



Report to Policy Committee

Author/Lead Officer of Report: Mark Sheikh, Head of Service – Resourcing and Business Planning

Report of: Meredith Dixon-Teasdale
Strategic Director of Children’s Services

Report to: Education, Children and Families Policy Committee

Date of Decision: 2nd November 2023

Subject: Education, Children and Families Budget report: Options for 24/25 budget

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|---|-----|-------------------------------------|----|--------------------------|
| 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? 2415 | | | | |
| 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: - | | | | |
| Appendices 1 and 2 are not for publication because they contain exempt information under paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended). | | | | |

Purpose of the report:

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

The report also highlights emerging trends, growth in demand, and the rising complexity of the level of need for services which are directly impacting on the resources requirement.

Recommendations:

It is recommended that the Education Children and Families Policy Committee:

1. Notes the financial pressures for 24/25 detailed within this report and the new income available to mitigate them.
2. Notes the measures proposed in the report to mitigate these pressures and that they will be presented to the Strategy and Resources Policy Committee as part of the Council's budget for 24/25.
3. Notes that Officers will work to develop any necessary detailed implementation plans for the proposals in this report so that the proposals, once agreed, can be implemented as planned before or during the 2024/25 financial year.
4. Notes that it is proposed that there will be a further update at the December committee meeting.

Background Papers:

1. *Appendix 1: Education, Children & Families Savings Proposals 24/25 (Closed)*
2. *Appendix 2: Presentation on the budget position and savings proposals (Closed)*

| 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: Keyleigh Inman |
| | | Legal: Sarah Bennett |
| | | Equalities & Consultation: Bashir Khan |
| | | Climate: Mark Sheikh |
| <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 | SLB member who approved submission: | Meredith Dixon-Teasdale |
| 3 | Committee Chair consulted: | Cllr Dawn Dale |
| 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 SLB member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1. | |
| | Lead Officer Name: Mark Sheikh | Job Title: Head of Service – Resourcing and Business Planning |
| | Date: 02/11/2023 | |

1. PROPOSAL

1.1 Background

An updated medium term financial analysis was presented to Strategy & Resources committee in September to give members an early view of the forecast financial position for the Council for the next 4 years and to set the financial constraints within which the budgeting and business planning process will need to work to achieve a balanced budget position over the medium term. [MTFA & Committee Budget Savings Targets](#)

Over the 4-year period the forecast budget gap for the Council is estimated to be £61m. For 2024/25 the forecast budget gap is £18m that will need to be bridged by services to set a balanced budget for 2024/25.

In 2023/24 at the end of September, Children services is forecasting an overspend budget position of £8.8m with Children and Families contributing an overspend of £5.5m and Education and Skills £3.3m. This includes home to school transport overspend of £3m.

2 CONTEXT and APPROACH

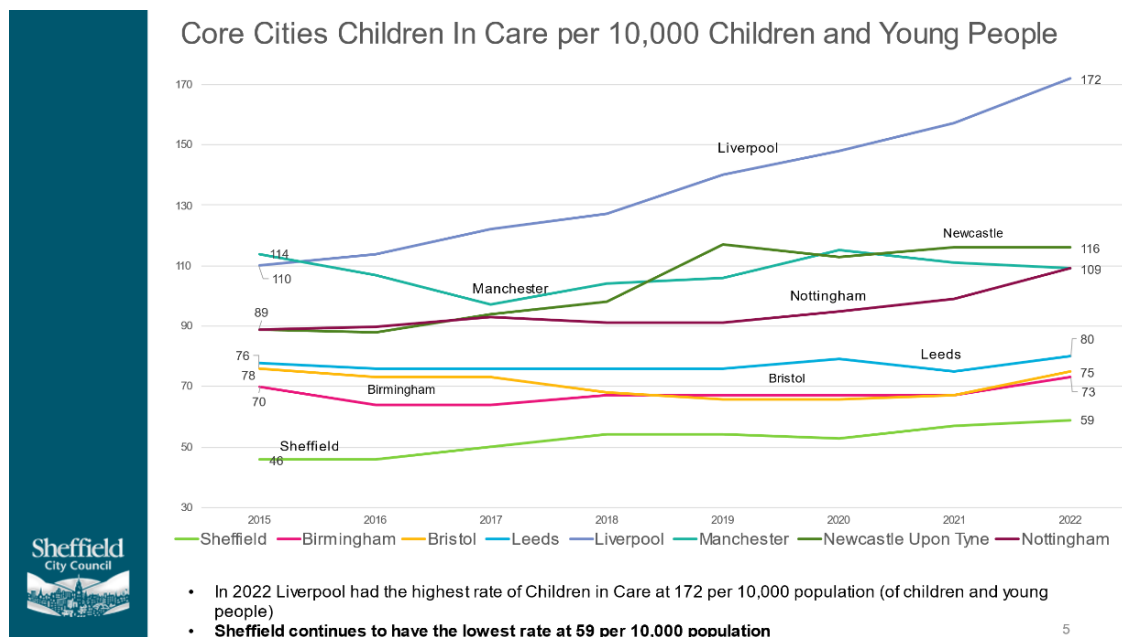
2.1 Children and Families Business Model

