

Manchester City Council Report for Resolution

Report to: Children and Young People Scrutiny Committee - 8 February 2022
Executive Committee - 16 February 2022

Subject: Children and Education Services Directorate Budget 2022/23

Report of: Strategic Director for Children's and Education Services

Summary

Following the Spending Review announcements and provisional local government finance settlement 2022/23 the Council is forecasting a balanced budget for 2022/23, a gap of £37m in 2023/24 and £58m by 2024/25. This report sets out the high-level position.

The finance settlement was towards the positive end of forecasts and no actions beyond those outlined in November are required to balance next year's budget. As reported to November Scrutiny meeting officers identified savings and mitigations totalling c£7.7m which are subject to approval.

The settlement was for one year only and considerable uncertainty remains from 2023/24. A longer-term strategy to close the budget gap is being prepared with an estimated requirement to find budget cuts and savings in the region of £60m over the next three years. In addition, £30m of risk-based reserves have been identified as available to manage risk and timing differences

Included in the report are the priorities for the services in the remit of this committee. Appended are details on the initial revenue budget changes proposed by officers and the planned capital programme.

The report also includes 2022/23 Dedicated Schools Grant. Notification was received on the 16th December 2021 and totals £627.682m. The overall increase in grant since last year is £25.055m. The biggest change in the grant is due to 2.8% per pupil related increase in part of the grant that supports primary and secondary schools, £9.441m uplift in the high needs block which totals £19.944m plus £5.111m increase that reflects the change in pupil numbers. The proposed Schools Budget for 2022/23 has been agreed in consultation with Schools Forum on the 18th January 2022.

Budget options outlined in the report are deemed to be deliverable and there is a level of confidence that most of the options are "the right thing to do" and have been developed in line with the Directorate budget strategy.

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

Section 1 Summary of Council Budget

Section 2	Current Budget Position
Section 3	Scrutiny of Draft budget proposals and budget report
Section 4	Next Steps
Section 5	Children and Education Services Context and Priorities
Section 6	Conclusion
Appendix one	Budget Overview
Appendix two	Dedicated Schools Grant
Appendix three	Capital Budget

Recommendations

The Scrutiny committee is recommended to:

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

The Executive is recommended to approve these budget proposals.

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.

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

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

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

- Equal Opportunities
- Risk Management
- Legal Considerations

Financial Consequences Revenue

The changes included within this report are officer proposals and, subject to Member comments and consultation, these will be included as part of the 2022/23 budget preparation.

Financial Consequences – Capital

None directly arising from this report.

Background documents (available for public inspection):

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

Children and Education Services Budget Report 2021/22
 Children and Young People Scrutiny 10th February
 Executive 17th February 2021

Children and Education Services Directorate Budget 2022/23
 Scrutiny Committee 10th November 2021

Executive – 17 January 2022 Subject: Provisional local government finance settlement 2022/23 and budget assumptions

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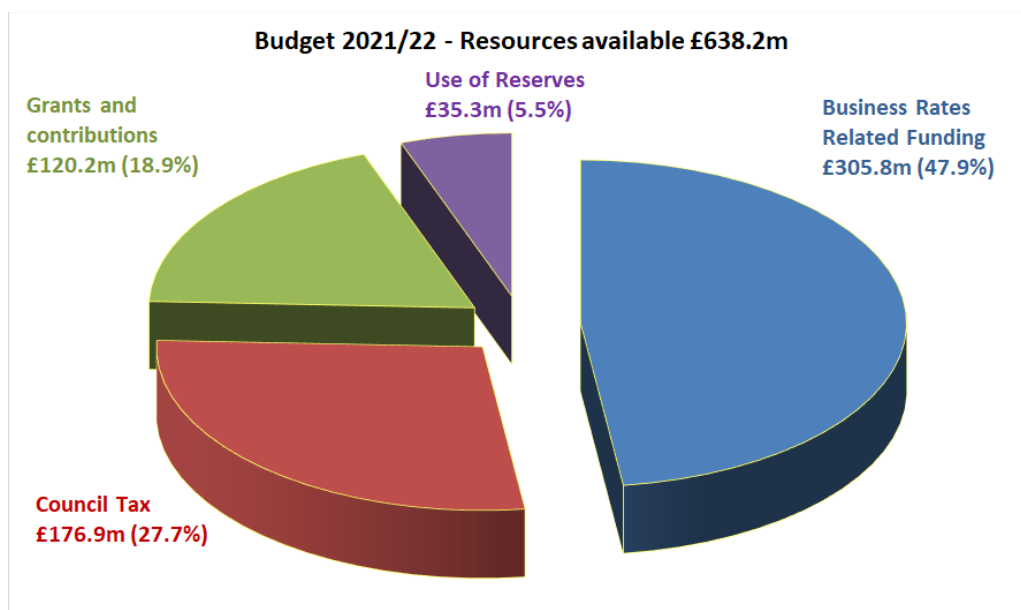
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1.0 Introduction and Context

