

Manchester City Council Report for Information

Report to: Children and Young People Scrutiny Committee – 8 November 2023

Subject: Children and Education Services Budget 2024/25

Report of: Strategic Director - Children and Education Services

Summary

The Council is forecasting an estimated budget shortfall of £46m in 2024/25, £86m in 2025/26, and £105m 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, this gap reduces to £1.6m in 2024/25, £30m in 2025/26 and £49m by 2026/27. This position assumes that the savings approved as part of the Medium-Term Financial Strategy in February 2023 of £36.2m over three years are delivered.

This report sets out the priorities for the services in the remit of this committee and details the initial revenue budget changes proposed by officers. 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 to the final budget proposals in February 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 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.

Contact Officers:

Name: Paul Marshall
 Position: Strategic Director for Children and Education Services
 Telephone: 0161 234 3952
 E-mail: paul.marshall@manchester.gov.uk

Name: Amanda Corcoran
 Position: Director of Education
 Telephone: 0161 234 4314
 E-mail: amanda.corcoran@manchester.gov.uk

Name: Sean McKendrick
Position: Deputy Director Children's Services
Telephone: 0161 234 3952
E-Mail: sean.mckendrick@manchester.gov.uk

Name: Vandhna Kohli
Position: Head of Finance - Children, Education and Schools
Telephone: 0161 234 4235
E-mail: vandhna.kohli@manchester.gov.uk

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](#)

1. Introduction and purpose

1.1 This report sets out an overview of the services within the remit of this scrutiny committee and their key priorities. A draft set of officer proposals to change budget previously agreed last year in the context of the current financial challenges facing the Council is also included.

1.2 For ease of reference the report is structured as follows.

Section 1 Introduction

Section 2 Service overview and priorities

Section 3 Service budget and proposed changes

Section 4 Use of Reserves

Section 5 Grants, including Dedicated Schools Grant

Section 6 Commissioning and Procurement Priorities

Section 7 Workforce Implications

Section 8 Equality and Anti-Poverty Impact

1.3 The Dedicated Schools Grant is £671m and the accumulated deficit forecast at the end 2023/24 is £4m in 2023/24. The recovery plan is outlined in section 5 of this report.

2. Service overview and priorities

2.1 Manchester is a diverse, and growing city. Whilst the combination of size, growth and complexity present some unique opportunities for children, young people and their families, there also remains significant degrees of inequality and deprivation.

2.2 The Directorate supports 10,435 early years placements, 1,308 Looked After Children of which 828 are fostering placements (internal and external) and 5,183 Children in Need. Last year the Directorate provided 75,000 books and 40,000 magazines to the Read Manchester scheme. The 2021 Census indicated that there are 136,240 children (0–18-year-olds) resident in the city. There were 85,072 children (Reception – Year 11) educated in mainstream Manchester schools and 184 schools (inc. 75 academies/free schools) in the city. As of September 2023, 7,369 of children and young people have support provided via their Education, Health and Care plan.

2.3 Since 2010 Manchester's under 18 population has grown by an additional 26,000 children/young people. Recent statistics from End Child Poverty have shown that nearly half (44.7%) of all children in Manchester are now living in poverty, the 3rd highest for any local authority nationally. The city has a diverse and vibrant school system with 155 languages spoken in schools. 43.6% of children have English as an additional language (January School Census 2023).

2.4 The budget for children's social care and education services in Manchester supports and has attracted external investment through our innovative approach to support a wide range of programs and initiatives aimed at

promoting and meeting the well-being, development, and educational needs of children and young people within the community.

