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## Report to Policy Committee

**Author/Lead Officer of Report: Mark Sheikh**

**Report of:** Director of Children’s Services

**Report to:** Education, Children and Families Committee

**Date of Decision:** 27<sup>th</sup> September 2022

**Subject:** **Education, Children and Families Budget report: options for 23/24 budget**

Has an Equality Impact Assessment (EIA) been undertaken?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
If YES, what EIA reference number has it been given?				
Has appropriate consultation taken place?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Has a Climate Impact Assessment (CIA) been undertaken?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Does the report contain confidential or exempt information?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below: -				
<i><b>Appendix 1 is not for publication because they contain exempt information under paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended)</b></i>				

**Purpose of the report:**

This report sets out the budget pressures and risks facing the services which fall under the Education, Children and Families committee area, and begins to develop a budget action plan to mitigate these as far as possible.

It provides recommendations for approval which will allow our services to contribute to Sheffield City Council’s budget pressure.

## **Recommendations:**

*The Education, Children and Families Committee is recommended to:*

1. Note the financial pressures 2023/24 detailed within this report.
2. Acknowledge the recommendation approved at the Strategy and Resources Committee on [5 July 2022](#) that “Policy Committees will be asked to develop savings / additional income options that cover their own pressures – in effect cash standstill” and to “require Policy Committees to report at their meetings in September on how they can balance their budgets.”
3. Note, as this Committee's initial response to the Strategy and Resources Committee's request, the set of budget proposals set out in this report *and in appendix 1*.
4. Note that Officers will now work with Members to consult with relevant stakeholders (including with partners, trades unions and in respect of equalities and climate change) on the proposals in this report so as to inform final budget proposals.
5. Note that Officers will work to develop any necessary detailed implementation plans for the proposals in this report so that the proposals, if ultimately approved, can be implemented as planned before or during the 2023/24 financial year.
6. Ask to receive a further report in November that will set out the final budget for this Committee following consultation and any adjustments requested by the Strategy and Resources Committee.

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**Background Papers:**

*(Insert details of any background papers used in the compilation of the report.)*

Lead Officer to complete: -	
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.
	Finance: <b>Kayleigh Inman</b>
	Legal: <b>Sarah Bennett</b>
	Equalities & Consultation: <b>Bashir Khan</b>
	Climate: <b>Jessica Rick</b>
<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>	
2	<b>EMT member who approved submission:</b>
	<i>(Insert name of relevant Executive Director)</i> <b>Andrew Jones</b>
3	<b>Committee Chair consulted:</b>
	<i>(Insert name of relevant Member)</i> <b>Cllrs Dawn Dale and Mick Rooney</b>
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Committee by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.
	<b>Lead Officer Name:</b>  <b>Mark Sheikh</b>
	<b>Job Title:</b>  Head of Service – Resourcing and Business Planning
	<b>Date:</b> 27/9/2022

<b>1.</b>	<b>PROPOSAL</b>
<b>1.1</b>	<p><b>Background</b></p> <p>The Council is facing a challenging financial position. The Strategy and Resources Committee on 5<sup>th</sup> July highlighted that it is critical that all Committees stay within the budgets that have been allocated to them by Full Council.</p> <p>Each Committee is required to deliver a cash standstill budget for 2023/24, which requires them to find mitigations for any Service pressures over above 2022/23 budget. The purpose of this is to allow the Council to achieve a balanced position for 2023/24 by the time the Strategy and Resources meets on 12 October 2022.</p> <p>In response, the Children’s Services portfolio has, over the summer, examined its service pressures and risks and is in the process of producing a Budget Action Plan with options for mitigation.</p> <p>This report includes an overview of the pressures and risks within the Education, Children and Families Committee and the appendices identify a set of mitigations to meet these pressures and manage financial risks.</p> <p>Currently this Committee has a gap of £5.92m to meet its target. Further work will be required to address this gap and to ensure delivery plans are in place.</p> <p>All Committees’ savings proposals will be considered by the Strategy &amp; Resources Committee before final sign off, to ensure a balance 2023/24 budget for the Council as a whole.</p>