- 1.1 On 27 October 2021, the Chancellor of the Exchequer, Rishi Sunak MP, delivered the Spending Review and Autumn budget 2021 to the House of Commons. The Spending Review sets the quantum of funding available for local government whilst the Finance Settlement, which followed on 16 December 2021, sets out the distribution to individual local authorities.
- 1.2 The finance settlement has been front loaded and includes several one-off distributions of funding. It is also a one-year settlement. Therefore, considerable uncertainty remains in relation to the position after 2022/23.
- 1.3 The Local government funding reform work will be restarted in the Spring. This means that the Fair Funding Review and baseline reset are both going to be under consideration again, for possible implementation in 2023/24. This will change on how funding between different local authorities is distributed.
- 1.4 The final budget position for 2022/23 and beyond will be confirmed at February Executive. This will be after the key decisions confirming the Collection Fund position and Council Tax and Business Rates base have been made and the Final Finance Settlement is received. It is unlikely that there will be any significant changes to the Provisional Settlement.
- 1.5 The Council's 2021/22 net revenue budget is currently funded from four main sources which are Council Tax, Business Rates, government grants and contributions and use of reserves. In recent years as central government funding has reduced and business rates retention has been introduced the ability to grow and maintain the resources raised locally has become even more important for financial sustainability and is integral to the Council's financial planning.
- 1.6 The following chart shows the current breakdown of resources available.



2.0 Current budget position

2.1 The indicative medium-term position is shown in the table below, full details are provided in the settlement and budget report to 17 January Executive meeting.

	Revised 2021 / 22 £'000	2022 / 23 £'000	2023 / 24 £'000	2024 / 25 £'000
Resources Available				
Business Rates Related Funding	156,416	338,092	322,337	340,330
Council Tax	176,857	208,965	206,620	217,197
Grants and other External Funding	120,243	104,533	87,374	85,374
Use of Reserves	184,667	36,781	30,592	15,573
Total Resources Available	638,183	688,371	646,923	658,474
Resources Required				
<i>Corporate Costs</i>	120,232	133,058	110,211	114,849
<i>Directorate Costs</i>	517,951	555,313	573,494	601,172
Total Resources Required	638,183	688,371	683,705	716,021
Shortfall / (surplus)	0	0	36,782	57,547

2.2 The budget assumptions that underpin 2022/23 to 2024/25 include the commitments made as part of the 2021/22 budget process to fund ongoing demand pressures as well as provision to meet other known pressures such as inflation and any pay awards (estimated at 3% from 2022/23). Whilst this contributes to the scale of the budget gap it is important that a realistic budget is budget set which reflects ongoing cost and demand pressures.

2.3 Officers have identified options to balance the budget in 2022/23 which are subject to approval. The detail relevant to this scrutiny remit is included at Appendix One. If these proposals are supported a balanced budget will be achieved. In addition, £30m of risk-based reserves have been identified as available to manage risk and timing differences.

3.0 Scrutiny of the draft budget proposals and budget reports

3.1 The reports have been tailored to the remit of each scrutiny as shown in the table below. This 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 2022.