To tackle the challenges of the Children and Families budget over the years, we have organised our strategic approach to budget management as represented below to address those areas which contribute most to the cost of the service.



2.2 Our approach to **Demand Management** is through Early Help and effective Edge of Care services. This is the most effective way to manage demand coming into social care. Our investment in Early Help and in a skilled workforce is not only the right thing to do for children and families, but it has also enabled us to continue to have a substantially lower Children in Care as compared to other core cities, as evidenced in the following chart.

If a child or young person cannot live with their parent(s), connected carers can take on the responsibility of looking after them on a temporary or permanent basis. Connected care is aimed at anyone who has a positive and pre-existing relationship with the child or young person. In Sheffield, we have increased the number of children supported and looked after through connected care and this will remain our focus for next year.



2.3 **Sufficiency of Provision** is an area which will continue to require more focused attention. The challenges faced by Sheffield are similar to other Local Authorities, namely more children requiring specialist support, a lack of foster carers/connected carers leading to a growth in use of residential homes, and instability in the placement market.

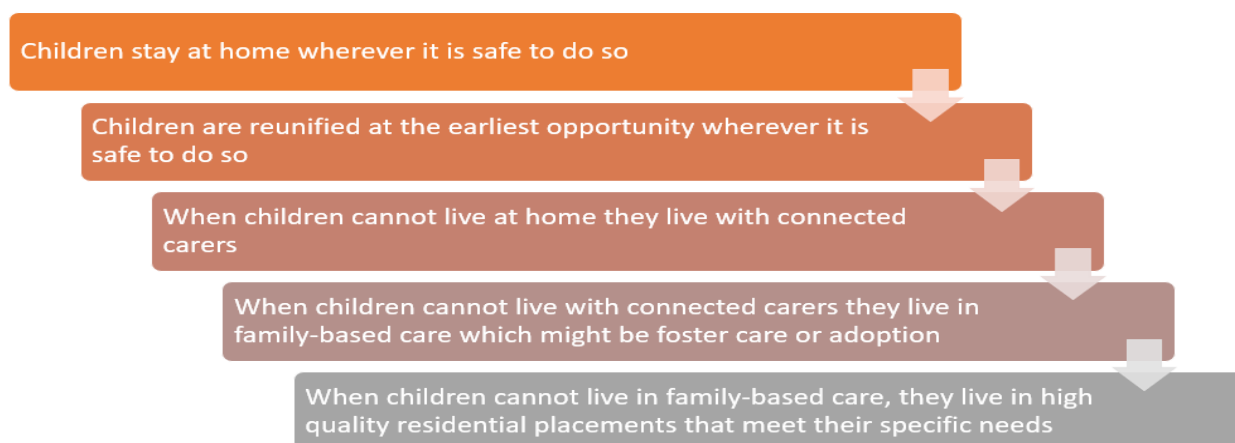
The challenges to provide the right homes for children in care at an affordable price are becoming ever greater. A lack of placements of the right kind, in the right places, means that children are not consistently getting access to care and accommodation that meets their needs.

