2024/25 - Resources and Governance Committee 9 November 2023](#)

[Provisional Local Government Finance Settlement 2024/25 and Budget - Resources and Governance Scrutiny Committee 11 January 2024](#)

1. Introduction and Background

- 1.1. An indicative balanced 2024/25 budget was set out in the February 2023 MTFs, including the planned use of reserves. In common with the rest of the sector the Council's finances continue to be under intense pressure. The high levels of inflation and rising demand for services continues to outstrip the level of resources available. As reported to Resources and Governance committee in September and November the current year's pressures and updated forecasts meant that the budget position had to be reviewed. This report updates on the refreshed position including progress in reaching a balanced budget, reflecting proposed savings and investment options.

2. Changes to the Budget Position

- 2.1. The November scrutiny committees were presented with additional cuts and efficiencies totalling £2.5m for consideration, in addition to the savings agreed in last year's MTFP of £36m (of which £10.2m related to 2024/25) and the use of c£17m a year of smoothing reserves. It was anticipated that further cuts and savings may be required depending on the outcome of the provisional settlement.
- 2.2. The government announced the Autumn Statement on 22 November 2023 followed by the provisional finance settlement on 18 December 2023. This was in the context of another very difficult year for Local Government. In 2023, inflation averaged 8%, which together with unrelenting demand pressures has compounded challenges, especially in social care and homelessness, when there is limited financial resilience following the cumulative impact of the prior decade's austerity measures. A survey conducted by the LGA found that one in five councils believe they are fairly or very likely to issue a Section 114 notice this year or next. Several Councils have now applied to the Government for 'exceptional financial support'. Typically, this consists of a capitalisation directive allowing them to fund day to day spending from capital resources.
- 2.3. Despite this context, there was no new funding announced in the provisional settlement. Disappointingly the Services Grant was cut by 84.1% nationally. For Manchester this is a reduction of £6.1m, from £7.2m to just £1.1m. Whilst some redistribution of services grant had been anticipated, it was not expected at this scale. This cut was partly offset by an increase in forecast business rates income of £3.1m (one off) linked to another year of Retail, Hospitality and Leisure Relief. This scheme gives 75% relief for this sector up to a cap of £110k per business. This has a positive impact on the level of bad debt and appeals to be provided for, as these are now based on a reduced level of income. Other settlement changes to Revenue Support Grant and New Homes Bonus net to £0.6m. Therefore, the budget impact of the settlement is a £2.4m worsening of the position rising to £5.3m in 2025/26 as set out to Resources and Governance committee 11 Jan 2024.
- 2.4. In addition to the settlement announcements Manchester continues to face growing pressures in social care and homelessness. In the last two months

there has been an increase in children's placement numbers and costs, further significant pressures across adult social care (ASC) budgets and some worrying trends in asylum seekers, the migrant policy and homelessness. This is in line with national trends and Core Cities and other GM authorities are all reporting similar issues. Work throughout January quantified the full year effect of the increased numbers of residents requiring care and support this year at £10m. Whilst extremely challenging it is important that a realistic and deliverable budget is set which recognises these additional pressures.

2.5. The changes in the Provisional Finance Settlement and increased pressures in social care and homelessness meant further work was required to ensure a balanced budget for 2024/25 and be put forward for consideration by the Executive. Actions to balance the budget, totaling £15m, have been identified from the following areas:

- £3.4m - Council Tax and Business Rates – improvements in collection and 100% premium on empty unfurnished properties after one year
- £6.1m - GMCA Waste Rebates and Levies
- £1.5m - Additional Investment Estate and Enforcement Income
- £1m - Rephasing of ICT and G&D investments
- £1.2m - Airport Interest & Car Park Investment dividend
- £0.302m – Efficiencies on minor back-office budgets etc
- £1m - Gas energy savings (wholesale price reduction)

2.6. This has enabled a balanced budget in 2024/25 to be proposed as summarised in table one.

Table One: Summary of Budget changes

	2024 / 25 £'000	2025 / 26 £'000	2026 / 27 £'000
Position reported to Resources and Governance 9 Nov 2023	1,655	29,845	48,990
Increase General Fund to reflect worsening overspend	1,000		
Settlement changes	2,374	6,403	6,394
Revised Shortfall / (surplus) after settlement reported to Resources and Governance 11 Jan 2024	5,029	36,248	55,384
Net Additional Pressures	10,000	10,000	10,000
Actions to balance the budget	(15,029)	(17,448)	(24,619)
Revised Shortfall / (surplus)	(0)	28,800	40,765

2.7. Whilst not complacent, the Council is in a better position than many and is able to propose a balanced budget for 2024/25. This is due to the careful long-term financial planning which has involved making some difficult decisions around cost reduction and doing things differently. Despite this, a significant and growing budget gap remains from 2025/26, and urgent action will be required to address this.

- 2.8. The Final Settlement is due to be announced in early February 2024. This does not usually vary significantly from the Provisional Settlement. However, on 24 January 2024 additional funding was announced in a written statement in advance of the final settlement. The announcement included a further £500m for social care, £15m increase in the Rural Services Delivery Grant (RSDG), and that the funding guarantee would be increased from 3% to 4% (estimate £60m extra). If the funding is allocated in line with the existing Social Care Grant formula, Manchester would receive around £5.5m. Recommendations on how to achieve maximum value from the funding are being developed and will be finalised once the Final Finance Settlement has been published and final amounts are known. These will be presented to the Executive on 14 February and Budget Scrutiny on 26 February.

3. Summary Budget Position

- 3.1. The final budget position for 2024/25 and future years will be confirmed at February 2024 Executive. This will be after the key decisions confirming the Council Tax and Business Rates tax base to be used to determine the collection fund position have been made in January and the Final Finance Settlement is received.
- 3.2. The indicative medium-term position is shown in the table below, showing the planned use of reserves and the level of savings proposals identified as part of last years budget setting process (£10.2m for 2024/25) and additional savings for consideration (£11.2m in 2024/25).
- 3.3. Further details on the overall financial position are provided in the budget update report to Resources and Governance Scrutiny Committee on 8 February 2024. The full budget will be set out in the Medium-Term Financial Budget going to Executive on 14 February 2024.

Table Two: Summary Budget position

	2024 / 25	2025 / 26	2026 / 27
	£'000	£'000	£'000
Resources Available			
Business Rates / Settlement Related Funding	406,378	417,785	424,393
Council Tax	230,872	248,888	266,205
Grants and other External Funding	137,242	104,614	104,614
Dividends	195	390	390
Use of Reserves	11,522	13,003	8,222
Total Resources Available	786,209	784,680	803,824
Resources Required			
Corporate Costs	120,478	123,321	123,125
Directorate Costs	703,963	739,985	771,198
Total Resources Required	824,441	863,306	894,323
Budget Gap	38,232	78,626	90,499
Savings approved in Feb 22 MTFP	(10,172)	(20,774)	(20,774)
Additional Savings	(11,202)	(11,202)	(11,202)
Use of Smoothing Reserves	(16,858)	(17,850)	(17,758)
Gap after use of Smoothing Reserves and savings	0	28,800	40,765

3.4. The accompanying report sets out the priorities and officer proposals for the services within the remit of this committee. This includes a reminder of the savings proposals identified as part of last years budget setting process (£36.2m across three years) and additional savings for consideration (£11.2m from 2024/25). As far as possible these are aimed at protecting the delivery of council priorities and represent the least detrimental options.

4. Budget Consultation

4.1. There is a statutory requirement to consult with business rates payers. Public consultation on proposed Council Tax levels and the savings and cuts measures put forward by officers opened on 31 October and ran until 27 December 2023. The provisional results from the consultation will be reported to Executive in February. The full analysis and results, alongside comments from scrutiny committees, will be reported to the Budget Scrutiny meeting on 26 February to ensure they are fully considered before the final budget is set.

4.2. None of the budget options set out to date require formal statutory consultation.

5. Equalities Impact and Anti-Poverty Assessments

5.1. Each saving option that was approved last year was supported by a robust business case where consideration was given to how the savings could impact

on different protected or disadvantaged groups. Where applicable proposals were be subject to completion of an Equality Impact Assessment (EqIA) and a Poverty Impact Assessment as part of the detailed planning and implementation. Work is also underway on the way in which equalities data is collected across the Council, supporting the ability to be better informed on the impact of changes being made to services.

6. Scrutiny of the draft proposals and the budget reports

- 6.1. The reports have been tailored to the remit of each scrutiny as shown in the table below. Each Committee is invited to consider the proposed changes which are within its remit and to make recommendations to the Executive before it agrees to the final budget proposals in February 2024.