Date	Meeting	Services Included
8 February 2022	Resources and Governance Scrutiny Committee	Chief Executives Corporate Services Revenue and Benefits / Customer and Welfare Support Business Units
8 February 2022	Communities and Equalities Scrutiny Committee	Sport, Leisure, Events Libraries Galleries and Culture Compliance and Community Safety Housing Operations including Homelessness Neighbourhood working
9 February 2022	Health Scrutiny Committee	Adult Social Care and Population Health
9 February 2022	Children and Young People Scrutiny Committee	Children and Education Services Youth and Play
10 February 2022	Environment and Climate Change Scrutiny Committee	Waste and Recycling Parks Grounds maintenance
10 February 2022	Economy Scrutiny Committee	City Centre Regeneration Strategic Development Housing and residential growth Planning, Building Control, and licensing Investment Estate Work and skills Highways

4.0 Next Steps

4.1 The proposed next steps are as follows:

- Executive (16 February) receive proposed budget
- Resources and Governance Budget Scrutiny – 28 February
- March Council - approval of 2022/23 budget - 4 March
- New Municipal Year – early options around 2023/24 & 2024/25 discussed with members

5.0 Service Context

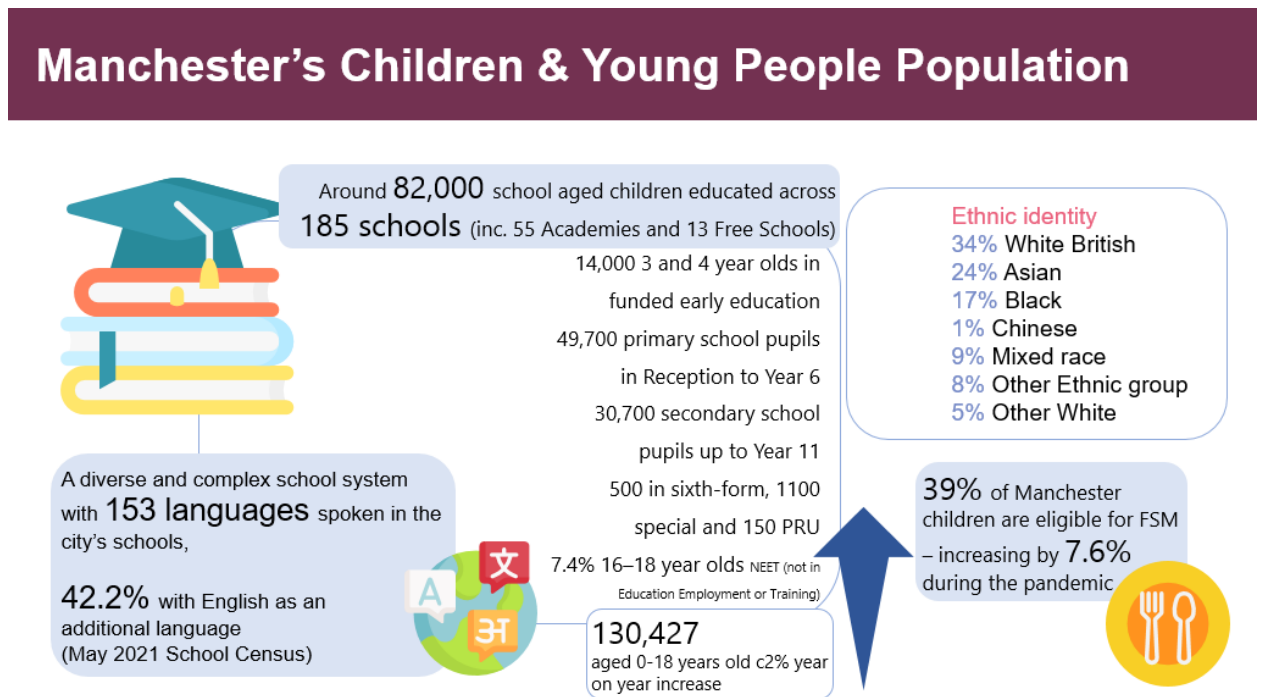
5.1 In Manchester we are proud and passionate about improving their lives and experiences. Therefore, relationship matters as we: listen; work with children and families in their communities; collaborate and build effective partnerships. Together we build on the strengths of families/communities, use knowledge and evidence to inform our focused and purposeful activity to give our children the best possible experience and outcomes.