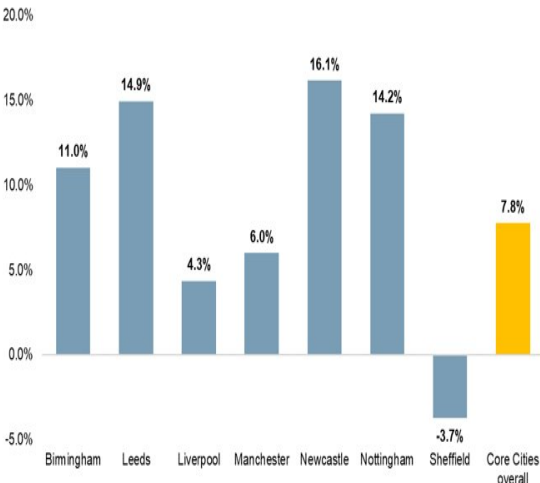
Children's Social Care services budget

- 2.5 The overarching aim is for children to live a safe, happy, healthy and successful life within their family and community. This is achieved by ensuring there is a range of services and interventions that identify children's needs, are responsive, adaptive, and importantly services work together in an effective and efficient way.
- 2.6 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.
- 2.7 Just over half of the net budget, 65% of the overall Children's Social Care budget is committed to meeting the costs to safely care for our Looked after Children and care leavers, which is predominantly linked to the cost of placements and support. The remaining balance of the budget is for Children's Social Care related services such as: Leaving Care, Early Years, Early Help and Youth Justice.
- 2.8 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 is built upon four themes:
 - a. Cost avoidance – preventive, timely and edge of care intervention
 - b. Care planning - and continuous practice improvement
 - c. Commissioning - collaboration and partnerships
 - d. Service improvement/efficiencies
- 2.9 Manchester's approach of right intervention at the right time has led to timely intervention preventing the unnecessary escalation of children's needs is a key priority, as is the range and choice of provision for those children who are looked after by the Council and care leavers.
- 2.10 Josh MacAlister's independent review of children's social care, which looked at how children and their families interact with the care system and how it can be improved made several recommendations. Manchester has implemented a lot of the interventions, such as Family Hubs. There is a strong evidence base that they have made a real impact. [Fundamental shift in children's social care set out - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/672222/fundamental-shift-in-childrens-social-care-set-out.pdf)

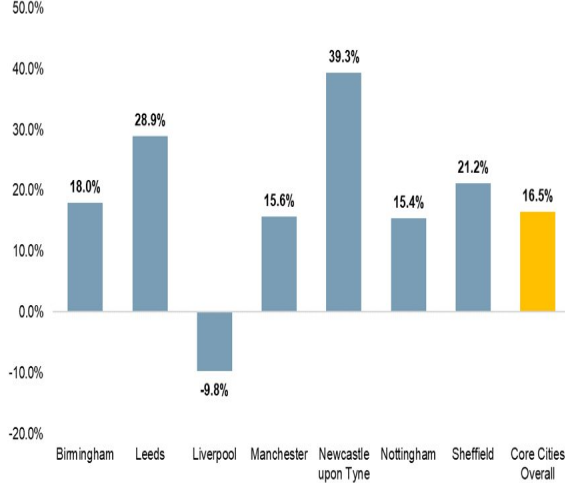
2.11 Core Cities (Birmingham, Bristol, Leeds, Liverpool, Newcastle, Nottingham, Manchester and Sheffield) routinely carry out benchmarking. All Core Cities are reporting increases in residential pressures. Overall, there has been a 7.8% increase in Children’s Social Care spend and 16.5% in residential provision. The external residential increase is more significant in some authorities than others. This is a combination of an increased average weekly cost and increase in placements. The national trend is that 45% of all LAC Placement budgets are now spent on external residential (36% in 2019/20) demonstrating placement sufficiency is escalating into a national issue. Characterised with a lack of suitable placements, increasing numbers of children with complex needs and rising charges for residential places.