Table Three: Scrutiny Committee Remits

Date	Meeting	Services Included
6 Feb 24	Communities and Equalities Scrutiny Committee	Sport, Leisure, Events Libraries Galleries and Culture Community Safety Housing Operations including Homelessness Neighbourhood teams
6 Feb 24	Economy and Regeneration Scrutiny Committee	City Centre Regeneration Strategic Development Housing and residential growth Planning, Building Control, and licensing Investment Estate Work and skills Highways
7 Feb 24	Health Scrutiny Committee	Adult Social Care Public Health
7 Feb 24	Children and Young People Scrutiny Committee	Children and Education Services
8 Feb 24	Resources and Governance Scrutiny Committee	Chief Exec Corporate Services Revenue and Benefits / Customer and Welfare Support Business Units
8 Feb 24	Environment and Climate Change Scrutiny Committee	Waste and Recycling Parks Grounds maintenance Compliance

7. **Next Steps**

The proposed next steps are as follows:

- 6-8 February - Scrutiny Committees
- 14 February - Executive receive proposed budget
- 26 February - Resources and Governance Budget Scrutiny
- 1 March - Council approval of 2024/25 budget

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**Manchester City Council
Report for Information**

Report to: Children and Young People Scrutiny Committee – 7 February 2024
Executive - 14 February 2024

Subject: Children and Education Services Budget 2024/25

Report of: Strategic Director (Children’s and Education Services)

Summary

Local Government is under profound financial pressure, largely due to externally driven cost and demand pressures at a national level particularly affecting Adults Services, Children’s Services and Homelessness. It is in this context that the Council must set a balanced budget.

Following the provisional finance settlement announced 18 December the Council is forecasting an estimated budget shortfall of £38m in 2024/25, £79m in 2025/26, and £90m by 2026/27. After the application of approved and planned savings, and the use of c.£17m smoothing reserves in each of the three years, the budget is balanced for 2024/25 and the remaining gap reduces to £29m in 2025/26 and £41m by 2026/27. This position assumes that savings of £21.4m will be delivered next year.

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Recommendations

The Committee is recommended to: -

- (1) To consider and comment on the forecast medium term revenue budget.
 - (2) Consider the content of this report and comment on the proposed changes which are relevant to the remit of this scrutiny committee.
-

Wards Affected: All

<p>Environmental Impact Assessment -the impact of the issues addressed in this report on achieving the zero-carbon target for the city</p>	<p>The budget 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.</p>
<p>Equality, Diversity and Inclusion - the impact of the issues addressed in this report in meeting our Public Sector Equality Duty and broader equality commitments</p>	<p>Consideration has been given to how the proposed savings could impact on different protected or disadvantaged groups. Where applicable proposals will be subject to completion of an Equality Impact Assessment (EqIA) and an Anti-Poverty Assessment.</p>

Manchester Strategy outcomes	Summary of how this report aligns to the OMS/Contribution to the Strategy
<p>A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities</p>	<p>The effective use of resources underpins the Council’s activities in support of its strategic priorities as set out in the Corporate Plan which is underpinned by the Our Manchester Strategy.</p>
<p>A highly skilled city: world class and home-grown talent sustaining the city’s economic success</p>	<p>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.</p>
<p>A progressive and equitable city: making a positive contribution by unlocking the potential of our communities</p>	<p>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</p>
<p>A liveable and low carbon city: a destination of choice to live, visit, work</p>	
<p>A connected city: world class infrastructure and connectivity to drive growth</p>	

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

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

The changes included within this report will, subject to Member comments and consultation, be included in the 2024/25 revenue budget set by Council on 1 March 2024.

Financial Consequences – Capital

None directly arising from this report.

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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.

[Medium Term Financial Strategy and 2023/24 Revenue Budget – Executive 15 February 2023](#)

[Children and Education Services Budget 2022/23 - Executive 16 February 2022](#)

[Children and Young People Budget Report 2023-26 - Scrutiny Committee 9th November 2022](#)

1. Introduction and Purpose

1.1. This report sets out an overview of the services that are within the scope of this scrutiny committee, their key priorities and provides a set of proposals for further savings and investments for 2024-27. These proposals have been developed within the context of the financial challenge facing the Council.

1.2. This report which for ease of reference is structured as follows.

- Section 1 Introduction
- Section 2 Service overview and priorities
- Section 3 Service budget and proposed changes
- Section 4 Workforce
- Section 5 Use of grants and reserves

2. Service overview and priorities

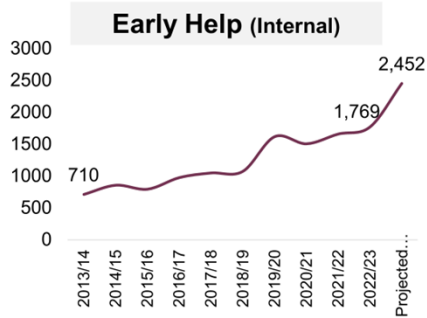
2.1. The Children and Education Services Directorate supports over 18,000 early years placements, 1,298 Looked After Children of which 828 are fostering placements (internal and external) and 5,183 Children in Need. The 2023 Census showed that there are over 140,000 children (0–18 year olds) resident in the city.

2.2. There were 85,700 children (Reception – Year 11) educated in mainstream Manchester schools, please see further details in illustration two. As of October 2023, 7,543 of children and young people have support provided via their Education, Health and Care plan. Illustration one and two below provide an overview of children supported by the Directorate.

2.3. The Children and Education Services Directorate is responsible for the delivery of the council's statutory duties and responsibilities in respect of children who need help, support, and protection. Whilst at the same time ensuring they have access to a high-quality education and learning experience.

Illustration one: Service Overview

Service at a Glance Jan-24



17,800 families have now been supported through **Supporting Families**

Looked After Children (Numbers)

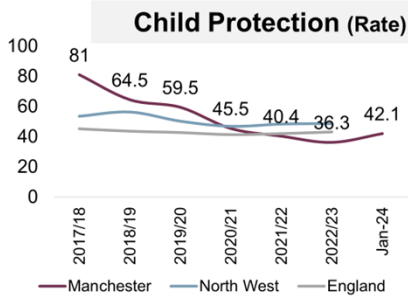
Year	UASC LAC	Non UASC LAC
Jan-24	177	1,121
2022/23	172	1,160
2021/22	137	1,248
2020/21	105	1,266
2019/20	115	1,292
2018/19	82	1,208
2017/18	68	1,189
2016/17	49	1,120
2015/16	34	1,218

0% 20% 40% 60% 80% 100%

■ UASC LAC ■ Non UASC LAC

1,298 children are supported as **Our Children** (non UASC) plus **177** UASC

LAC rates have significantly reduced from a rate of 131 in 2010 to 102 in Jan-24 closing the gap with comparator areas.



535 children are currently supported on a **Child Protection Plan**

Illustration two: Children and Young People Population Overview

Our Manchester

Manchester's children and young people population

Over **85,700** school aged children educated across **186 schools*** (inc. 78 Academies / Free Schools and 2 MNS)

- 11, 078 3 and 4 year olds in funded early education
- 49, 601 primary school pupils in Reception to Year 6
- 33,837 secondary school pupils up to Year 11
- 2, 223 in 16+ education,
- 2,301 special and 258 PRU
- 4.0% 16–18 year olds NEET (not in Education Employment or Training)

A diverse and complex school system with **148 languages** spoken in the city's schools,

44% with English as an additional language (Oct Census 2023).

Ethnic identity

- 38% White
- 25% Asian
- 17% Black
- 1% Chinese
- 10% Mixed Race / Dual Heritage
- 8% Other Ethnic Group
- 2% Unknown

43% of Manchester children are eligible for FSM – increasing by **12ppts** during the pandemic

~ 140, 264
Residents aged 0-18 years old (MCCFM mid-2023 estimates)

Children's Social Care services budget

- 2.4. The vision for Manchester is for children to live a safe, happy, healthy and successful lives within their family and community. Manchester City Council's Children Services play an important role in achieving this vision by working in partnership with other agencies and professionals; together these services are expected to identify children's needs and there is a range of services and interventions available which are responsive, adaptive, and importantly work together in an effective and efficient way.
- 2.5. 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.
- 2.6. It is noteworthy approximately 65% of the overall Children's Social Care budget is committed to meeting the cost of caring for our Looked after Children and care leavers. These costs are predominantly linked to the provision of placements and support. The remaining balance of the budget is related to services such as: Leaving Care, Early Years, Early Help and Youth Justice.
- 2.7. The budget recognises the financial implications of increased placement costs, increased numbers of children requiring help, support and protection and the range and complexity of their needs. The Directorate's budget approach is built upon four themes:
1. **Cost avoidance** – providing timely and effective interventions that prevent the escalation of children's needs.
 2. **Care planning** – interventions are purposeful, focused and through working in collaboration make a positive difference.
 3. **Commissioning** - a sufficient range and choice of services to meet the needs of children.
 4. **Service improvement/efficiencies** - a relentless focus on practice improvement and evaluation of impact.
- 2.8. Manchester's approach of the right intervention at the right time to prevent the unnecessary escalation of children's needs and for those children who do need to be cared for by the council ensuring there is sufficient range and choice of provision remains a key priority.
- 2.9. The independent review of children's social care which was published on 23rd May 2022 set out a 'case for change' within the children's social care system. The government published its response on 2nd February 2023; children and families received a presentation in October 2023 which summarised Manchester's readiness to respond to the respective recommendations and that children services had as part of its approach to 'continuous improvement'

already implemented several interventions, such as Family Hubs. There is a strong evidence base that these interventions have made a real impact.