5.2 In recognising the disruptive and detrimental impact of the COVID pandemic on children and young people in respect of their emotional, social and

educational development. In September 2020, the City Council Executive resolved to dedicate 2022 to the city’s children and young people; branded as ‘2022, Our Year’. This will involve working in partnership with the public and private sector to celebrate their resilience and successes whilst creating opportunities to have experiences that contribute to helping them build a successful future. This will be a key part of the City’s COVID recovery.

- 5.3 The City has a diverse population with many communities and 153 languages spoken in schools. The overall population has continued to grow over the past two decades and Manchester is home to 547,627 residents of which around 130,000 children and young people aged 0 to 18 years - 23% of the population; of which 39% are eligible for a free school meal and 42.2% with English as additional language. Over the last ten years Manchester’s child population has grown at an annual rate of circa 2%, Illustration one sets out the Manchester’s child population demographics.

ILLUSTRATION ONE:



- 5.4 The Children and Education Services Directorate effectively is responsible for delivering the Council’s statutory duties and responsibilities in respect of children in need of help, support and protection, as set out in illustration two. Whilst at the same time ensuring they have access to a high-quality education and learning

ILLUSTRATION TWO:

Manchester's Children & Young People In Need of Targeted/Specialist Help, Support and Protection

Manchester's children and young people in need of help, support and protection:

5,282 Children in Need, of which:

- 575 are on Child Protection Plans
- 1,436 are Looked After
- 1,112 Care Leavers
- 57 are currently open to Youth Justice

DfE Analysis of the Child in Need cohort from March 2020 showed **56%** had Special Educational Needs

There were **5,569** Education, Health and Care Plans managed by Manchester at the end of October 2021



- 5.5 In delivering the Council's statutory duties and responsibilities, the Directorate also contributes to other strategies, such as those outlined in Manchester's Children and Young People's Plan, 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.
- 5.6 The priorities, guiding principles and behaviours of Our Manchester, run throughout all key strategies and approaches being taken forward in the city from the overarching Children and Young People's Plan (Our Manchester, Our Children) through to Early Help, Our Promise to Looked After Children and Care Leavers, All Age Disability Strategy, Inclusion Strategy, Youth Justice Plan, Valuing Young People and Young Carers Strategy; as well as contributing to other strategy/delivery plans to improve the experiences and outcomes for our children and young people.
- 5.7 Throughout the COVID pandemic, Children's and Education services and their partners have sought to continue to ensure the delivery of the services that underpin Our Children's strategy; our strategic objectives are children live safe, happy, health and successful lives. Within the safeguarding partnership the system has drawn from the pre-COVID shared vision for Manchester's children, supported by a range of strategies and approaches to minimise impact of the pandemic on all children.
- 5.8 Since March 2020, the service has operated under the working premise of "business as usual but doing things differently"; transitioning into 'working with agility'. These mission statements reflect the Directorate's commitment to the city's children and young people to ensure their welfare, education is

safeguarded and promoted. As such the service has, throughout the pandemic, mindful of relevant health and safety advice, continued to work directly with children and their families and encouraged children and young people to attend their school or setting. It is to credit of our staff, the Directorate has shown significant creativity and flexibility in their approach to service provision in this context, whilst at the same time supporting the partnerships capacity to continue to develop collaboration in the knowledge that some families require a co-ordinated multi agency level of support to safeguard children.