Illustrations one: Core Cities changes in Children’s Social Care spend

One. a. Overall Social Care Spend: 22/23 vs q1 projected spend 23/24



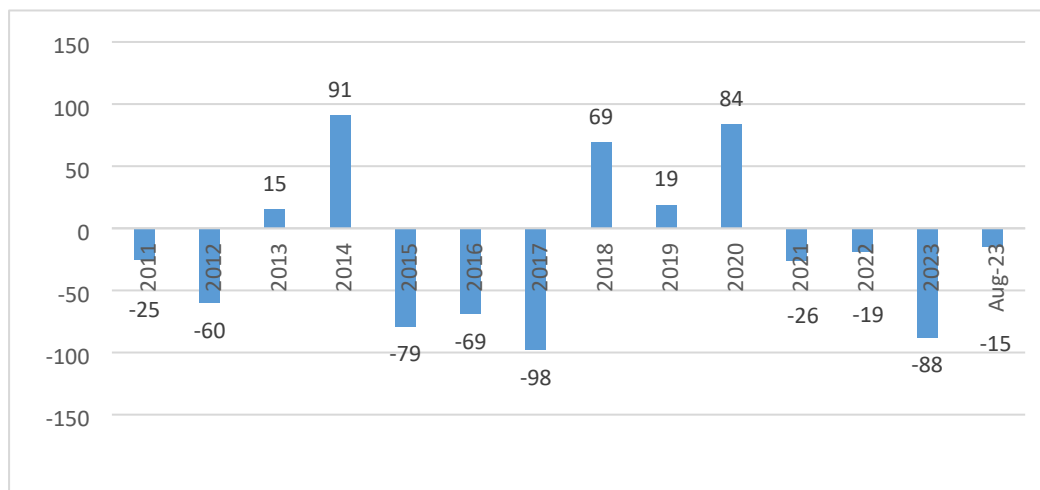
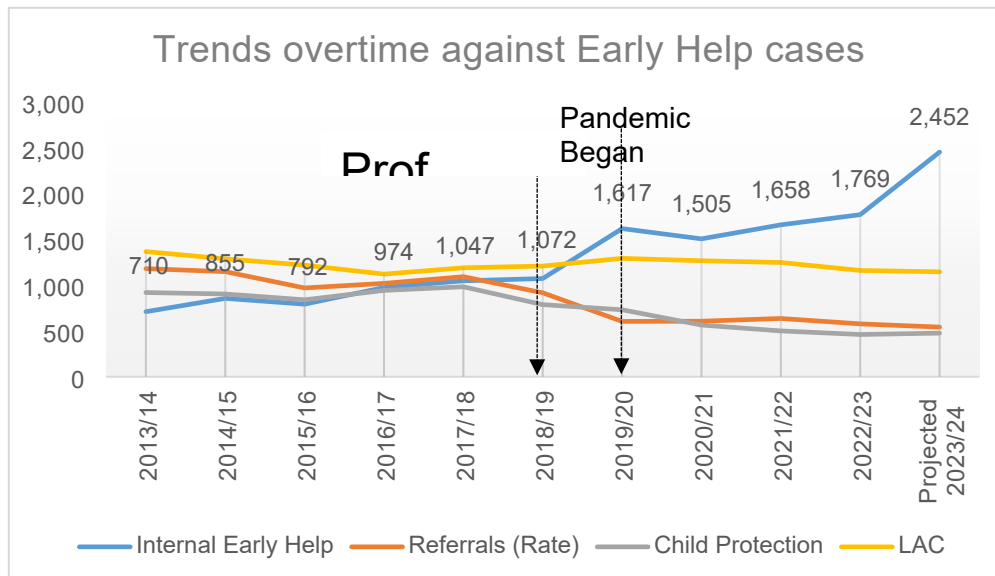
One b. Residential Spend 22/23 vs q1 projected 23/24



2.12 Childrens Social Care is committed to continually improving as evidenced by a system redesign that took place in 2019 which was informed by research and led to a re-modelling of the ‘front door’. In a social care context, the front door is the arrangements to respond to an initial contact from a professional or member of the public who is concerned about a child. The front door service also involves multi-agency working and information sharing to ensure that people get the right help, from the ‘right service’ and at the right time. This remodel also coincided with Early Help working with more families.

2.13 Children subject to a Child Protection Plan reduced in two phases over 2018/19 and in 2020/21. The volume of Looked After Children also decreased. Increased capacity and effectiveness in early intervention and prevention, as well as a robust Early Help offer in the city has led to a reduction in demand on the social care system, please see illustrations two below.

Illustrations two a: Trends Overtime against Early Help Cases and Change in Looked After Children Placements



- 2.14 In terms of overall looked after children (LAC), excluding non-Unaccompanied Asylum Seeking Children, volumes have fallen. However, 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 impact of this has been realised within the Directorate and the implications have had to be re-visited within 2024-27 approved budget plan.