[Fundamental shift in children's social care set out - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/fundamental-shift-in-childrens-social-care).

- 2.10. The impact of the approach that has been taken in children services is best illustrated by the reduction in overall number of children subject to a Child Protection Plan, looked after (LAC), which is further exemplified if the number of unaccompanied asylum-seeking children (UASC) are removed from the data. As reflected in illustration one on page 5 of this report there were 131 per 10,000 child population in 2010. This has fallen to 102 LAC per 10,000 in January 2024 and 90 if we remove the UASC data; which apart from England is better than all comparator data.
- 2.11. There has been a significant increase in Unaccompanied Asylum Children during this period, as at January 2023 Manchester had the third highest UASC cohort in the country.

Education Services

- 2.12. This service budget represents the Council's responsibilities for education and learning funded by the Dedicated Schools Grant (most of this budget is passported directly to schools) and Council budget. Included on this agenda is a report outlining the position on the Dedicated School Grant (DSG) which sets out the £735m grant settlement for next year.
- 2.13. The Council's Education Services budget is £23m, which funds the council's duties in respect of school admissions, place planning, short breaks, school attendance and school crossing patrols. In addition, educational psychology and NEET (not in education, employment or training) and home to school transport services are met from this budget and involves commissioning arrangements to achieve the best possible value.
- 2.14. Transport services make up 65% of Education Services budget, alongside a further 15% to support children with SEND such as short breaks including overnight stays.
- 2.15. Education Services also supports and promotes the inclusion of key groups such as the education of children looked after. This is overseen and delivered via a 'virtual school' for which the duties and responsibilities are reflected in statutory guidance.
- 2.16. The improvements in both Children's and Education Services have been associated with a clear ambition and vision to build a safe, healthy, happy and successful future, delivered through continued and strengthening partnerships that support even greater collaboration and robust leadership; underpinned by an effective performance/assurance framework.
- 2.17. In April 2022, Ofsted Inspected and judged Manchester's Children's Services overall effectiveness as Good. Inspectors found that services had improved since the last inspection in 2017. Of note was Ofsted's judgement of leadership and management was 'good' and identified several areas supporting this

judgement, including ongoing financial commitment to the recruitment and retention of social workers, effective quality assurance and performance management arrangements and strong political and professional leadership.

- 2.18. In January 2022 Inspectors praised services for children with Special Educational Needs (SEND) following an Area SEND Inspection that was undertaken during November 2021. Manchester is now 1 of 9 regional lead authorities to test and evaluate the SEND reforms.
- 2.19. The Directorate priorities are reviewed annually to ensure they remain contemporaneous with feedback received, consider changes in national and local policies and priorities. This requires the Directorate to adapt, anticipate and respond to the challenges with purpose and focus.

3. Service budget and proposed changes

- 3.1. The gross 2023/24 budget detailed in the table below is £607.293m, which includes DSG delegated to maintained schools. Full details of the proposed savings, investment, demographic and inflation pressures are detailed in Appendix 1 and 2 of this report. The net budget is £143.801m.

Table one: Base budget 2023/24

Service Area	2023/24 Gross budget	2023 / 24 Net Budget	2023 / 24 Budgeted posts (FTE)
	£'000	£'000	
LAC Placements	55,169	48,718	54
LAC Placement Services	9,486	8,546	139
Cared 4 Children & Leaving Care	31,492	16,828	15
Children Safeguarding Service Areas	53,422	40,230	817
Education Services (Includes DSG)	434,837	7,676	240
Home to School Transport	14,857	14,578	134
Targeted Youth Support Services	850	850	2
Children's Strategic Management and Business Support	7,016	6,375	138
Total	607,129	143,801	1,539

- 3.2. In November 2023 this scrutiny Committee was presented with a set of financial savings proposals agreed at last year's budget setting totalling £11.8m for 2023/24 to 2025/26, relating to services within the remit of this committee for consideration. Last year there was confidence that the managing demand savings were achievable. Most of the savings were seeking to avoid costs through early intervention and managing demand.

Table two: Savings Profile in scope of this Committee

	2023/24	2024/26	2025/26	Total
	£000	£000	£000	£000
Savings Profile	4,411	3,920	3,394	11,725

Risks and Pressures

3.3. The Directorate's budget is currently forecast to be overspent by £7.757m. The underlying reason for this is as previously reported to this committee attributed to significantly increased costs of care placements for Looked After Children (LAC), a shortfall in the Unaccompanied Asylum-Seeking Children grant for the numbers now being accommodated and an overspend on Home to School Transport, which is attributed to an increase in requests and entitlement. The table below outlines the approved and proposed budgets changes outlined in the report.

Table three: Approved and Proposed Budget Changes 2024/25 – 2026/27

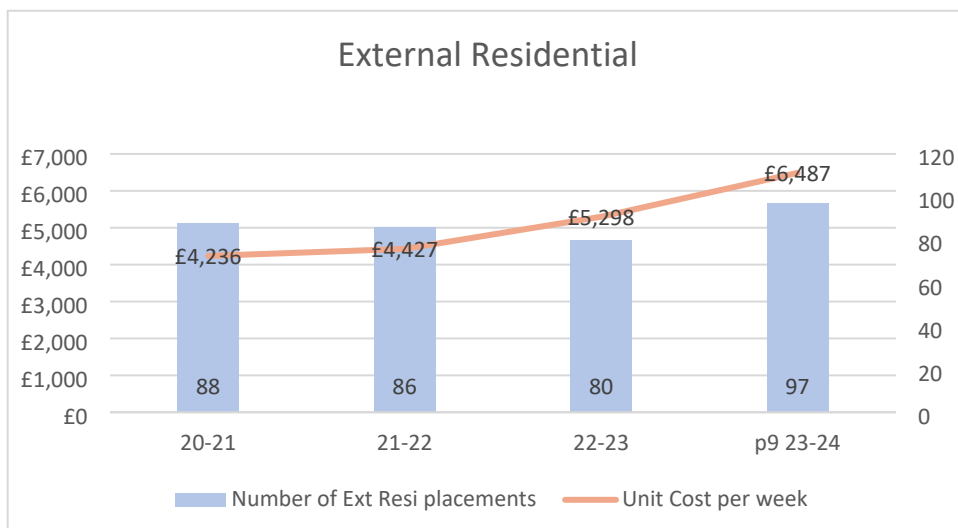
	2024/25	2025/26	2026/27	Total
Approved Budget Movements	Net Budget			
	143,801	156,378	156,763	
Savings and Growth Previously Approved November 23 Scrutiny				
Funding to Support Grow Population	2,419	2,479	2,479	7,377
Saving Approved - 2021/22 budget setting	-100			-100
Savings Approved last year's budget setting	-3,920	-3,394		-7,314
Budget Changes proposed - 2024/25 budget setting November 23 Scrutiny				
Growth, Investment and Inflation				
Looked After Placements Sufficiency	6,500			6,500
Unaccompanied Asylum-Seeking Children	2,200			2,200
International New Arrivals Team	300			300
Home to School Transport - Support for Growing Population	1,300	1,300	1,300	3,900
School Condition Surveys	100			100
Savings				
Workforce	-222			-222
Sub-total reported at November 23 Scrutiny	8,577	385	3,779	12,741
Changes proposed - 2024/25 budget setting February 24 Scrutiny				
Growth, Investment and Inflation				
Additional Looked After Placements Sufficiency	4,000			4,000
Internal Placement Cost Pressures	1,440			1,440
External Residential Step-downs Home to School Transport – full year effect of September 2023 uplifts	560			560
Home to School Transport – full year effect of September 2023 uplifts				
Savings				
External Residential Step-downs	-2,000			-2,000

Sub-total reported at February 24 Scrutiny	4,000	0	0	4,000
Total	156,378	156,763	160,542	

Looked After Children

- 3.4. As mentioned previously Manchester’s approach of right intervention at the right time has led to timely intervention preventing the unnecessary escalation of children’s needs. As a result and set out in paragraph 2.11 unlike national trends Manchester’s overall looked after children (LAC), excluding Unaccompanied Asylum-Seeking Children, volumes have fallen. In addition, the Directorate has effectively managed the increased need for children to be cared for by the council and provides an efficient range and choice of provision, which maintain the vast majority close to ‘home’.
- 3.5. However, despite prioritising and making progress in this regard, the shortage of fostering households, coupled with the range of complexity of children’s needs has led to a shift towards specialist external residential placements. It is the cost of these residential placements which has increased by 47% in the last 12 months and is the most significant contributory factor to this financial pressure. This sharp significant cost increase is not unique to Manchester and could not have been predicted at last year’s budget setting process. The graph below shows residential placements and unit cost increases.