Private providers of placements are making materially higher profits, charging higher prices than we would expect if this market were functioning effectively.

More complex needs and a system that is permitted to make “higher profit” has increased the cost of delivery. The external market is not working well and will not improve without focused policy reform by the Government. The national government has recognised the need to review the sector and have launched a large-scale policy programme.

Our sufficiency principle is based on our children belonging in a family, a good quality home, a local school and being a key part of their community in Sheffield.

Sufficiency principle



In 2023/24 we are investing £36.7m to provide placements for children in care. We have a current net overspend position of approx. £6m in our placement budgets. Regular work is ongoing to review all our placements but specifically high-cost placements and to deliver the 23/24 BIPs to improve our placement mix.

Average weekly external residential placement has seen an increase of 6%. The current weekly cost is £5,268 compared to a weekly cost of £4,987 in 22/23.

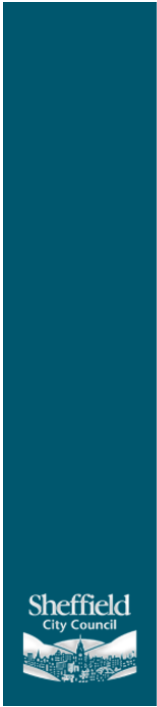
Private providers are charging excessive profit margins and being selective in the type of placements they will accept. Further realignment of funding contribution for tripartite placement is required to have a fair split of joint placements across all partners,

To meet the rising demand, complexity of need and higher costs we need to increase our investment by a further £7.3m, taking our total placement requirement to £44m. This level of funding could support the existing cohort of children and maintain the same placement mix and provide some mitigation against 24/25 costs increased. We will continue to work to improve our placement mix in line with our sufficiency principle.

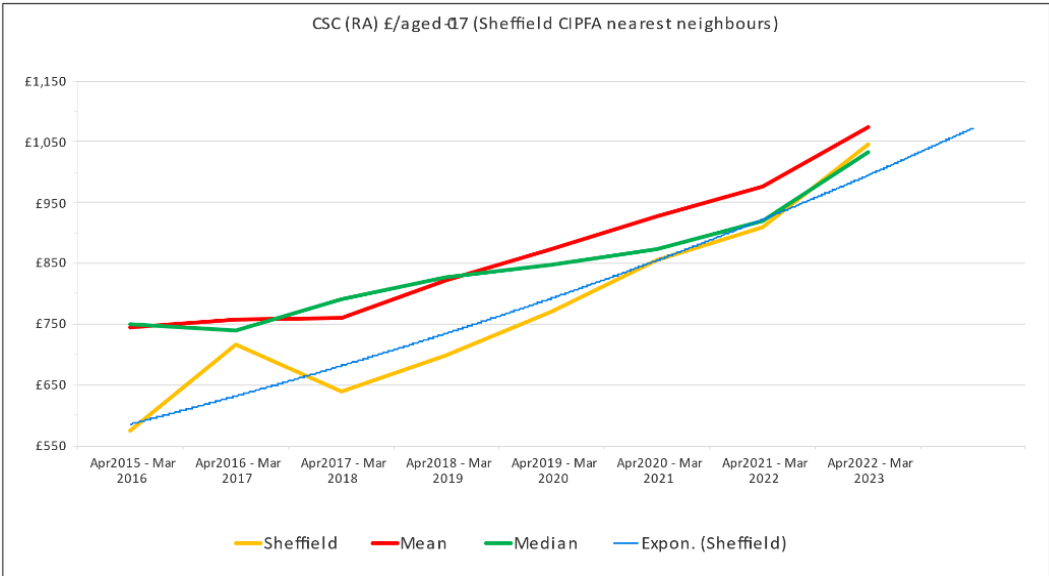
2.4 **Service Review** - Several services reviews were carried out which looked at both fundamental changes and service improvement. These have improved both efficiency and cost. Across the service, we have embarked on a zero-based budget approach to deliver more transparency and efficient use of funds to produce savings.