Service Delivery – Education Services

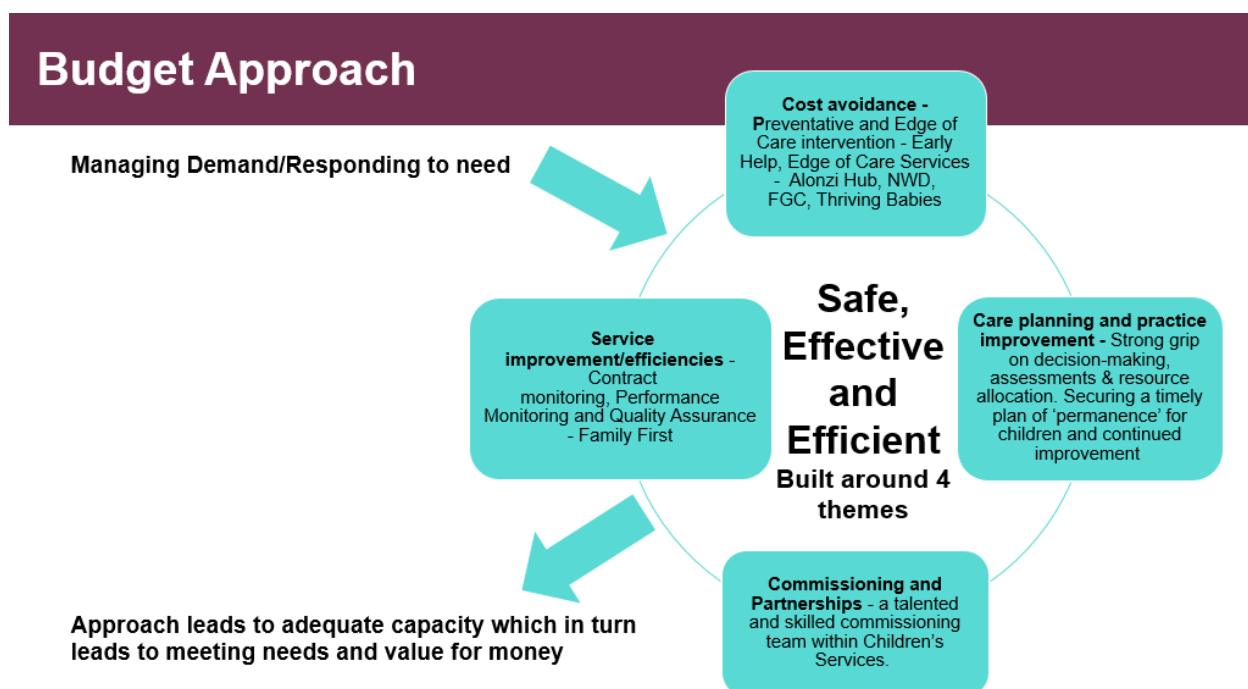
- 5.9 This service budget represents the Council's responsibilities for education and learning other than those funded by the Dedicated Schools Grant. It includes school admissions, place planning, home to school transport and school crossing patrols. It also includes some support for children with SEND such as short breaks and respite care, support for inclusion and other groups of vulnerable children and the education of children looked after through the Virtual School.
- 5.10 Within the Manchester school population, the January 2021 census showed that 17.7% of pupils have Special Education Needs. This was made up of 13.4% who have their needs met at SEN (Special Educational Needs) Support level and 4.3% of the school population who have an Education, Health and Care plan (EHCP). The census shows that the number of pupils who have their needs met through SEN Support or an EHCP is increasing. The percentages of pupils at SEN Support level and EHCP are higher than the latest national comparison data but in Manchester there is a strong correlation between measures of deprivation and the number of EHCPs. At May 2021 Manchester currently supported 5,159 Education, health and care plans for children and young people up to age 25.
- 5.11 The overall Ofsted outcomes for Manchester in 2021 showed:
- 96% of Early years settings and 92% childminders were judged to be good or better.
 - 88.8% of schools are good or better which is above national average (86.00%) and shows a continually improving system.
 - 92.50% of Manchester primary schools and 69.20% of secondary schools are judged by Ofsted to be good or outstanding (with 5 new secondary schools still waiting a judgement).
 - all post 16 provision is judged to be good or better in the City.
- 5.12 Ensuring children and young people access high quality education has remained high priority throughout the pandemic and the Council have continued their robust quality assurance of schools via quality assurance professionals as well as providing ongoing communication, advice and support for school and setting leaders on a variety of issues throughout this time.