Illustration three: Looked After Children Increase in Unit Cost and External Residential Placements



- 3.6. Most Councils are reporting rises in placement costs for children and young people who need residential support for complex needs - particularly those that may have behavioral difficulties, mental health issues, or exhibit violent or aggressive behaviors'. All Core Cities and Greater Manchester councils are therefore reporting financial pressures in Children’s Services. Except for Birmingham, Manchester’s variance as a percentage of council budget is lowest of all councils listed below.

Table four: Core Cities and Greater Manchester Local Authorities Children Services overspend

Core Cities	CYP Deficits £m	Variance	Greater Manchester	CYP Deficits £m	Variance
		% Council budget			% Council budget
Birmingham	6.700	0.70%	Bolton	11.05	3.97%
Bristol	11.521	2.40%	Bury	10.085	5.30%
Leeds	32.696	5.70%	Manchester	7.402	0.97%
Liverpool	7.737	1.40%	Oldham	12.593	4.28%
Manchester	7.757	1.00%	Rochdale	6.870	2.49%
Newcastle	3.178	1.20%	Salford	6.864	2.56%
Nottingham	13.507	5.20%	Stockport	4.75	2.04%
Sheffield	8.800	1.80%	Tameside	3.638	1.64%
Total	91.541	2.10%	Trafford	3.410	1.63%
			Total	72.728	2.39%

- 3.7. Overall, there has been a 7.8% increase in Children's Social Care spend and a 16.5% in residential provision across Core Cities. Whilst placement numbers have increased slightly most of the cost pressure has been driven by an increased average weekly cost of care. The national trend is showing that 45% of all LAC Placement budgets are now spent on external residential care (up from 36% in 2019/20), demonstrating that placement sufficiency is a national issue. The increased number of external residential placements is due to a combination of a lack of fostering arrangements, foster carers with the right support and capacity and the overall increase in the number of children with complex needs.
- 3.8. Since November 2023 there has been a further rise in external residential placements spend acknowledged by an additional budget uplift of **£4m** since last reported. In total, the full year effect of Looked After Placement pressures totals **£10.5m** due to increased weekly costs of the placements and an increase in placement numbers.
- 3.9 In order to manage down these costly residential pressures, the service has:
1. A sophisticated approach to reviewing the cost of external residential provision which operates on a monthly cycle and has recently undertaken a deep dive in respect of all high-cost placements. This activity is led by the senior leadership team. This work assists in fostering innovation and has encouraged the service to see the connection between decision making with resource allocations on a day-to-day basis with the wider vision for service innovation.
 2. Embedded Multi-Agency assessment, planning and joint commissioning of placements between health, education and social care with 74 current placements commissioned and reviewed holistically. This involves a contribution from Manchester Integrated Care Board (MICB) totalling £6.2m.

3. Colleagues from Contracts & Commissioning with support from senior managers within Children's Services robustly negotiate to ensure value for money and that best price is achieved.
 4. Constantly developing and cultivating a culture of innovation and service development. To effectively contract manage and search for placements the service is looking to invest some of the growth and investment funding into Placement finding and Commissioning Team, circa £300k which equates to 8 full time equivalent posts, detail is yet to be finalised. This investment would help to find the right type of placements at the right time and enable the service to drive down costs with external providers.
 5. Continues to develop service improvements as a way of achieving financial savings and reducing demand for expensive high-cost placements. An area that is currently being reviewed is the 'offer and support' relating to fostering households and family-based care, which is commonly known as kinship care. To enable them to look after existing children in existing residential care kinship care is where extended family members, friends and other people who are connected to them for a variety of reason are empowered to support and bring up children in a range of different arrangements.
 6. Step-down placements in the medium term - the service has been developing the internal residential estate. Namely, recommissioning of Olaniyan (5 places), development of two Take a Breath (four half yearly solo placements) and shared care/short breaks provision. This would reduce current reliance on procuring more expensive externally commissioned placements and help alleviate the disproportionate financial impact of increases in the numbers of external residential placements.
- 3.10. Review of all external residential placements and development of internal provision will enable the Directorate to achieve 2024/25 Managing Demand saving and reduce spend by a further **£2m**, this new savings target is included in next year's budget plans and is further outlined in Appendix one.

Unaccompanied Asylum-Seeking Children (UASC)

- 3.11. The council has a statutory duty under the Children Act 1989 to care for UASC. Due to their immigration status the Home Office provides a grant to help Councils meet the cost of accommodating UASC. However, this funding ceases at the point the child turns 18 years of age regardless of their 'settled' status.
- 3.12. The presentation of unaccompanied asylum seeking children spontaneously arriving or who have arrived as part of the National Transfer Scheme (NTS) in

Manchester has increased over the past 5 years. This has led to as at 2022/23 Manchester having the third highest UASC population in the country. There is currently a substantial shortfall between the Home Office grants the Council receives and the actual cost of caring for UASC, in addition to the costs associated with supporting UASC care leavers. It is estimated that there is an **£2.5m** unfunded responsibilities for UASC.

Home to School Transport

- 3.13. Home to School Transport is a statutory service and provides transport to eligible children and young people at the start and end of the school day. The net total budget for this service is £13.6m. The budget is currently overspent by £1m.
- 3.14. The cost of providing transport to learners with Special Educational Needs has increased both in the number of children requiring transport and the overall cost of provision. This is being driven by a growing number of children and young people with Education, Health and Care Plans (EHCPs). In July 2023 there were 6,988 EHCPs, of which c.2,200 (32%) are eligible to receive SEND transport. In line with national trends the number of EHCPs is expected to rise by 8.5% over the year, this equates to an additional 200 children requiring transport. The estimated cost to support a growing population is estimated to cost **£1.3m per year for the next three years (an additional £3.9m in total by 2026/27)**.
- 3.15. The service is planning to manage the balance of the on-going pressure through fully implementing a new policy February 2023 for new applicants which includes a range of other options to transport including for example independent travel training where appropriate. The service has now completed a full restructure and will be implementing the use of new route planning software and the framework for providers which was recommissioned in the summer term.

School Conditions Surveys

- 3.16. The Council is committed to ensuring that children access high quality education in buildings that are fit for purpose and sustainable. There is an ongoing commitment to ensure the suitability of local authority maintained schools which requires up to date condition surveys to inform prioritisation of works and capital investment. The estimated cost of this is £100k p.a. Condition surveys will be undertaken on a cyclical basis and will be used to:
1. identify what work is needed to maintain the estate
 2. consider how much works might cost
 3. better prioritising work within available funds
 4. understand if the nature of the buildings has changed
- 3.17. This information will inform the maintained schools planned maintenance programme and be used to direct future capital investment.

Workforce Savings

- 3.18. As part of the work to close the budget gap it is proposed that £1m of the shortfall is closed by workforce saving across all Directorates. Children's and Education services workforce saving is £222k. The service has assessed options, such as whether this can be met by reprofiling and utilisation of grants and, or through a review of long-term vacancies. It is not envisaged that this saving will have a big service impact and will be met by utilisation of grants.

Inflation

- 3.19. Provision has been made for inflationary price increases and potential pay awards. Alongside the full year effect of Home to School Transport cost September 2023 price increases are estimated to be £0.540m. Other inflation requirements are not yet known and will hold corporately for allocation to service budgets when the details are available. Approved budget and proposed changes are provided in the budget table below.

Approved and Proposed Budget Changes 2024/25 – 2026/27

- 3.20. Evidence continues to show there has been significant cost avoidance through the actions taken to support children and young people effectively at an earlier stage and avoid LAC status. However, those benefits have been outstripped by the rising costs of placements referenced earlier in the report. Additional funding is included in these budget proposals to cover those costs, but the focus will remain on continuing to manage demand effectively and intervening early. Therefore, the budget savings remains totalling £4.242m in 2024/25 (£100k agreed in 2021/22, £3.920m agreed last year and £222k proposed this year) and £3.394m 2025/26.
- 3.21. **Section 17** - Financial assistance in terms of goods or services, or in exceptional circumstances cash, can be provided to a child, parent or carer under [Section 17\(6\)](#) Children Act 1989 to address identified needs to safeguard and promote a child's welfare where there is no other legitimate source of financial assistance. Giving the cost of living crisis, levels of child poverty and social work being the first point of contact there has been an increase in the number of families presenting as being 'in need', which has required financial support under Section 17 Children Act 1989. As a result, the budget is overspent by £300k before mitigation. Additional measures to scrutinise all the expenses each month have been in put place. Whilst it is envisaged that section 17 payments will continue to be a pressure going forward. The service are working closely with Housing colleagues to develop more permanent and cost effective solutions to mitigate these pressures including ensuring appropriate access to the welfare support fund.