Education Services

- 2.15 The Council has a budget of £22m to meet the local authority statutory duties and responsibilities. This includes school admissions, place planning, home to school transport and school crossing patrols. Transport services makes up 59% of Education Services budget. 8% of the budget is given to support children with SEND such as short breaks and respite care. This part of the budget is overspent, which is attributed to an increase in the need to

provide Home to School Transport. The remaining budget is for services such as Attendance and commissioned service including Education Psychology and Career Connect. The service also supports inclusion and other groups of vulnerable children and the education of children looked after through the Virtual School.

- 2.16 In addition the Council is responsible for the provision of education funded manages the by the Dedicated Schools Grant which equates to £0.671bn, of which £310m is given to academies and £361m is earmarked for maintained schools and the Council for Education services such as Admissions, Early Years education and special educational needs.

3. Service budget and proposed changes

- 3.1 The Children and Education Services gross annual budget is £611.331m, of which £361.298m relates specifically to Dedicated School Grant (DSG), and net annual budget for 2023/24 is £140.067m and has 1,532 full time equivalent staff (fte).

Table One: Base Budget 2023/24

	Gross Budget £000	Net Budget £000	Full time Equivalent staff
Looked After Children Placements	55,623	49,171	54.36
Looked After Placements Services	8,683	8,237	140.68
Permanence and Leaving Care	31,784	16,516	14.50
Children's Safeguarding Areas	51,603	38,012	808.36
Education Services (Includes DSG)	441,243	7,485	240.92
Home to School Transport	14,105	13,823	133.68
Targeted Youth Support Services	1,809	811	1.00
Children's Business Support and Strategic Management Team	6,481	6,012	138.44
	611,331	140,067	1,531.94

Savings Plan 2024-27

- 3.2 In previous year's budget setting process, savings of £4.020m for 2024/25 and £3.394m for 2025/26 were approved, they are detailed in **Appendix 1**. These budget options were 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. In some cases, this is by

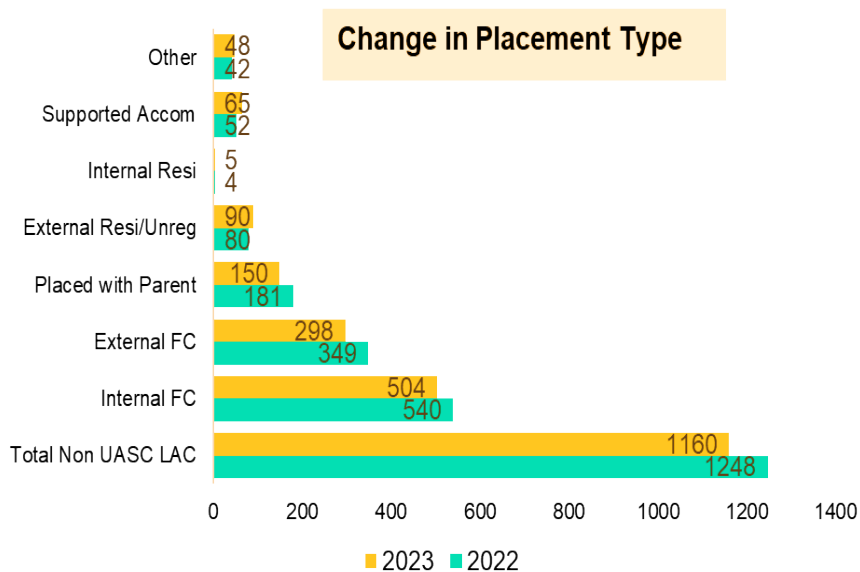
increasing the pace of implementing the already identified reforms and services improvements as a way of making financial savings by reducing demand for expensive, reactive services. In other cases, this is by choosing options for service reductions which will have the least damaging impact on the achievement of our priorities.

Current Risks and Pressures

3.3 The Directorate 2023/24 budget is currently forecast to be overspent by £4.8m. The main causes of the overspend are as a result of higher placement costs for Looked After Children (LAC), a shortfall in the Unaccompanied Asylum Seeking Children grant for the numbers now being accommodated, an overspend on Home to School Transport and workforce pressures in Localities and Fostering.

3.4 **Looked After Children** - The financial pressures being faced are predominantly cost driven rather than due to an increase in the number of children looked after by the Council. There have, however, been significant increases in the costs of residential placements, which have been impacted by higher national demand, increased complexity of care and high inflation, please see illustration three below.