1.2

## Overview of Pressures and Risks for Education, Children and Families Committee

The committee oversees work carried out by three main areas:

- Children and Families (Table B),
- Integrated Commissioning (Table C) and
- Education and Skills (Table D and E)

The tables below give a high-level overview of general fund and Dedicated schools grant (DSG) pressures, and financial risks. This represents the best assessment of the data and risks currently known. However, when the pay award is confirmed, and the employment establishment data further refined, there may be amendments to these figures.

Pressures for Children's Services (Table A)	Total 23/24 £000
Children and Families (Table B)	6,742
Roll Forward (Aldine House, Business Support, Pay award, Residential Homes) (Table B)	4,242
Integrated Commissioning (Table C)	422
Education and Skills (Table D)	1,044
DSG (Table E)	5,579
<b>Total</b>	<b>18,029</b>

Children and Families – General Fund (Table B)	22/23 £000	23/24 £000
Pay Award		2,282
Staffing Pressures		1,783
Direct Payments		608
Unaccompanied Asylum-Seeking Children		500
Health Strategy - Provider fee uplifts		65
Insurance Premium non-school		315
Support for Looked After Children		190
Support for Children with Disabilities		287
Section 17/No Recourse to Public Funds		235
Social Care Transport		410
Inflationary Increases on Energy Costs		67
Unmet savings from 2022/23	4,242	
	<b>Total Pressures</b>	<b>6,742</b>
<b>Critical Consideration</b>	The cost-of-living crisis will have greatest negative impact on the most vulnerable people in the city and will most likely lead to increases in demand for children's services, which has not been included in above pressures.	

In addition to the £6.8m 2023/24 pressure, there are undeliverable savings from 2022/23 which will roll forward into 2023/24. These undelivered savings equate to £4.2m.

In 2022/23 a saving of £2m was identified against development of a secure residential home. The estimated capital cost to rebuild Aldine House is in the region of £35-40 million, and unless external funding is provided, it is no longer feasible to pursue development of an additional secure unit. On this basis, £2m saving for an additional secure unit similar to Aldine is not deliverable in 2023/24.

### Integrated Commissioning

Integrated Commissioning (Table C)		£000
Staffing Pressures		246
Pay Award		176
	<b>Total Pressures 23/24</b>	<b>422</b>

Education and Skills – General Fund (Table D)		£000
Pay Award		164
Inflationary Increases on Energy Costs		55
Educational Psychology		170
SENDSAR Staffing pressure		300
Home to School Transport - new demand		355
	<b>Total Pressures 23/24</b>	<b>1,044</b>

Education and Skills DSG (Table E)		£000
Placement Growth- SEND		3,890
SEND Provider fee uplift		442
Pay Award		581
Reduction in Central School Block Funding		607
Capital Feasibility Provision		60
	<b>Total Pressures 23/24</b>	<b>5,579</b>

<b>Critical Consideration</b>	In addition to the above pressures, Energy Costs are expected to rise in 23/24 which will cost an estimated £13.5m. This pressure will need to be absorbed across the whole Education System unless additional Government Funding is provided. The likely impact of this will be a significant increase in the number of maintained schools going into a deficit position.	
	<b>Total Additional Activity at Risk 23/24</b>	<b>13,500</b>

1.4 **BUDGET ACTION PLAN: Managing Financial Risks**  
See Appendix 1

1.5 **Children and Families Business Model**  
To tackle the challenges of the budget this year, we have organised our strategic approach to mitigation as pictorial represented in section below to address those services areas which contribute most to the cost of the service.



1.5.2 Our approach to **Demand Management** is through Early Help. A strategic review is underway which is examining if our interventions are the most effective way to manage demand, or whether we need to revise them. The review is expected to share its finding shortly.