Final Local Government Finance Settlement

- 3.22. The Final Settlement is due to be announced in early February 2024. This does not usually vary significantly from the Provisional Settlement. However, on 24 January 2024 additional funding was announced in a written statement to

Parliament in advance of the final settlement. The announcement included a further £500m for social care, £15m increase in the Rural Services Delivery Grant (RSDG), and that the funding guarantee would be increased from 3% to 4% (estimate £60m extra). If the funding is allocated in line with the existing Social Care Grant formula, Manchester would receive around £5.5m. The written statement adds “Where possible, councils should invest in areas that help place children’s social care services on a sustainable financial footing, whilst being mindful of the level of adult social care provision.” The proposed budget has seen a significant additional investment of £12.6m, an increase of £4m since the November 2023 proposals, into Children’s Social Care, with budget plans set prior to the announcement. Recommendations on how to achieve maximum value from the new funding are being developed and will be finalised once the Final Finance Settlement has been published and final amounts are known. These will be presented to the Executive on 14 February and Budget Scrutiny on 26 February.

4. Workforce Implications

- 4.1. The Children and Educations Directorate currently has a gross budgeted workforce of 1,539 fte, of which 1,285 fte are funded by Council budget, and the remainder through grants and external income. There is no projected workforce impact of activity to deliver the savings. There are workforce implications underlying investment 38fte, (8fte) which relates to the Commissioning Team, (18fte) Social Work apprenticeships and (12fte) Thriving Families. 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 can meet its strategic priorities.
- 4.2. 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 Children and Education Directorate and Service Plans.
- 4.3. The Council’s establishment is fully budgeted for at the top of the grade. However, on an establishment of this size, there will always be vacancies caused by staff turnover, recruitment difficulties and not all staff will be employed at the top of the grade. To avoid budgeting for costs that will not be required and making bigger cuts elsewhere, a vacancy factor is applied to prevent overbudgeting. The continued challenges in filling posts also means that the council is working hard on ensuring we are an employer of choice and can attract people and minimise the pressures on our existing workforce.

5. Use of Reserves and Grants

- 4.1 Reserves are a corporate resource and planned use of the resource needs to be cross referenced to the Reserves Strategy as part of the medium-term financial plan, in line with the reserves policy.

- 4.2 **Kickstart Programme (£0.9m)** - This programme targets children in Early years and Key stage 1 and their families particularly those most impacted by the pandemic, cost-of-living crisis and those from communities that experience racial inequality. There are currently 10 schools in the City accessing intensive support programmes and 48 schools clustered into 5 groups which receive a targeted offer. The Kickstart task force comprises of professionals from multi – agency/voluntary community services who can provide interventions to accelerate progress of children by working with the school to address some of the developmental gaps and to provide different holistic family support. Whilst the programme is yet to be evaluated, anecdotal feedback from schools accessing intensive or targeted support is that it has already helped to improve school attendance and staff retention due to the training that has been made available. The work of the taskforce has also ensured that schools are aware of the offer available for families at local children's centres and also strengthened work with family hubs.
- 4.3 As agreed last year the reserve requirements spans two financial years as the scheme is over the school year, £0.4m reserve requirement covering the period April 2024 - August 2024. The service is now seeking approval to extend the Kickstart to September 23 - March 2024. Discussions are now under way to secure funding from Public Health (£0.5m) reserves to sustain the Kickstarter beyond the current programme end date. This will be finalised in the next month.
- 4.4 **Thriving Families (£1.1m)** – - whole family, strengths-based approach to child protection. Work is undertaken by children's social workers, adult mental health practitioners, substance misuse and probation officers, working together as one team. Joint knowledge and expertise are used to assess the needs of the whole family, supplying services to meet those needs and supporting parents to achieve sustained change for themselves and their children. Additional staffing requirement will be around 12 fte next year. As reported previously to continue to establish the team and embed this approach the service is looking to fund the service from the Supporting Families reserve over the next two years. If successful to sustain the service after this use of reserves 22 care placements per annum could potentially be avoided because of this intervention. As savings cumulate, they would both cover the cost of the service and provide a saving by 2024/25. Based on current progress established it is proposed that Thriving Families is supported by the Supporting Families reserve by £1.1m next year and £1.1m in 2025/26. Beyond this period support would reduce in 2026/27 as savings are generated from the work being undertaken.
- 4.5 **Social Work Apprenticeship** - Manchester has shown an ongoing financial commitment to the recruitment and retention of social workers. Whilst this is an ongoing challenge nationally, the support and approach taken to date has led to an increasingly stable and confident workforce. To further develop Manchester's future approach, it proposed 18 fte additional apprenticeships are created over the next 2-3 years. The Social Work Apprenticeship Scheme is a 2.5-year program, whereby students attend University one day a week, in recognition that it will take a period of time to scale up the plans. The Council has recently secured Department for Education grant to support this scheme, The grant

funding does not cover all the costs of the 2.5-year programme. The Council will supplement the grant funding by drawing from reserve. The use of reserve is planned to be phased over two years, £0.6m 2025/26 and a further £0.6m 2026/27. £0.8m of the support will come from a Children's reserve, the balance is yet to be worked through.

- 4.6 A summary of Children Social Care and Education services grants are provided in Appendix 5 of this report. Detail on the Dedicated Schools Grant is provided on another item on the agenda.

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Appendix 1 - Savings Schedule

Service	Description of Saving	Type	RAG Impact				Total	FTE indicative impact
				2024/25	2025/26	2026/27		
Savings as agreed at 2021/22 budget setting								
Early Years	Early Years - 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. Reductions were phased over three years; this is the final year.	Efficiency	Improving outcomes through more optimal approach to supporting Children		-100		-100	None
Savings as agreed at 2023/24 budget setting								
Children's Safeguarding	Managing Demand – Saving assumes that growth of placement numbers will be at a rate of 78 per annum across Looked After Children and Permanence placements, whereby average cost of placement is £25k.	Efficiency	Improving outcomes through more optimal approach to supporting Children	-3,000	-2,000		-5,000	None
	Mockingbird - Program nurtures the relationships between children, young people and foster families supporting them to build a resilient and caring community of six to ten satellite families called a constellation. The Mockingbird constellation builds links with other families and individuals important to the children's care plans and to resources in the wider community which can provide them with enhanced opportunities to learn, develop and succeed. This model has been applied elsewhere and has led to greater placement stability and carer retention. It is expected that over a three-year period 2 external residential placements and 4 external fostering placements can be avoided.	Efficiency		-219	-257		-523	None
	Use of Reserve – Reversal of one year use of reserves.	Use of Reserves		500			500	None
	Thriving Families - is a whole family, strengths-based approach to child protection. Work is undertaken by children's social workers, adult mental health practitioners, substance misuse and probation officers, working together as one team. Joint knowledge and expertise are used to assess the needs of the whole family, supplying services to meet those needs, and supporting parents to achieve sustained change for themselves and their children. There is empirical evidence that risks to children can reduce, reducing the need for children to come into care and requiring child protection planning. The cost benefit analysis shows that 22 placements can be avoided 2024/25 to 2025/26.	Efficiency		-500	-500		-1,000	None
Children's Safeguarding	Shared Care - It was found that an edge of care service supporting children who have a learning disability and/or autism is needed. The plan is to support six children, splitting the week between the children to ensure there is only three children at home at any one time. Where needed the service will offer outreach support to children's families. It will promote education, health, and activities. Clothing will be provided by the family, foster carer/guardian etc. Children will be collected dropped off, as well as transported to education on the days children are at the home. The plan is to develop and test this in in 2023/24. The savings proposal assumes cost avoidance of 4.5 external residential placements and a further 1.5 placement external fostering placements.	Efficiency	Improving outcomes through more optimal approach to supporting Child with Disability	-351	-351		-702	None