Service Delivery – Children’s Services

5.13 This service brings together the Council’s duties in relation to children in need, child protection, looked after children and young people with care experience (leaving care service). It includes a range of services targeted to support families and help to avoid the need for children to come into care. It also provides short breaks and respite care services for disabled children and their families as well as Youth Justice Services. The budget recognises the costs associated with increased numbers of children requiring help, support and protection and the complexity of their needs. The Directorate’s budget approach, as set out in Illustration three is built upon four themes:

1. **Cost avoidance** – preventive, timely and edge of care intervention
2. **Care planning** - and continuous practice improvement
3. **Commissioning** - collaboration and partnerships
4. **Service improvement/efficiencies**

ILLUSTRATION THREE



5.14 Following Ofsted’s inspection in 2017 which judged Manchester’s Children’s Services to no longer be inadequate, the service has continued to make progress and improvements in the experiences, outcomes and quality of services provided to children and their families. The trajectory of continuous improvement has been sustained as reflected in later Ofsted focused visits (in 2018 and 2019), Peer Reviews and a Local Government Association Peer Reviews.

5.15 Despite a 28% increase in the City’s child population since 2011 the number of looked after children has not increased at the same rate. There has been a reduction in the rate per ten thousand from 131 to 111. In terms of national

comparisons between 2008 and 2020 Manchester saw a reduction of 2% in numbers of children and young people in care compared to a 35% increase nationally over same period.

- 5.16 Our rate of 'children in need' at 424 per 10,000 is lower than the 433 rate in 2018/19, despite pandemic pressures. 12% of children discharged from care in the last 6 months have gone onto be the subject of Special Guardianship maintaining close levels to 2018/19. Adoption rates sets to return to pre-pandemic rates. Attributable to timelier and quality of intervention, over time there has been a significant decrease in the number of children subject to child protection planning reducing from 74.7 per 10,000 at the end of 2018/19 to 56.3 per 10,000 at the end of 2018/19, outperforming statistically similar, northwest and core city authorities.
- 5.17 In addition, there has been a reduction in the number of children and young people subject to child protection plans from 787 at the end of 2018/19 to 572 in December 2021. The percentage of children subject to Child Protection Plans with up-to-date reviews continue to increase, at 96% at the end of 2020/21 the rate was higher than all comparators - regional, statistical neighbours, core cities and the national average.
- 5.18 The improvements in both Children and Education Services have in part been associated with continued and strengthening partnerships that support even greater collaboration and robust leadership; underpinned by an effective performance/assurance framework. A recent Local Government Association peer review recommends that IT and Business Support offers supporting the service should be reviewed in order to better meet service needs.

Priorities for this year and next:

- 5.19 Engagement from our children and young people has shown that there needs to be a strong focus on education, environment, health and equality, diversity and inclusion in the delivery of the '2022 Our Year' approach. The ultimate ambition will be for Manchester to be recognised by UNICEF as a Child Friendly City by 2024.
- 5.20 The Children and Young People's Plan 2020 - 2024 - translates the Our Manchester priorities into a vision for 'building a safe, happy, healthy and successful future for children and young people'. The Council are passionate about children and young people. This is reflected not only in the way the Directorate work with them, but in all aspects of our service planning, commissioning and delivery of services. This is a value-based approach that involves a relentless drive and focus on improving all areas of children's and young people's lives, underpinned by a strength based, can do attitude.
- 5.21 To support the delivery of the city's strategic priorities the Children and Education Directorate Plan outlines the following key priorities for the next 2 years:

1. Recognise and value the voices of children and young people in all areas of our work, listening to them and responding to what they tell us
2. Support and develop children's readiness for school and adulthood embedded in an approach to early intervention and early help
3. Everyone's a leader - an empowered, capable, confident and stable workforce; effective in the management of risk, performance and planning for children
4. Continually improve outcomes for all children and 'close the gap' against the national attainment averages
5. Greater collaboration and partnerships consolidate children's services locality model to support and promote children living in stable, safe and loving homes - achieving 'permanency' to safely reduce the number of children looked after and/or in need of a statutory service.
6. Ensure there is a sufficient range and choice of high-quality early years, school, college and youth provision for all children and young people
7. Develop and implement a specialist service/offer for children with complex needs.