1.5.3 **Sufficiency Provision** is the service area with greatest possibility for budget impact, particularly in securing independent accommodation for children over the age of 18 and increasing the number of local Fostering placements.

Current projections anticipate there will be 680 children in care at the start of 2023/24, of which we plan for at least 320 to be in local fostering placements. Sheffield is committed to an additional 75 unaccompanied asylum-seeking children next year, as well as ongoing spontaneous arrivals.

In 2023/24 we are planning for 40 new mainstream fostering families, including connected carers, who will foster children currently in high-cost placements.

Other planned mitigations will include improving throughput of care leavers to independent

	and semi-independent living, by ensuring timely availability of tenancy accommodation for young people transitioning from care via a rolling programme of SCC, Housing Association, and private landlord flats. <b>This project requires the identification of 110 additional SCC, Housing Association, or private landlord tenancies.</b> It is pertinent to highlight that 21 USAC are currently placed through staying-put arrangements that enables care leavers to remain with their former foster carers after they turn 18 . Any change in these arrangements will require discussion and agreement with the foster carer as well with the care leaver.																							
1.5.4	There are several <b>Service Reviews</b> underway which are looking both at fundamental changes and service improvement and will improve efficiency and cost. We are also looking at changes to how we manage some budgets to deliver more transparency and efficient use of funds to produce savings. We will extend travel training to help more looked after children and young people of secondary school age travel independently to educational settings and reduce the frequency of fostering panels from weekly to every fortnight.																							
1.5.5	More transparent and accountable contributions from our <b>Key Partners</b> , such as the Health Service, are also critical to achieving a balanced budget.																							
1.5.6	Detail of savings proposals is in <b>Appendix 1</b> . <table border="1" data-bbox="204 943 1414 1503"> <thead> <tr> <th><b>Pressures and Mitigations to date for Children's Services</b></th> <th><b>Pressures Total 23/24 £000</b></th> <th><b>Savings Total 23/24 £000</b></th> </tr> </thead> <tbody> <tr> <td>Children and Families</td> <td><b>6,742</b></td> <td rowspan="2"><b>6,910</b></td> </tr> <tr> <td>Unmet Savings from 2022/23</td> <td><b>4,242</b></td> </tr> <tr> <td>Integrated Commissioning</td> <td><b>422</b></td> <td></td> </tr> <tr> <td>Education and Skills</td> <td><b>1,044</b></td> <td></td> </tr> <tr> <td>DSG</td> <td><b>5,579</b></td> <td><b>5,199</b></td> </tr> <tr> <td>Total</td> <td><b>18,029</b></td> <td><b>12,109</b></td> </tr> <tr> <td>Gap</td> <td></td> <td><b>5,920</b></td> </tr> </tbody> </table>	<b>Pressures and Mitigations to date for Children's Services</b>	<b>Pressures Total 23/24 £000</b>	<b>Savings Total 23/24 £000</b>	Children and Families	<b>6,742</b>	<b>6,910</b>	Unmet Savings from 2022/23	<b>4,242</b>	Integrated Commissioning	<b>422</b>		Education and Skills	<b>1,044</b>		DSG	<b>5,579</b>	<b>5,199</b>	Total	<b>18,029</b>	<b>12,109</b>	Gap		<b>5,920</b>
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<b>2.</b>	<b>HOW DOES THIS DECISION CONTRIBUTE?</b>																							
2.1	The purpose of this report is to set out proposals that will allow the Council to deliver its Children Services within available resources in 2023/24 whilst making improvements to the way services are delivered. At this stage we are sharing our overall pressures and initial mitigations with the committee as well as an expected increase in income (DSG).																							
2.2	The recommendation in this report is to agree to progress further work to develop fully costed savings proposals and plans.																							
<b>3.</b>	<b>HAS THERE BEEN ANY CONSULTATION?</b>																							