The main objective of service reviews and zero-based budgets is to ensure that our delivery is effective and efficient. We will continue to look at ways to improve how we deliver services; the following chart shows how our budgets in Children's Social Care compare with our statistical neighbours.

We have reviewed the use of our agency staff and reduced our agency spend by £6m by recruiting to a permanent structure. We have examined the use of external barristers and legal support and reduced wherever practical.



Total Children Social Care (RA) £/aged 0-17 (Sheffield & Nearest Neighbours)



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2.5 Contributions from our Key Partners – One of our key focus areas is to ensure that partners are making appropriate contribution for services we provide on their behalf. This will include contribution from the following sectors:

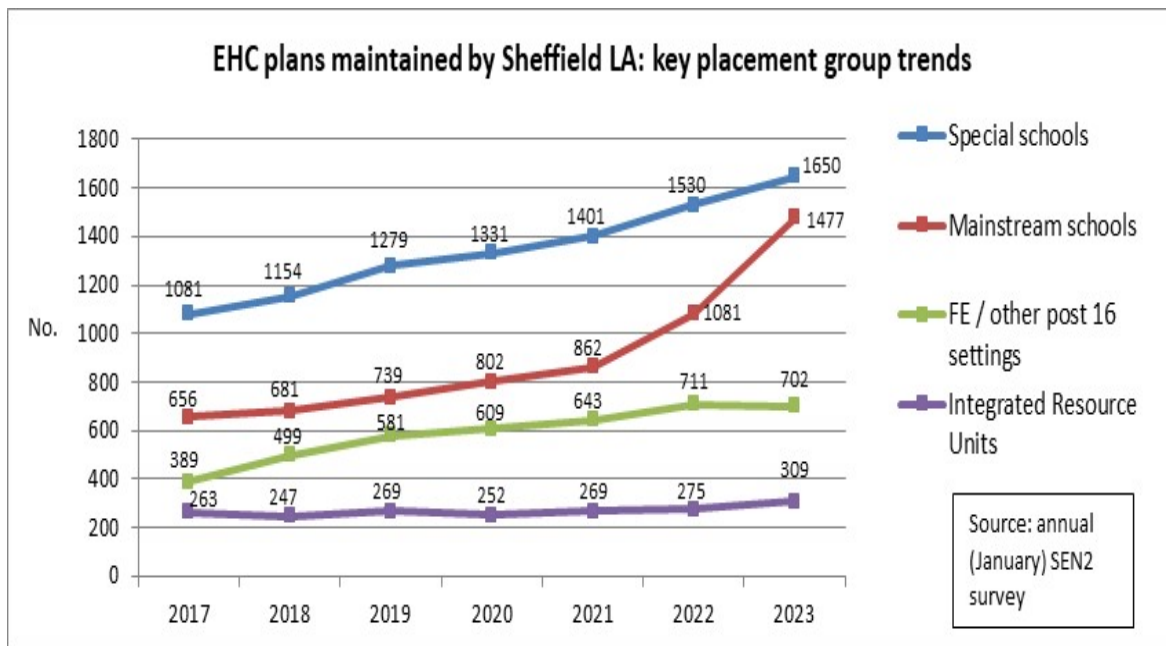
- Health – referrals into the Safeguarding Hub, therapy and associated support provided to children with medical needs.
- Police – referrals into the Safeguarding Hub
- Housing – Cost picked by Social Care for homes for families to live in
- Adult Social Care – Agreeing transitional arrangements.

In-depth and forensic analysis is being carried out to establish costs currently supported by our services that need to be supported by our partners. A further update will be shared at the December committee meeting. A provisional target of £3.2m has been proposed in the current paper. It is pertinent to highlight that at this stage, these proposals have not yet been agreed with partners.

2.6 External Funding – We are exploring applying for external funding from DfE and other relevant funding bodies. We are actively progressing applications for Family First for Children pathfinder and Family Justice trailblazer. Our current expectation is that we will be able to generate £1m in external funding to support delivery of services. Committee needs to note that the success of these funding bids is not guaranteed.