Illustration Three: Change in Looked after Children Placements



3.5 Whilst Children's Social care numbers of Children Looked After remains relatively stable the complexity of need of the current cohort is increasing and the external market is challenging. The reduced availability of fostering placements nationally has led to increased use of external residential placements, with placement cost in Manchester increasing by 47% in the current financial year. In addition, 15% of Manchester's Looked After Children are Unaccompanied Asylum Seeker children (UASC) the cost of supporting this cohort exceeds the government funding available, particularly in relation to care leavers.

- 3.6 Currently the Looked After Placement pressures totals £10.3m, with £6m due to increased costs of External Residential placements, £3.3m due to a shift from fostering to more residential placements and a £1m shortfall on the Unaccompanied Asylum Seeking Children grant. This is off-set by Directorate underspends and one-off mitigating action to reduce such pressures by £6.3m with remaining in-year pressure exceeding **£4m**.
- 3.7 This year in order to manage down costly residential pressures, the service has:
- a. Undertaken a deep dive in respect of all high-cost placements - External Residential panel are held on a regular basis. They are chaired by Director for Children Services with the local safeguarding team, Education practitioners and Health Colleagues. The panels foster innovation and have been encouraged to see the connection between decision making with resource allocations on a day to day basis with the wider vision for service innovation. External Residential Clinics at Locality levels have also helped to provide a more structured approach towards step-down arrangements where appropriate.
 - b. Embedded Multi-Agency assessment, planning and commissioning of placements between health, education and social care with 73 current placements commissioned and reviewed holistically.
 - c. Strong negotiations are undertaken by colleagues from Contracts & Commissioning with support from senior managers within Children's Services to ensure value for money and that best price is achieved.
 - d. Constantly developing and cultivating a culture of innovation and service development.
- 3.8 In the medium term the service is developing proposals to increase the Council's internal fostering provision capacity and also to increase the internal residential estate. Namely, recommissioning of Olanyian (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. This will enable the Directorate to achieve 2024/25 Managing Demand saving. This is outlined in Appendix one.
- 3.9 Whilst the Directorate anticipated the external residential pressures and planned to invest in developing provision for those children with the highest level of need this investment has experienced delays. The delays are attributable to external forces such as building work, the recruitment of suitably experienced staff and registration processes with Ofsted. This has impacted on current projections and requirement for additional provision however, subsequent reduction in spend is expected to be during 2024/25.
- 3.10 **Workforce Pressures in Social Work and Fostering – there is a necessity to maintain safe caseloads and quality of practise necessitating the need for agency.** Manchester has found ways to improve the working conditions and resources for social workers, which has

seen a growing stability in the workforce with less vacancies, turnover and agency usage over time. This is a competitive area of the service and whilst there is no space for complacency and a need to continually review our 'offer', it is not anticipated to be an ongoing pressure.

- 3.11 **Workforce Savings** – As stated earlier in the report the budget gap is £4.5m across the council. As part of the work to close this gap it is proposed that £1m of the shortfall is closed by allocation of a workforce saving across all Directorates, Children's and Education services share of this saving is **£222k**. The service is assessing 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.

On-going and Emerging Risks and Pressures

- 3.12 **Placement Sufficiency** – In response to the changing needs of children and emerging limitations with care providers, the planned recovery through repurposing and development of residential provision is expected to have a positive impact. However, this work has been undermined by the spiralling costs of care for children in need and the extent of their needs, which could not be pre-empted. As a result, the Council is expected to exceed the 2024/25 planned budget by **£6.5m**.
- 3.13 The Directorate 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 in respect of the 'offer and support' is that relating to fostering households and family-based care, which is commonly known as kinship 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.
- 3.14 **Home to School Transport** - is a statutory service and provides transport to eligible children at the start and end of the school day. The net total budget for this service is £12.9m per annum, £13.4m gross. The budget is currently overspent by £0.8m after one-off mitigations of £500k are factored in.
- 3.15 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 and of which c2,200, 32% 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 of the demographic changes is estimated to cost **£1.3m**.