3.1	While none of the elements within this report require statutory consultation, at this stage, they are being proposed following consultation with senior management teams, for the Committees consideration.
<b>4.</b>	<b>RISK ANALYSIS AND IMPLICATIONS OF THE DECISION</b>
4.1	<u>Equality Implications</u>
4.1.1	<p>Decisions need to account for the requirements of the Public Sector Equality Duty contained in Section 149 of the Equality Act 2010. This is the duty to have due regard to the need to:</p> <ul style="list-style-type: none"> <li>• eliminate discrimination, harassment, victimisation, and any other conduct that is prohibited by or under the Act</li> <li>• advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it</li> <li>• foster good relations between persons who share a relevant protected characteristic and persons who do not share it</li> </ul> <p>The Equality Act 2010 identifies the following groups as a protected characteristic: age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex and sexual orientation.</p> <p>Equality Impact Assessments are being undertaken, as required, as each option is confirmed.</p>
4.2	<u>Financial and Commercial Implications</u>
	<p>Each Committee is required to deliver a cash standstill budget for 2023/24, which requires them to find mitigations for any Service pressures over above 2022/23 budget. The purpose of this is to allow the Council to achieve a balanced position for 2023/24 by the time the Strategy and Resources meets on 12 October 2022.</p> <p>The pressures and savings proposals to address this are set out in this paper. Currently this Committee has a gap of £5.92m to meet its target.</p> <p>Further work will be required to address this gap and to ensure delivery plans are in place.</p> <p>All Committees savings proposals will be considered by the Strategy &amp; Resources Committee before final sign off to ensure a balance 2023/24 budget for the Council as a whole.</p>
4.3	<u>Legal Implications</u>
4.3.1	By law, SCC must set and deliver a balanced budget, which is a financial plan based on sound assumptions. This can consider cost savings and/or local income growth strategies, as well as use of reserves. However, a budget will not be balanced where it reduces reserves to unacceptably low levels under section 25 of the Local Government Act 2003, which sets obligations of adequacy on controlled reserves.
4.3.2	The recommendations in this Report contribute to the process of setting a budget but do not otherwise have any immediate legal implications.

4.3.3	Implementation of the specific proposals outlined in this report may require further decisions in due course, which will need to be made in accordance with the council Constitution. It is important to note that in making these decisions, full consideration of the Council's legal duties and contractual obligations will be needed. This is essential for all decisions but will be particularly important if there is a requirement to implement savings that affect statutory services.
4.4	<u>Climate Implications</u>
4.4.1	Most proposals in the report are deemed to be neutral in terms of climate impact, and none have been identified that would be likely to have a significant negative impact. . On initial assessment, there are several proposals that have the potential to have positive climate impacts. Implementation of the specific proposals may require further decisions in due course, at which point more detailed climate impact assessments may be required to fully establish the impact.
4.4	<u>Other Implications</u>
	None at this stage
4.4.1	
<b>5.</b>	<b>ALTERNATIVE OPTIONS CONSIDERED</b>
5.1	<b>Do nothing</b> By undertaking none of the proposed actions, we would be unable to contribute to delivering a balanced budget.
<b>6.</b>	<b>REASONS FOR RECOMMENDATIONS</b>
6.1	The recommendations put forward in this paper and appendix 1 are recommended for approval on the basis that they : <ul style="list-style-type: none"> <li>- Are consistent with our agreed approach to demand management, sufficiency, and meeting our obligations to provide quality statutory services which meet the needs of the child or young person</li> <li>- Are consistent with our vision/strategy to provide services and opportunities which support each child and young person within Sheffield to meet their potential.</li> <li>- Support the ongoing improvement of Education, Children and Family services in Sheffield</li> <li>- Are guided by an evidence base, benchmarking and/ or trend data which identifies areas of spend where disinvestment, subject to individual review, can most likely be made without detriment</li> <li>- Enable the Council to continue to meet its legal duties.</li> </ul>