Children's Safeguarding	The Thriving Babies - Confident Parents Project is about promoting the health, wellbeing and safeguarding of children through working differently with their parents during pregnancy to improving outcomes for babies so they can thrive by having safe, stable, permanent homes, still being with their families and communities. The proof of concepts has been trailed and will be rolled out throughout the city. To date the program has worked with 118 cases, 110 babies have remained in the care of their family and 8 have become looked after - to date. The 118 primary care givers had previously 81 children removed from their care prior to working with Thriving Babies showing the complexity of this cohort. Numbers of babies taken into care across the city have reduced since the implementation of Thriving Babies in June 2021. Based on this evaluation and after taking account of savings proposals outlined it is proposed a further £200k savings can be made from the project, this equates to 15 internal foster care placements over the course of the year and a further 4.5 internal foster care placements thereafter.	Efficiency	Potential to improve outcomes through prevention	-90			-90	None
Education	School Crossing Patrols – There are 90 school crossing patrols. The patrols are rated red, amber, or green in terms of road safety. 21 are rated as red, 36 rated as amber and 33 rated as green. The Council undertook significant capital investment from 2018 to 2022 in total £6.18m. This work has led to eight crossing changing their rating to green. Council policy is that it funds staffing for red and amber locations. If a crossing location is green, or is regarded as green, the school is given the choice to fund the patrols costing £6k per year. Whilst School Crossing Patrols (SCP) are not a statutory service they are a key road safety measure. It is proposed that SCP are financed by the Road Parking and Bus Lane Penalties Reserve instead of Council budget on an on-going basis. In accordance with the reserve's conditions road safety measures can be charged to the reserve. Further capital support will be provided to support the investment in school crossing patrols to reduce the call on future reserves.	Efficiency	These savings have been identified as deliverable without impacting on delivery	-100	-286		-386	None
Children's Safeguarding	Early Help - the service's gross budget is £8.9m, it is funded by grant and Council budget. The grant supporting the service is set to increase by £2m, it will receive additional Family Hub (£1.5m) and Supporting Families grant (£0.5m) next year. This extra targeted investment has allowed services to be reviewed and streamlined to release £0.590m. Following a line-by-line review of the £0.550m of the proposed saving will be achieved through reducing contingencies built into the existing budget. £50k of 2023/24 saving will be achieved through the ending of a contract. This approach will not impact on service delivery or expected outcomes as savings are being made through service efficiencies.	Efficiency	These savings have been identified as deliverable without impacting on delivery	-160			-160	None

		Savings as agreed at 2023/24 budget setting					-3,920	-3,394		-7,314	
		Savings as agreed at 2024/25 budget proposals									
Directorate	Workforce Savings	Use of grants and reserves	These savings have been identified as deliverable without impacting on delivery	-222			-222			None	

Childrens Services	External Residential Placements - Review of all external residential placements and development of internal provision will enable the Directorate to achieve 2024/25 Managing Demand saving and reduce spend by a further £2m.	Efficiency	Improving outcomes through more optimal approach to supporting Children	-2,000			-2,000	None
				-2,222	0		-2,222	

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Appendix 2 – Pressures/Investment/Inflation/Support for Growing Population

Service	Description of Support for Growing Population	2024/25	2025/26	2026/27	Total	FTE impact
		£'000	£'000	£'000	£'000	
Children's Safeguarding	Budget identified for support for growing population in Children's. 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.	2,419	2,479	2,479	7,377	None
Education	Home to School Transport – increase in Education, Health, Care plans has led to increased number of children eligible.	1,300	1,300	1,300	3,900	None
	Total	3,719	3,779	3,779	11,277	

Service	Description of Growth and Investment	2024/25	2025/26	2026/27	Total	FTE impact
		£'000	£'000	£'000	£'000	
Children's Safeguarding	External Residential Growth - due to shortage of fostering households, coupled with the range of children's needs there has been a shift towards high-cost external residential placements. The cost of high-cost residential placements has increased by 47% since last year.	10,500	0	0	10,500	+8
Children's Safeguarding	Unaccompanied Asylum Seeking Children Grant shortfall - Costs related to supporting this cohort are met from grant rather than Council budget. The presentation of unaccompanied asylum seeking children within Manchester has increased over the past 5 years. UASC children now make up over 0.07% of the total child population, indicating that as a Local Authority we are supporting a higher number of UASC. There is currently a substantial shortfall between the funding local government receives and the actual cost.	2,500	0	0	2,500	None
Education	School Condition Surveys - Council is committed to ensuring that children access high quality education in buildings that are fit for purpose and sustainable. There is an ongoing commitment to ensure the suitability of local authority-maintained schools which requires up to date condition surveys to inform prioritisation of works	100	0	0	100	None
	Total	13,100	0	0	13,100	

Service	Description of Inflation	2024/25	2025/26	2026/27	Total	FTE Impact
		£'000	£'000	£'000	£'000	
Children's Safeguarding	Internal fostering placements – Department of Education (DfE) announced minimum increase in foster care allowances reflected by 6.8% in Dec 23.	1,440	0	0	1,440	None
Education	Home to School Transport - full year effect of Home to School Transport cost September 2023 price increases are estimated to be £560k.	560	0	0	560	None
	Total	2,000	0	0	2,000	

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Appendix 3: Indicative Medium-term budgets by service

Service Area	2023/2024 Budget £'000	2024/25 Indicative Budget £'000	2025/2026 Indicative Budget £'000	2026/2027 Indicative Budget £'000
LAC Placements	48,717	57,409	56,780	59,259
LAC Placement Services	8,547	8,526	8,526	8,526
Cared 4 Children & Leaving Care	16,828	19,326	19,326	19,326
Children Safeguarding Service Areas	40,230	39,852	39,852	39,852
Education Services	7,676	7,742	7,742	7,742
Home to School Transport	14,578	16,318	17,332	18,632
Targeted Youth Support Services	850	850	850	850
Children's Strategic Management and Business Support	6,375	6,355	6,355	6,355
Total	143,801	156,378	156,763	160,542

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Appendix 4: Indicative Medium-term budgets by type of spend / income

Children and Education Services Budget	2023/2024 £000	2024/2025 Indicative £000	2025/2026 Indicative £000	2026/2027 Indicative £000
Expenditure:				
Employees	71,129	71,549	71,193	71,200
Running Expenses	540,836	561,163	552,310	554,635
Capital Financing Costs	358	358	358	358
Contribution to reserves	1,748	45	45	38
Sub Total Subjective Expenditure	614,071	633,115	623,906	626,231
Less:				
Other Internal sales	1,375	1,375	1,375	1,375
Gross Expenditure	612,696	631,740	622,531	624,856
Income:				
Government Grants	454,888	461,834	454,605	454,605
Contributions from Reserves	4,484	4,005	1,640	186
Other Grants Reimbursements and Contributions	8,201	8,201	8,201	8,201
Customer and Client Receipts	1,281	1,281	1,281	1,281
Other Income	41	41	41	41
Gross Income	468,695	475,362	465,768	464,314
Total Net Budget	143,801	156,378	156,763	160,542

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Appendix 5: Grant Summary

Grant Description	Service Area	2023/2024 £000	2024/2025 Indicative £000	2025/2026 Indicative £000	2026/2027 Indicative £000
Dedicated Schools Grant	Schools	353,454	382,990	382,992	382,992
Pupil Premium	Schools	24,646	24,646	24,646	24,646
Universal Infant Free Schools	Schools	3,748	3,184	3,184	3,184
Youth Justice Board	Children's	1,498	1,482	1,482	1,482
Unaccompanied Asylum Seekers	Children's	12,766	12,766	12,766	12,766
LASPO – Remand (Including GM Budget)	Children's	1,552	1,552	1,552	1,552
Leaving Care Ofsted Registration Grant	Children's	539	539	539	539
Leaving Care Allowances Uplift Implementation	Children's	239	239	239	239
Troubled (Supported) Families Grant	Children's	4,338	4,338	4,338	4,338
Key Stage Two Stat Moderation Grant	Education	17	17	17	17
EARL Grant	Children's	90	90	90	90
Early Years Supplementary Grant	Schools	1,886	1,886	1,886	1,886
Early Years Education Grant	Schools	98	-	-	-
Early Years Teachers' Pay Additional Grant	Schools	224	224	224	224
Staying Put Grant	Children's	517	517	517	517
Adoption Support Fund	Children's	3	10	10	10
Afghan Resettlement Grant	Education	856	-	-	-
AP Taskforce Grant	Education	450	450	450	450
Assessed and Supported Year of Employment Grant	Children's	116	116	116	116
Local Services Support Grant	Education	126	128	128	128
Devolved Formula Capital (DFC)	Schools	637	637	637	637
Extended PA Grant	Children's	191	191	191	191
Family Hubs	Children's	2,235	2,235	2,235	2,235
Keeping Children & Young People Safe: Drama Therapy & Disproportionality	Children's	-	137	137	137