- 3.16 The service is planning to manage the balance of the on-going pressure through fully implementing the new policy for new applicants this academic year which includes a range of other options to transport including independent travel training where appropriate, implementing the service restructure and the use of new route planning software and implementing the new framework for providers which was recommissioned in the summer term.
- 3.17 **Unaccompanied Asylum-Seeking Children** - Local Authorities have a legislative responsibility to protect and support unaccompanied asylum-seeking children (UASC) and as such are ascribed a 'looked after' status under section 20 of the Children's Act 1989. Many of the UASC and UASC Leaving Care are deeply traumatised and require intense support relating to their emotional and psychological wellbeing, as well as support with accommodation, education, and health needs. Manchester is a welcoming and inclusive City. There are currently 193 UASC LAC young people supported by Manchester, there are also 416 UASC Care Leavers (aged 18+). In September 2023, an increase of 10% UASC LAC and 12% UASC Care Leavers since 2022/23. The Home Office allocates grant to support UASC and Care Leavers. However, the costs of providing care are significantly higher than the amount of grant funding received, especially for 16–17 year-olds. Based on current estimates the grant shortfall is **£2.2m**.
- 3.18 In response to the growing number of UASC, Manchester has developed a dedicated team of social workers, known as New Arrivals Team, to develop knowledge, skills and expertise to support these children. Due to the increasing numbers of UASC requiring a service there has been a need to increase the size of the team by 7 fte, which due the grant shortfall **£300k** has required investment of Council resources in order to ensure the New Arrivals Team can continue to provide support and operate safely.
- 3.19 **School Conditions Surveys** - 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, **£100k**. Condition surveys will be undertaken on a regular basis and will be used to:
- a. identify what work is needed to maintain the estate
 - b. consider how much works might cost
 - c. better prioritising work within available funds
 - d. understand if the nature of the buildings has changed
- 3.20 This information will inform the maintained schools planned maintenance programme, which reflects potential future capital investment.
- 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. 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 £500k before mitigation. Additional measures to scrutinise all the expenses each month have been in put place. At this stage the service believes the current pressure of £500k is an on-going one. Work is underway to consider how this can be managed as part of the review of all funding to support residents during the cost of living crisis.

3.22 Provision has been made for inflationary price increases and potential pay awards. This is held corporately and will be allocated to service budgets when the details are available.

3.23 Approved budget and proposed changes are provided in the budget table below.

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

	2024/25	2025/26	2026/27	Total
Approved Budget Movements	Net Budget			
	140,067	148,644	149,029	
Demography	2,419	2,479	2,479	7,377
Saving Approved - 2021/22 budget setting – Early Years	-100			-100
Sub-total	142,386	151,123	151,508	
Savings Approved - last year's budget setting				
Managing Demand	-3,000	-2,000		-5,000
Use of Reserves – reversal of a saving	500			500
Mockingbird	-219	-257		-476
Thriving Families	-500	-500		-1,000
Thriving Babies	-90			-90
Shared Care	-351	-351		-702
School Crossing Patrols	-100	-286		-386
Early Help	-160			-160
Sub-total	-3,920	-3,394	0	-7,314
Budget Changes proposed - 2024/25 budget setting	-219			
Growth and Investment				
Looked After Placements Sufficiency	6,500			6,500
Unaccompanied Asylum Seeking Children	2,200			2,200
International New Arrivals Team	300			300
School Conditions Survey	100			100

Home to School Transport Demography	1,300	1,300	1,300	3,900
Sub-total	10,400	1,300	1,300	13,000
Saving – Workforce	-222			-222
Total	148,644	149,029	152,808	

3.24 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, £3.920m and £222k) and £3.394m 2025/26.

4. Use of Reserves

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** - 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. The membership of the task force varies depending on the school, community and identifying needs but will build on the existing Early Years integrated delivery model and successful outreach service. In addition to this, the 10 intensive support schools access delegated funding and an allocation of specialist support from a SALT and an Educational psychologist to provide direct support for children in school. The 5 clusters of targeted schools receive an allocation of specialist support from a SALT, an outreach worker and an Educational psychologist to use across the schools.

4.3 The reserve requirements span two financial years as the scheme is over the school year, £0.4m reserve requirement covers the period April 2024 - August 2024.

4.4 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. Due to the expected benefits of this work the service is working with colleagues and partners via the Making Manchester Fairer Board to explore how this work could be extended another academic year and scaled up across more schools.