5.22 A timely intervention preventing the unnecessary escalation of children's needs is still a key Directorate priority, as is the range and choice of provision for those children who are looked after by the Council and our care leavers. The Directorate operates within a national context of a changing regulatory framework which has an increased focus on.

5.23 Maintaining the Directorate's commitment to the quality of social work practice and management oversight and ensuring the education system is inclusive, delivers good or outstanding schools and meets the needs of all learners. This requires the Directorate to adapt, anticipate and respond to the challenges with purpose and focus.

5.24 The budget options for savings have been informed by the Directorate Budget approach to deliver safe, effective and efficient services, the progress and impact of the services to date. This approach has been developed by thinking through the way in which the Directorate can meet its statutory duties and make the maximum contribution to the priorities for the city, as set out in the earlier parts of this report. In some cases, this is by increasing the pace of implementing the already identified reforms and services improvements as a way of making financial savings by reducing demand for expensive, reactive services. In other cases, this is by choosing options for service reductions which will have the least damaging impact on the achievement of our priorities.

Key actions on tackling diversity and inclusion

5.25 The Directorate works together with Manchester's citizens and our partners to understand our diverse communities, improve life chances, and celebrate diversity. There is a commitment to understanding and addressing the effects and impacts of its activities for the diverse range of people using the service. To achieve the Directorate is committed to undertaking where required and

monitor equality analysis of new or altered functions, to ensure they are accessible and inclusive and do not cause adverse equality impacts. The Directorate will use the Council's Equality Impact Assessment framework to do this. It will strengthen evidence bases to show the differential experiences of individual identity groups in Manchester accessing Council services, remove barriers and proactively respond to make these as fair and equitable as possible.

- 5.26 Education services provide support and challenge to schools to address gaps in attainment and disproportionality in attendance and exclusion between black, Asian and other ethnic minority groups in the city. They are encouraging all schools to sign up to the Diverse Curriculum Charter developed by Afzal Khan and developing a plan in collaboration with Teaching School hub and school leaders to ensure the school workforce and school leadership better reflects the diversity in the city.
- 5.27 As an employer the Directorate seeks to ensure a fair and inclusive working environment which recognises, values and responds to the dynamics and opportunities of a diverse workforce. The Children's Services Plan has five key focus areas of: reverse mentoring, recruitment, training, mentoring and personal development opportunities for all and having ongoing and transparent conversations about race equality.

Key actions Contribution to Council's energy and carbon reduction targets

- 5.28 The Directorate contributes towards the Council's energy and carbon reduction. More specifically it is working on developing a comprehensive action plan that outline steps to be taken to reduce impact on climate change across the Directorate including in schools, colleges and early year settings. It will seek to identify any key initiatives in other Local Authorities/cities and see if transferable to Manchester and ensure the Council is connected into national/pilot initiatives to reduce carbon usage and can access funding available to implement.
- 5.29 The Council plans to commission detailed condition surveys, updated floor plans, and refreshed net capacity assessments. The updated suite of information will be used to effectively prioritise capital investment in the school estate and enable it to make a substantial contribution towards the Council's energy and carbon reduction targets.

6.0 Conclusion

- 6.1 Overall, the settlement announcements were towards the positive end expectations. It is expected that mitigations in the region of £7.7m, as previously identified, will be sufficient to balance the 2022/23 budget.
- 6.2 Officers have estimated the future resources available based on the information available. This results in forecast gap of £37m in 2023/24 increasing to £58m in 2024/25.

6.3 The focus will now be on identifying savings and mitigations to keep the council on a sustainable financial footing. It is proposed that budget cuts and savings of £60m over three years are developed for member consideration. £60m equates to just under 12% of 2022/23 directorate budgets. In addition, £30m of risk-based reserves have been identified as available to manage risk and timing differences