Mainstream Schools Additional Grant (MSAG)	Schools	17,000	-	-	-
Music Grant incl. Add Funds Re TPS Relief	Schools	967	967	967	967
National Probation Service (NPS)	Children's	-	10	10	10
NPQ Target Funding	Education	28	28	28	28
NIHR 302070 Fellowship Award	Children's	13	-	-	-
NIHR DLAF Doctoral Award	Children's	-	43	43	43
PE & Sports Grant	Schools	1,889	1,889	1,889	1,889
PFI Grant Wright Robinson	Schools	3,290	3,290	3,290	3,290
PFI Grant Oasis Temple	Schools	373	373	373	373
Post-16 Pupil Premium Plus - Virtual Schools Pilot	Education	325	276	276	276
Pupil Premium Grant (PPG) LAC	Schools	2,415	2,515	2,515	2,515
Recovery Premium	Schools	3,541	3,656	-	-
Rough Sleeping Grant	Children's	95	95	95	95
Reducing Parental Conflict	Children's	96	111	111	111
Safe Taskforce	Schools	1,427	980		
SEND Grant	Schools	2,238	2,238	2,238	2,238
School-led Tutoring Grant	Schools	5,682	2,018	-	-
SHIFT Programme	Children's	87	87	-	-
Staying Close	Children's	471	490	-	-
Supported Accommodation Reform Grant	Children's	270	270	270	270
Teachers Pay Additional Grant (TPAG)	Schools	2,679	2,679	2,679	2,679
Turnaround Grant	Children's	376	376	376	376
Ukrainian Education Grant	Education	345	-	-	-
UKSPF Grant	Education	998	998	998	998
Wraparound Childcare Programme	Children's	28	28	28	28
Young Women's & Girls Fund	Children's	29	43	43	43
Government Grants Totals		454,888	461,834	454,605	454,605

Manchester City Council Report for Information

Report to: Children and Young People Scrutiny Committee – 7 February 2024
Executive - 14 February 2024

Subject: Dedicated Schools Grant 2024/25

Report of: Strategic Director (Children’s and Education Services)

Summary

The Dedicated School Grant (DSG) is a ring-fenced grant of which is used to fund the education of the city’s children. The grant is spent on providing delegated budgets to individual schools' and academies in the city; it funds early years nursery entitlement and provision for pupils with high educational needs including those with Education Health & Care Plans (EHCPs) in special schools, special provision and mainstream schools in Manchester and independent special schools.

The DSG is broken down into four blocks: schools, central school services, high needs and early years. The majority is delegated and paid directly to schools and other settings to provide the majority of education services. A proportion of the DSG is provided for councils to deliver professional overview through its Education Services function.

This report provides a summary of the confirmed DSG allocation from the 2024/25 settlement announced on the 19th December 2024 and the budget allocation across individual school budgets and Council’s retained schools budgets which was consulted and reported to Schools Forum on the 15th January 2024.

Recommendations

The Committee is recommended to: -

- (1) To consider and comment on the forecast medium term revenue budget.
 - (2) Consider the content of this report and comment on the proposed changes which are relevant to the remit of this scrutiny committee.
-

Wards affected: All

Environmental Impact Assessment -the impact of the issues addressed in this report on achieving the zero-carbon target for the city	The budget 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.
Equality, Diversity and Inclusion - the impact of the issues addressed in this report in	Consideration has been given to how the proposed savings could impact on different protected or disadvantaged groups. Where

meeting our Public Sector Equality Duty and broader equality commitments	applicable proposals will be subject to completion of an Equality Impact Assessment (EqIA) and an Anti-Poverty Assessment.
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Manchester Strategy outcomes	Summary of how this report aligns to the OMS/Contribution to the Strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The effective use of resources underpins the Council's activities in support of its strategic priorities as set out in the Corporate Plan which is underpinned by the Our Manchester Strategy.
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	
A connected city: world class infrastructure and connectivity to drive growth	

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

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

The changes included within this report will, subject to Member comments and consultation, be included in the final 2024/25 revenue budget set by Council on 3rd March 2024.

Financial Consequences – Capital

None directly arising from this report.

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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.

[Medium Term Financial Strategy and 2023/24 Revenue Budget – Executive 15 February 2023](#)

[Children and Education Services Budget 2022/23 - Executive 16 February 2022](#)

[Children and Young People Budget Report 2023-26 - Scrutiny Committee 9th November 2022](#)

1. Introduction and Purpose

- 1.1. This report details the Dedicated Schools Grant (DSG) settlement 2024/25. It also sets out a 3-year DSG forecast. The DSG is a specific grant made by the Department for Education (DfE) to councils in England for their current expenditure on schools, early years, and children and young people with high needs. It is the responsibility of the Council, in conjunction with their local Schools Forum to determine the split of funding between their own expenditure and the Individual Schools Budget.
- 1.2. The table below outlines the schools and educational providers and pupil numbers.

Table one: Schools/Provider supported by DSG

Dedicated School Grant (DSG)	Schools/ Providers	Pupil Numbers 2023/24
Nursery Schools	2	64
Private, Voluntary and Independent Sector	451	4,915
Primary Schools & Academies Nursery	128	5,057
Primary Schools & Academies R-Yr 6	135	49,601
Secondary Schools & Academies	32	33,837
Special School Schools & Academies & PRU	17	2,559
Mainstream Education, Health and Care Plans	165	2,925
Post 16 EHCP	36	694
Other LAs and Independent Sector Provision	54	714
	Full Time Equivalents	
Council Staff	170.67	

2. Grant Overview

- 2.1 Manchester's DSG 2024/25 totals **£735.050m**. Table two provides a breakdown of the grant across the four DSG blocks and sets out the grant changes between 2023/24 and 2024/25. There has been an overall 8.6% (£58.125m) increase in DSG since last financial year.

Table two: DSG 2024/25 compared to 2023/24

DSG	Schools £m	Central School Services £m	High Needs £m	Early Years £m	Total £m
2024/25	537.979	3.864	133.475	59.732	735.050
2023/24	503.271	3.824	128.213	41.616	676.925
Difference	34.708	0.039	5.262	18.115	58.125
The difference is a result of the change in £m:					
Formula	10.732	0.000	4.071	18.115	49.918
Pupil Numbers	6.922	0.039	1.191	0.000	8.152
Difference	34.708	0.039	5.262	18.115	58.125

2.2 Key movements relate to:

- Rolling in of the £17m Maintained Schools supplementary grant into DSG
- £18.1m Expansion of Early Year entitlements and increase in the hourly rates paid to providers, from the Early Years Block.
- £5.3m, 4.1% uplift to the part of the grant that supports the City's most vulnerable pupils, the High Needs Block.
- £7.4m, 1.4% uplift to pupil related elements of grant that supports primary and secondary schools, the Schools Block.
- £2.2m, premises costs uplift
- £8.1m, 939 pupil increase across primary and secondary

2.3 The **Schools Block** allocation of £537.979m has been calculated bottom up on the basis as if the national funding formula (NFF) was applied at school level. On average the DfE has increased the pupil led elements of the formula by 1.4%.

2.4 Table three shows the breakdown of the allocation across pupils aged 5-16 years. Primary pupil numbers have marginally increased by 0.08% (+41 pupils). Secondary numbers have increased by 2.73% (+898 pupils), which is a lower rate of growth than previous years.

Table three: Schools Block 2024/25 compared to 2023/24

	2024/25	2023/24
Primary Guarantee Unit of Funding	£5,559	£5,269
Secondary Guaranteed Unit of Funding	£7,455	£7,112
Pupil led Schools Block (£m)	£527.920	£495.383
Growth & Premises Funding (£m)	£10.059	£7.888
Total (£m)	£537.979	£503.271

2.5 The **Central Schools Services Block** (CSSB) allocation of £3.864m supports the Council's role in education. Despite inflation and pay awards the amount of grant received on per pupil basis has not changed. The £39.5k grant increase relates to pupil number increases in primary and secondary schools. There has been no reduction on the historical commitment (relating to prudential borrowing) following DfE confirmation that the protected has been applied.

Table four: Central School Services Block (CSSB)

	2024/25	2023/24
On-going responsibilities:		
Unit of funding (per pupil)	£42.02	£42.02
October census number on roll	83,432	82,493
Total On-going responsibilities (£m)	£3.506	£3.466
Historic Commitments (£m)	£0.358	£0.358
CSSB Total (£m)	£3.864	£3.824

2.6 The **High Needs Block** (HNB) allocation of £133.475m provides funding for children and young people with special educational needs and disability from

early years to age 25 years. This block will be finalised by the Department for Education in the new calendar year once confirmation of the adjustment for the 'import and export' is received. Import and export adjustment is intended to reflect the movement of high needs pupils and students between local authority areas.