4.5 **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. Structure requirements to support this approach are still being finalised, the staffing requirement will be around 28fte. 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 £1.2m in year next year and £1.2m in 2025/26. Beyond this period support would reduce in 2026/27 as savings are generated from the work being undertaken.

4.6 **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 to 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.

5. Grants

5.1 **Dedicated Schools Grant (DSG)** - is a specific grant that funds the education system. For Manchester the grant totals £671m and is allocated to four separate funding blocks:

- a. Early Years – supports 2-,3- and 4-year-old education offers.
- b. Schools Block – 5–16-year-olds primary and secondary school education offer
- c. High Needs Block – funds specialist education provision 0 – 25 years

- d. Central Services Block – funds Council services such as Admissions.
- 5.2 The DSG was overspent in 2022/23, creating a deficit which was carried forward of £1.4m. It is forecast to be another £2.6m overspent this financial year. In both years this was due to pressures in the High Needs Block which is used to fund provision for children with special educational needs including specialist services, special school provision and Education, Health and Care plans. The cumulative forecast deficit of £4m will have to be recovered over the following years with a plan required to be put in place by the DfE.
- 5.3 Early Years Block – there is an expansion of the offer from September 2023. New entitlements, when fully implemented will mean working parents in England will be able to access 30 hours of free childcare per week, for 38 weeks of the year from the term after their child turns 9 months old. This will be rolled out in three stages:
- a. From April 2024, working parents of 2-year-olds can access 15 hours per week. Potential impact of this c.£17m, if all 2-year-old funding was taken up.
 - b. From Sept 2024, working parents of children aged 9 months up to 3-year-olds can access 15 hours per week.
 - c. From Sept 2025, working parents of children aged 9 months up to 3 years old can access 30 hours free childcare per week
- 5.4 Schools Block - Department for Education (DfE) announced in early October 2023 funding update, informing local authorities of a technical error made during the initial schools' block calculations of the 2024/25 National Funding Formula (NFF) published July 2023. The DfE have now published revised allocations for the 2024/25 NFF, which allocate the same pot of £59.6bn core schools' budget between a larger pupil cohort. This recalculation means a reduction in the promised 2.4% factor uplift to 1.4%, the overall impact on Manchester is a reduction of £3.8m.
- 5.5 High Needs Block (HNB) - supports specialist education provision for children and young people up to 25 years old with Special Education Needs and Disabilities (SEND). The HNB pressure has been recognised on a national level, and forms part of the governments SEND review, including looking at how to strengthen earlier intervention and prevention of needs and to support mainstream schools to be better equipped to meet the range of needs experienced by pupils through their SEN Support offer. As previously reported the High Needs Block funding is set to increase by **3%** next year (£3.9m). If growth in demand for Education, health and care plans and specialist provision continues at the same rate and no action is taken the shortfall in grant is expected to be £16.6m p.a. going forward.
- 5.6 In order to make this part of the grant sustainable and continuously improve outcomes for Manchester's children through early intervention the Council has produced a recovery plan setting out a range of actions and activities to bring it back into balance.