2.7 New Burdens – The national government is considering aligning kinship carers payments with fostering funding rates, and this could be implemented from the end of the current financial year. This national development will place an additional burden on our existing budget, and appropriate funding will need to be identified to implement national policy. Our current assessment is that this could be in the region of £3.2m.

2.8 SEND DSG - Growth in this area has implications for General Fund. Implementation of the 2014 SEND reforms has resulted in an over-emphasis on securing an EHCP to access support. In line with the national picture we see an increasing number of EHCPs as evidenced in the following chart.



The implementation of the SEND reforms has also contributed to a drift away from inclusion in mainstream education. Mainstream schools are often unable to take pupils with EHCPs, citing a lack of funding, resources, or training, meaning that pupils must attend special schools. The increase in demand for SEND requires additional special school places, integrated resources, and independent specialist placements, with a corresponding increase in transport provision.

2.9 Home to School Transport - One of the major budget pressures identified is Home to School transport, which is a statutory duty. In line with national trends, in Sheffield we see growth in SEND support requirements and EHCP plans, and a lack of local places which necessitates transport to multiple locations and extended journeys. In 2023/24 the total budget for home to school transport is set at £14.9m with £6m provided through General Fund. Based on the latest number of children who require home to school transport, we expect to spend £17.9m in 23/24.

The existing cohort of children will require an additional £3.2m to continue to provide transport to all eligible children. This pressure was based on information available at the end of the last academic year. At the start of the new academic year, in-year admissions and rising demand for EHCP indicate there is likely to be an upward increase in the £3.2m pressure. Work is currently underway and will be reported to the December committee meeting.

The needs of children being transported to school are becoming increasingly complex, parental expectations have also changed in recent years. There has been an increasing number of requests for individual transport. This shift in expectations of individual transport is both expensive and environmentally unsustainable, is often not aligned to the needs of the child and is continually challenged.

Home to school transport is a statutory function and needs to be funded through the general fund. Within Education and Skills, we invest £10.9m to support delivery of several statutory functions. (Transport, Education Psychology, SEND) There is limited scope to identify mitigations from within the £10.9m investment to absorb the currently anticipated £3.2m transport pressure. Therefore, this challenge needs to be shared with Strategy & Resource Committee to help identify a solution and increase our income level.

We have been carrying out analysis into our home to school travel service, and trialled a few innovative solutions including route planning optimisation, independent travel training and reviewing eligibility criteria. More work is planned as we have engaged an external consultant to review our policy practice and linkages across various teams within the council. We will keep committee informed of any learning as it arises from the review, with a view to implement any solutions to reduce our spending.

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

3.1 The committee oversees work carried out by three main areas:

- Children and Families (Table B)
- Education and Skills (Table C)
- Integrated Children’s Commissioning (Table D).

The tables below give a high-level overview of general fund pressures, and financial risks. This represents the best assessment of the data and risks currently known.

| Pressures for Children’s Services (Table A) | General Fund 24/25 £’000 | New Income 24/25 £’000 | Net Pressure 24/25 £’000 |
|--|---------------------------------|-------------------------------|---------------------------------|
| Children and Families (Table B) | 13,641 | (7,300) | 6,341 |
| Education and Skills (Table C) | 3,872 | (992) | 2,880 |
| Total | 17,513 | (8,292) | 9,221 |

| Children and Families – (Table B) | 24/25 £000 |
|---|-------------------|
| Pay Award | 2,303 |
| Placement Growth/inflation | 6,888 |
| Insurance Premium Non-Schools | 219 |
| Shortbreaks (expansion and transition) | 250 |
| Regulating Semi-Independent 16+ accommodation | 411 |
| Teaching Partnership Funding | 120 |
| Direct Payments (inflationary Pressure) | 250 |
| Kinship Carer Allowance Uplift | 3,200 |
| TOTAL Pressures | 13,641 |

| Education and Skills – General Fund (Table C) | General Fund 24/25 £000 |
|--|--------------------------------|
| Pay Award | 226 |
| Home to School Transport ** | 3,246 |
| Capita One System Replacement | 400 |
| Total Pressures 24/25 | 3,872 |