- 2.7 The grant increase is 4.10% (£5.262m) this is lower than the increase in the previous two years, which was an on average +14.00% growth. The 2024/25 increase is not expected to cover anticipated inflation and growth in demand and will place pressure on the budget. The implementation of Manchester's High Needs recovery plan (reported to School Forum November 2023) will be needed to bring financial stability within HNB.
- 2.8 The **Early Years Block** (EYB) indicative allocation has increased by £18.115m (43.53%), the increase is made up of:
- new free entitlements offer for 9 months olds to two-year-olds and working parents of two-year-olds (£11.888m)
 - increase in the hourly rates for existing early year entitlements (£6.227m)
- 2.9 The EYB initial allocation is provided in table five below. As advised by DfE, EYB includes teachers' pay and pension funding, no separate grants will be allocated as in previous years.

Table five: Early Years Block (EYB) 2024/25

	Change from Sept 23 (£)	Per hour (£)	Roll (est.)	Total £m
Three-and-Four-Year-old:				
Universal 15 hours 38 weeks	+0.27	5.85	8,630	28.778
Extended 15 hour working parents			2,230	7.435
Two-Year old Offer:				
15 hours 38 weeks (disadvantaged)	+1.03	8.49	2,055	9.944
15 hours 38 weeks (working parents)	New		1,362	6.589
9 months - Under Twos				
15 hours 38 weeks (working parents)	New	11.61	690	4.565
Early Years Pupil Premium (EYPP) 15 hours for 38 weeks	+0.02	68p per hour		1.565
Disability Assess Fund (DAF)	29 p.a.	£910 p.a.		0.462
Maintained Nursery School Supplementary	1.03			0.394
	Total			59.732

Note: EYPP and DAF have been expanded across all new and existing early years entitlements.

3. Distribution across educational establishments and Council issues

- 3.1 The **Schools Block** - funds individual mainstream schools' budgets. Funding is currently based on a local funding formula (LFF). Funding at individual schools level is determined by the number of pupils, their characteristics and premises. This formula applies to all primary and secondary schools. It applies to schools

regardless of whether they remain with the Council or convert to an academy during the year.

- 3.2 For the past few years councils have been required to move to a position whereby the LFF starts to mirror the national funding formula (NFF). Based on affordability Manchester has been able to increase the amount allocated for pupils, their pupil characteristics, and premises, moving closer to the NFF and ensure that no school loses out by no more than 0.5% per pupil. After applying changes outlined previously, on average per pupil funding will increase by **1.88%** per individual school. Where schools have seen a drop in pupil numbers since last October census there is likely to be a reduction in their total school funding.
- 3.3 This part of the grant also supports school expansion, which is set aside in the Growth Fund. It is required to fund the known growth for further in-year expansions and pre/post school opening grants. From 2024/25 local authorities have the flexibility to use growth funding to fund revenue cost associated with repurposing mainstream school spaces for Special Educational Needs and Disabilities (SEND). Manchester seeks to use part of the growth fund to support the repurposing mainstream schools for specialist SEN Units and inclusion places to support the High Needs recovery plan in achieving better outcomes for pupils.
- 3.4 The **Central Services Schools Block (CSSB)** - is under pressure as the per pupil funding basis has been frozen for a number of years. This part of the grant supports the council's role in education. The change in the grant is not going to fully cover the pay award for central services, such as admissions. Education and finance are reviewing the CSSB to identify how it can be brought into balance.
- 3.5 The **High Needs Block (HNB)** - this part of the grant is under significant demand and cost pressures, which supports pupils with the highest level of need in the city. The £5.262m (4.10%) increase in HNB, has been targeted to the areas outlined in the table below. The growth outlined below is the net increase after recovery actions to manage demand and cost have been taken.

Table six: High Needs Block growth 2024/25

	2024/25 £m	Additional places
Special Schools, Resource & Specialist SEN Units	2.179	128
Mainstream EHCP including Post 16	1.951	543
Out of City Places and Other Local Authority	1.132	61
Total	5.262	

- 3.6 Councils are permitted to transfer up to 0.5% between DSG blocks. A number of Councils have transferred funds from their schools' block to the HNB, as a way of addressing the pressures in their HNB. Manchester has not reallocated funds in this way yet. It has developed a High Needs recovery plan, which was agreed at School Forum November 2023. It is expected that the recovery

measures will have a positive impact on outcomes and financial stability. The HNB recovery improvement plan outcomes and financial position will be monitored to assess the progress and whether other strategies are required, including a block transfer request in 2025/26 of c.£2.400m.

- 3.7 **Early Years** – At least 95.30% of the core early years funding entitlements will be allocated to early years providers across the core funding entitlements. Manchester is proposing to passport the **full** increase in the funding rates to providers across all entitlements. Additionally, funding will be allocated for early years pupil premium (EYPP), disability access fund (DAF) and maintained nursery school supplementary fund.
- 3.8 In total £1.717m is being retained by the Council, for the teams that support and administer the early years offers and to fund individual children with additional needs who attend nursery in the private, voluntary and independent (PVI) sector. This will provide targeted intensive support and intervention for children in early years PVI settings where data shows a widening gap compared to the national/local data and high levels of deprivation a predominant factor. This will support the HNB recovery plan with earlier intervention and better outcomes.
- 3.9 **Under two-years** (from 9 months) entitlement, starting September 2024 Manchester is proposing to passport the full funding rate of £11.61 per hour onto providers. This is to support sufficiency within the early years sector and to facilitate providers with the new expanded entitlements.
- 3.10 The **Two-year-old** offer funding rate is increasing by £1.03 per hour from the current rate (£2.76 increase from April 2023). The Schools' forum has recommended that the two-year-old funding (both disadvantaged and working parents) is passported to early years providers under a flat base rate 2024/25.
- 3.11 The **Three and four-year old** base rate old funding rate is increasing by 27p per hour, the proposal is to fully passport this to providers by increasing the basic hourly rate to £5.15.

4. Dedicated Schools Grant (DSG) Medium Term Financial Planning

- 4.1 The schools block and early years block budgets are expected to balance over the next three years, based on previous trends and forecast data. However, the HNB, which provides funding for pupils with special educational needs, is projected to overspend by between £3.993m and £13.630m each year. This is in line with national trends, with the collective national deficit on the HNB now standing at over £3bn. There is a comparatively smaller pressure on the central school services block (CSSB).
- 4.2 Table seven shows the projected DSG deficit for each year considering the HNB recovery and in contrast also illustrates the DSG position pre-recovery, where no recovery is considered. The table shows an increasing DSG deficit by year three 2026/27, ranging from £4.015m (post-recovery) to £30.484m (pre-recovery).

Table seven: DSG three-year forecast

DSG Pressures	HNB - Post Recovery			HNB – Pre-Recovery		
	2024/25	2025/26	2026/27	2024/25	2025/26	2026/27
	£m	£m	£m	£m	£m	£m
Central School Services (CSSB)	0.078	0.150	0.246	0.078	0.150	0.246
High Needs Block (HNB)	0.000	0.000	0.000	3.993	8.846	13.630
Total In-Year Deficit	0.078	0.150	0.246	4.071	8.996	13.876
B/fwd deficit	3.541	3.619	3.769	3.541	7.612	16.608
Total Deficit	3.619	3.769	4.015	7.612	16.608	30.484

- 4.3 The funding shortfall for pupils with high needs and central services block within the DSG remains a significant risk for the Council. It must be addressed as the statutory override preventing the Council from including the accumulated deficit in its general fund balances is set to end on 31 March 2026. If the override was lifted the negative balance could impact on the Council's overall financial sustainability.

5. Conclusion and Recommendations

- 5.1 Final DSG figures were released in late December 2023 along with the Early Years Block and the October 2023 pupil census and other census data that are used to determine schools' actual budget allocations for next year. Changes in formula and budget are outlined in the report
- 5.2 There is an increasing DSG deficit by year three 2026/27, ranging from £4.015m (post-recovery) to £30.484m (pre-recovery). The funding shortfall for pupils with high needs and central services block within the DSG remains a significant risk for the council. It must be addressed as the statutory override preventing the council from including the accumulated deficit in its general fund balances is set to end on 31 March 2026.
- 5.3 Council is asked to note:-

Schools Block

- All Manchester primary and secondary schools should receive a per pupil increase of 0.5% minimum. The local funding formula's average per pupil increase is 1.88%
- Manchester does not intend to propose a 0.5% transfer from the school block to high needs 2024/25, given the anticipated impact of the High Needs recovery plan.
- Explicit growth fund to include budget for setting up SEN and Inclusion Units in mainstream schools.

High Needs Block

- The 4.10% increase in this part of the grant is not expected to cover anticipated inflation and growth in demand.

Early Years Block

- The full increase in the early years funding rates to be passed onto providers, across all entitlements.

Central Services Schools Block

- Central services school block (CSSB) funding on a per pupil basis has remained the same as 2023/24. This block will continue to be under pressure to stay within budget, given the additional burden due to the new admission code, with no reduction in other functions councils are required to provide.