- 5.7 Central Schools Services Block - Next year Manchester's per pupil reduction is expected to fall by -1.53% (£0.64 per pupil), c.£53k. Alongside the change in grant allocation there has also been an unfunded increase in the cost of copyright licenses, The impact of this means that Manchester's funding level will not fully meet planned costs. The Council is working through how to manage the reduction in grant and increase in costs.
- 5.8 Currently DSG balances are ringfenced and self-contained whereby under and overspends are not set against the Council's overall position. This ring-fence is due to end 2025/26 financial year, at which point local authorities will need to show their ability to cover DSG deficits from their future available reserves. This means that DSG deficit will become a greater risk to the Council, potentially affecting other services. It is therefore crucial that the HNB pressures are addressed.
- 5.9 Included in the HNB recovery and improvement plan is the option to request a 0.5% transfer from school block, this would contribute c.£2.4m to the HNB recovery position. Manchester is planning to launch a consultation with schools and is working through the implications of this proposal.
- 5.10 As reported to the March 2022 Children and Young People Scrutiny Committee, in November 2021 Ofsted and the Care Quality Commission conducted a joint inspection of Manchester to judge how effectively the local area has implemented the special educational needs and disability reforms introduced in 2014. Manchester is proud that we are implementing the spirit and the letter of the SEND reforms. Whilst the inspection did not result in a graded judgement, it was extremely positive and identified many strengths.
- 5.11 Given the Council's confidence in this implementation of the reforms and reputation the Council has recently been allocated £5.9m over 2 years to work as the North West lead with 3 other Greater Manchester authorities to test out the DfE's SEND and Alternative provision plan, the learning from this will inform national policy. The grant funding will be allocated across the 4 authorities.
- 5.12 In addition to the Dedicated Schools Grant the Directorate's budget is reliant upon a range of other service areas funded through government grant which are summarised Appendix 5. At this stage, the 2024/25 budget is based on assumptions the equivalent level of grant for 2023/24, where updates have not been made available. Budgets will be updated in year as grant announcements are made. The Committee is asked to note that £8.7m of the 2024/25 grants have become available on successfully applying and bidding for grants.
- 5.13 The Council is being offered UK Shared Prosperity Fund (UKSPF) People & Skills grant funding of £0.880m to deliver a two year programme designed to meet GMCA outcomes in respect of Young People Not in Education, Employment or Training (NEET). The funding consists of £0.870m for delivery of the programme and £128k for programme management.

5.14 **Appendix 3** provides an overview of the forecast medium-term budgets by service. **Appendix 4** provides an subjective analysis of the 2023/24 budget to also set out the key areas of income. The forecast grants are listed at **Appendix 5**.

6 Commissioning and procurement priorities

6.1 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'.

6.2 This means:

- a. All children and young people feel safe, their welfare promoted and safeguarded from harm within their homes, schools and communities.
- b. All children and young people grow up happy – having fun, having opportunities to take part in leisure and culture activities, and having good social, emotional, and mental wellbeing. It also means all children and young people feeling that they have a voice and influence as active Manchester citizens.
- c. The physical and mental health of all children and young people is maximised, enabling them to lead healthy, active lives, and to have the resilience to overcome emotional and behavioural challenges.
- d. All children and young people have the opportunity to thrive and achieve individual success in a way that is meaningful to them. This may be in their education, or in their emotional or personal lives. The Children and Education Services Commissioning Principles are aligned to the Children and Young People's Plan and incorporates many of its key themes.

6.3 Children's Services commissioning expenditure accounts for +£50m of the Council's revenue through the commissioning of a broad range of services and from within the VCS which contribute to and meet the needs of our children and young people.

6.4 Commissioning is more than just buying a service or a product. It is about understanding needs and developing the right services which can effectively support Manchester's children and young people by working in partnership with service users, the community, partner agencies and providers

7. Workforce Implications

7.1 The Children and Education Directorate currently has a gross budgeted workforce of 1,532 fte, of which 1,283 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 and use of reserves of approximately 53fte. 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.

7.2 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:

- a. The continuing development and implementation of the Children's improvement plan
- b. Implementation of the Children's Locality Model programme
- c. Developing strong and effective leaders and managers; enabling them to create high performing and motivated team
- d. Effective recruitment and retention; to ensure the Directorate has the skills to meet current and future needs.
- e. Managing and improving the health and wellbeing of the workforce; with a specific focus on reducing absence and improving attendance.
- f. Building a high impact learning culture which ensures staff feel empowered and equipped to practice to high standards.
- g. Ensuring professionals that work with children and young people have manageable workloads
- h. Continue to reduce the reliance on interim and agency workers

7.3 The Council's establishment is fully budgeted for at the top of the grade. However, there are to be expected vacancies caused by staff turnover.

8. Equality and Anti-Poverty Impact

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

8.2 The Directorate is committed to understanding and addressing the effects and impacts of its activities for the diverse range of people using the service. To achieve this, we are committed to undertaking where required and monitor equality analysis of our new or altered functions, to ensure they are accessible and inclusive and do not cause adverse equality impacts. The service will use the Council's Equality Impact Assessment framework to do this. We will strengthen and utilise our growing evidence bases at both Corporate and Directorate levels to identify the differential experiences of individual identity groups in Manchester accessing Council services, remove barriers and proactively respond to make these as fair and equitable as possible.