

## Manchester City Council Report for Resolution

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

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

**Report of:** Director of Children's and Education Services

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### Summary

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

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

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

### Recommendations

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

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**Wards Affected:** All

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

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

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

- Equal Opportunities
- Risk Management
- Legal Considerations

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

The proposals set out in this report forms part of the preparation of the Council's draft revenue and capital budget for 2019/20 to be reported to the Executive for approval in February 2019.

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

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

## 1. Introduction

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

## 2. The Directorate Business Plan

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

## 3. Delivering Our Plan

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

**(Neighbourhoods)** and reducing demand through reform and enabling our workforce to be the best they can be (**Well-managed Council**). It also plays a leading role in ensuring our young people are equipped with the skills they need to benefit from the growth of the city (**Growth that benefits everyone**).

- 3.4 The priorities, guiding principles and behaviours of Our Manchester, run throughout all our key strategies and approaches being taken forward in the city from the overarching Children and Young People's Plan (Our Manchester, Our Children) through to Early Help, Our Promise for Looked After Children and Care Leavers, All Age Disability Strategy, Valuing Young People Strategy, Young Carers strategy plus other delivery plans to improve the experiences and outcomes for children and young people.

#### **4. Vision and Objectives**

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

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

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

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

- 4.9 The Our Healthier Manchester Locality Plan is moving from a focus on structures to a focus on our outcomes, our people, and our services. The following principles are in place to inform how this will be achieved across Children and Education Services.
- Focuses on person (child and family) centred outcomes across all sectors
  - Improve communication and joint working; removing duplication
  - Promote a culture of integration and inclusive approach cross a geographical area to achieve access to services in order for children and their families to receive a timely and 'right' intervention.
  - Lean pathways and leadership to support practitioners work effectively together.

## **5. Self-Assessment**

- 5.1 Manchester is a large, diverse and complex local authority region where there are 190 languages spoken within our school age population, there is a growing child population; increasing by 22.6% between 2008 and 2018 and to projected to increase by a further 17.2% between 2018 and 2028.
- 5.2 In addition there are too high rates of infant mortality, mothers smoking in pregnancy, poor dental health, child obesity, and low rates of immunisation take up than national averages.
- 5.3 Significant progress and success has been achieved since 2014, characterised by the Ofsted judgement in December 2017 that our services to children and young people looked after and those in need of help and protection are no longer inadequate. This progress cannot be understated and key highlights are summarised below;
- Strong and positive relationships with settings and schools in City
  - 95% Early Years settings judged by Ofsted to be good or better - 64% in 2014
  - Strong Primary Schools with 91.7% good or better and improving Secondary school system with 61.5% good or better compared to 54.2% October 2017
  - 92.7% children offered place at 1st preference primary school and 77% for secondary (highest since 2014)
  - School attendance has continued to be better than national at both primary and secondary
  - Improved school outcomes for 'our' children - better than nationally at all phases
  - Young Manchester Trust established - increased youth and play fund; 58 organisations delivering over 100 projects
  - Universal Early Years Offer across Manchester since 2015 - only GM

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

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

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

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

## 6. Revenue Strategy

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

Table 1: 2018/19 Base budget

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

6.2 Over recent years the Children's Services budget has reduced in line with Council funding reductions. The Children's and Education Services net budget has reduced by c40% since 2010.

6.3 Following the publication of the Ofsted Inspection report additional Council resources were invested into children's services, specifically related to improvements in the Statutory Safeguarding and Looked After Children's Services; and Early Help Services to drive improvements on an 'invest to save' basis. The investment programme has been spread over a number of tranches, based on the broadly aligned principle of investment in services to save on spend and to better respond to the needs of children and complexity of need(s). Each tranche of investment has focussed on specific areas of the service.

6.4 The first tranche of investment in 2015/16 was focussed on service areas out with the statutory social work service to provide effective leadership and management, divert unnecessary demand away children and their families from statutory services and create the capacity to better respond to those children who were in need to being 'looked after' by the council; which had been factors in Ofsted's inspection findings and judgements in 2014. This included investment in:

- Early Help / MASH
- Troubled Families (including Children in Need)
- Troubled Families - Families First
- Evidence based interventions
- Adoption
- Fostering
- Safeguarding management and capacity

6.5 The four key characteristics of the second tranche investment were more directly aligned to the need to build capacity in order to improve the practice within the statutory social work service in order to:

- Reduce and manage demand within the service more effectively.
- Implement manageable workloads through increased productivity and extra frontline social work posts.
- Implement a comprehensive performance and practice management system.
- Achieve and maintain a stable, confident and competent workforce.

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

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

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

#### External Residential

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

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

#### Foster care and Special Guardianship Orders

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

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

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

### Leaving Care

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

### Summary

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

**Table 2: 2019/20 proposed changes and revised budget**

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

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

#### School Funding

6.28 Schools are funded by the Dedicated Schools Grant. The 2019/20 grant estimate is likely to total £514m in 2019/20, a £3m increase compared to 2018/19. This is a result of pupil growth attracting additional funding to the City, 0.5% increase in pupil elements of the national funding schools block formula and change in the allocation of the Local Authority growth fund from the Department of Education.

6.29 Despite the increase in the grant it is not anticipated that the high need block element the grant which supports the most vulnerable children will sufficiently meet all of the demand in the City. The majority of the High Needs block goes directly to schools to fund special schools and provide support for children with Special Educational Needs in mainstream schools.

6.30 The Council has recently consulted schools and the Schools Forum on a transfer of funding from the primary and secondary School Block to the High Needs block up to 0.5% (£2m) in 2019/20. Schools and the Schools Forum expressed concerns over reducing core funding to schools at a time when schools have seen a real terms reduction in funding. Whilst recognising the position and the importance of the high needs block being adequately funded, the proposal has not been agreed by the Schools Forum. The Forum recognises that the Council will now need to seek Secretary of State approval for the transfer. It is very likely that this will be approved as permission has been granted for many other local authorities that are in a similar position with the High Needs block.

## 7. Capital Strategy / Programme

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

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

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

## 8. Other Considerations

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

## Appendix 1 - Revenue Financial Plan

Table showing an overall summary of financial position

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

## Appendix 2 - Capital Strategy / Programme table

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

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

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

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