* This will need to be revised based on current academic year numbers

| Integrated Children's Commissioning (Table D) | General Fund 24/25 £000 |
|--|--|
| Pay Award | 87 |
| Total Pressures | 87 |

4 SAVINGS PROPOSALS

4.1 Detail of savings proposals is in **Appendix 1**.

| Pressures and Mitigations to date for Children's Services | Pressures Total 24/25 £000 | New Income 24/25 £'000 | Mitigations Total 24/25 £000 | GAP |
|--|-----------------------------------|-------------------------------|-------------------------------------|--------------|
| Children and Families | 13,641 | (7,300) | (5,265) | 1,076 |
| Education and Skills | 3,872 | (992) | (190) | 2,690 |
| Total | 17,513 | (8,292) | (5,455) | 3,766 |

A total of £13.7m of mitigations including new income of £8.2m has been identified so far leaving a gap of £3.8m. The two main areas contributing to this gap are:

Anticipated new burden (kinship carers) and increase in Home to School Transport.

5. HOW DOES THIS DECISION CONTRIBUTE?

5.1 The purpose of this report is to set out proposals that will allow the Council to deliver its Children Services within available resources in 2024/25 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 levels.

5.2 The recommendation in this report is to agree to progress further work to develop fully costed savings proposals and plans.

6. HAS THERE BEEN ANY CONSULTATION?

6.1 While none of the elements within this report require statutory consultation, at this stage, they are being proposed following consultation with senior management teams, and elected members for the Committees consideration.

7. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

7.1 Equality Implications

7.1.1 Decisions need to consider the requirements of the Public Sector Equality Duty contained in Section 149 of the Equality Act 2010.

7.1.2 This is the duty to have due regard to the need to:

- Eliminate discrimination, harassment, victimisation, and any other conduct that is prohibited by or under the Act.

- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

7.1.3 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.

7.1.4 An initial Equality Impact Assessment (EIA) has been carried out. It highlights that individual EIAs and a cumulative EIA are being prepared in relation to the measures proposed to mitigate these pressures and for the development of any necessary detailed implementation plans for the proposals. These will assess the impact across different groups and mitigate as necessary.

7.2 Financial and Commercial Implications

7.2.1 Each Committee is required to deliver a balanced budget for 2024/25, which requires them to find mitigations for any Service pressures over above the targets set out in the MTFAs, outlined in paragraph 1.1 above.

7.2.2 The pressures, and savings proposals to address this are set out in this paper. Further work will be required to address the budget gap shown within this paper and to ensure delivery plans are in place. All Committees savings proposals will be considered by the Strategy & Resources Committee before final sign off to ensure a balance 2024/25 budget for the Council as a whole.

7.3 Legal Implications

7.3.1 By law, the Council 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. The recommendations in this Report contribute to the process of setting a budget but do not otherwise have any immediate legal implications.

7.3.2 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 will include satisfying itself that it can continue to meet its statutory duties. However, the proposals in this report have been drawn up on the basis that they will enable the Council to continue to meet its statutory duties.

7.4 Climate Implications

7.4.1 No climate implications arise from the committee decisions arising from this report.

7.5 Other Implications

7.5.1 None at this stage

8. ALTERNATIVE OPTIONS CONSIDERED

8.1 Do nothing.

By undertaking none of the proposed actions, we would be unable to contribute to delivering a balanced budget.

9. REASONS FOR RECOMMENDATIONS

9.1 The recommendations put forward in this paper and appendix 1 are recommended for approval on the basis that they:

- 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.
- Are consistent with our vision/strategy to provide services and opportunities which support each child and young person within Sheffield to meet their potential.
- Support the ongoing improvement of Education, Children and Family services in Sheffield.
- 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.
- Enable the Council to continue to meet its legal duties.

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