

Children and Young People Overview and Scrutiny Committee – Supplementary agenda no.1

A meeting of the Children and Young People Overview and Scrutiny Committee will be held on:

Date: 3 December 2024

Time: 6.30pm

Venue: St George's Centre, Pembroke Road, Chatham Maritime, Chatham
ME4 4UH

Items

5 Meeting Theme: Finance

Finance Presentation

(Pages
3 - 28)

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Date: 28 November 2024

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Children & Young
People O&S
3 December 2024
Finance Theme

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Session themes:

CYP services budget and funding summary

- General Fund Vs School Grants
- Schools Funding Formula

Current year revenue forecast position

Current year capital forecast position

2025/26 Draft Budget:

- Revenue pressures and savings proposals identified
- Funding assumptions
- Next steps



CYP O&S Finance responsibilities

The Terms of Reference of this Committee include:

Development of the Council's revenue and capital budgets insofar as they relate to the functions within the terms of reference of this Committee together with regular monitoring of budgets and the capital programme.

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CYP O&S: Services

- Children's Social Care
- Children and Adolescent Mental Health Services
- Children's safeguarding including the Medway Children Safeguarding Board (MCSB) and the Independent Reviewing Officer Service
- School Effectiveness and Inclusion
- Opportunities for education, training and learning outside the school environment
- School Organisation and the School's Capital Programme
- School Admissions
- Home to School Transport
- Effectiveness of the Health and Wellbeing Board and the Joint Strategic Needs Assessment in relation to Children
- Integration of Health, Social Care and Public Health services in relation to Children
- Public Health Services for children and young people aged 0-18, including school nursing



Childrens &
Education budget
and funding

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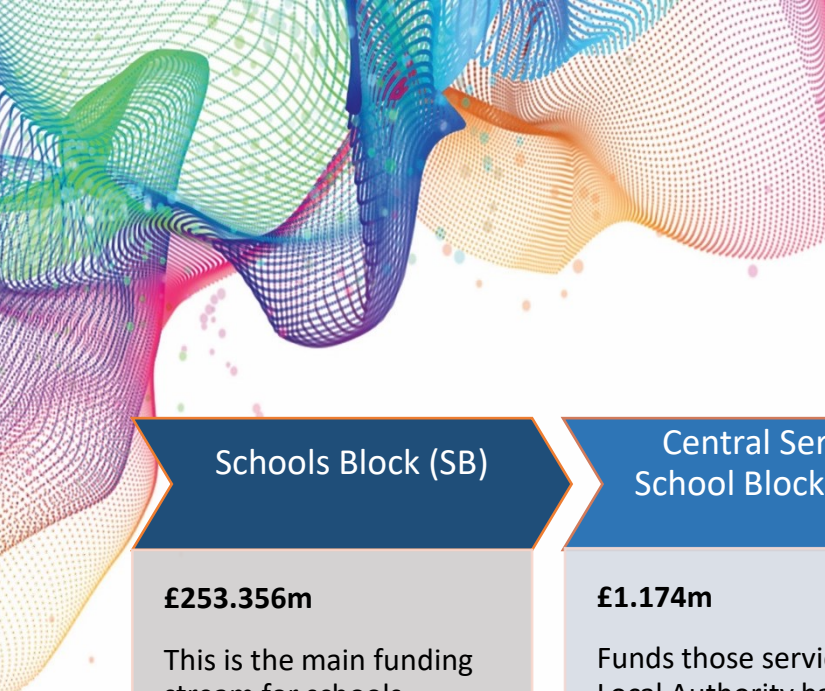
School Grants Vs The General Fund

The General Fund picks up the following costs:

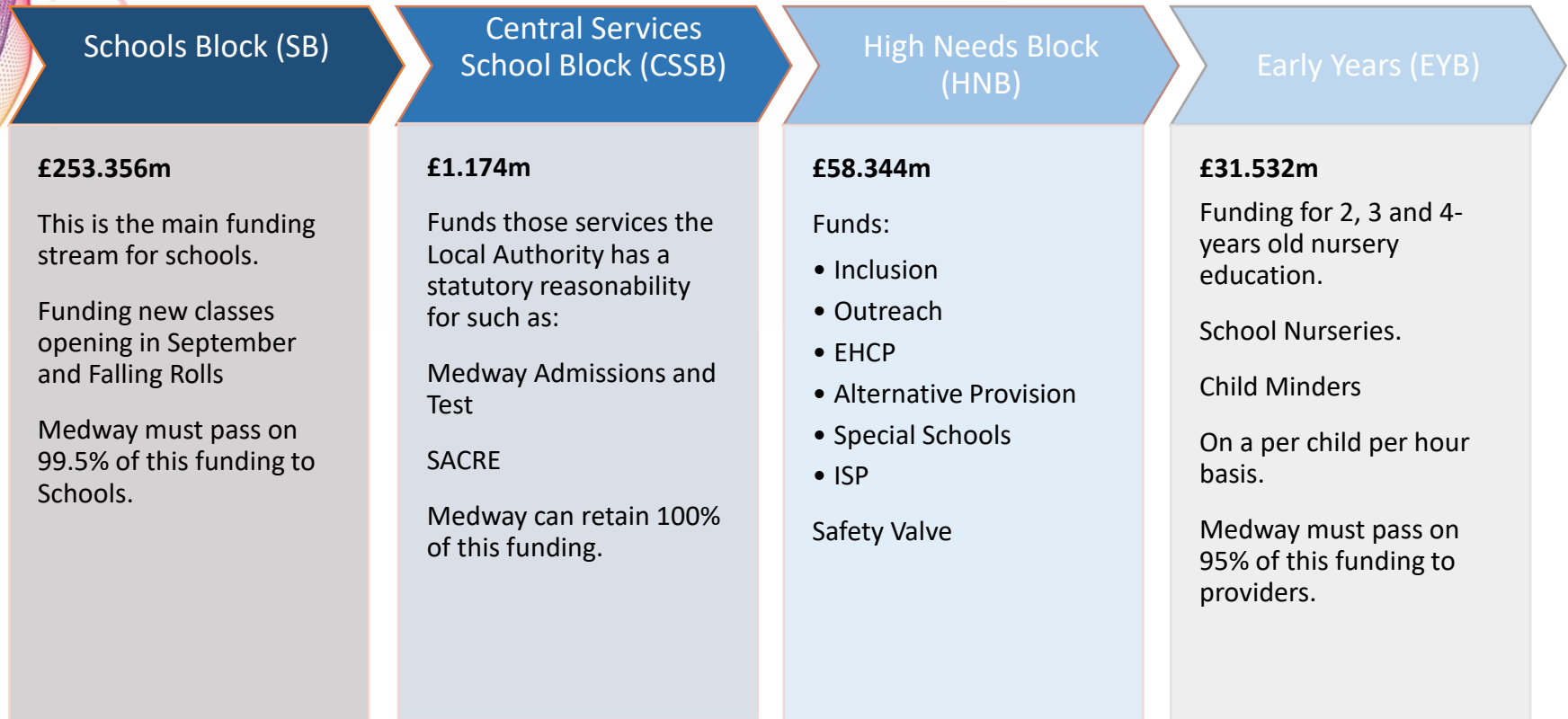
- Mainstream Transport
- Planning Review Team
- Music Hub
- Ed Psychologists
- Inclusion Team
- SEND team
- Independent Advice School Services
- Legal Tribunal Support
- High Needs Support Services Recharges

The DSG picks up the following costs:

- Early Years Funding
- Admissions & Medway Test
- School Reorganisation and Deficit Recovery Funding
- Cost of Education Health Care Plans (e.g. Element 3 & Top-Ups)
- Cost of Special School Places
- Alternative Provision
- School Improvement
- Mainstream maintained School Funding



2024- 2025 Dedicated Schools Grant



Children's Services	General Fund 2024/25 £000's	DSG 2024/25 £000's	Grants 2024/25 £000's	Total 2024/25 £000's
Head Of Safeguarding & Quality Assurance	3,328	0	0	3,328
Childrens Care Improvement	(1)	0	0	(1)
Childrens Social Work Team	7,173	0	0	7,173
Business Support	1,729	0	0	1,729
Family SOL, Youth, MASH & ADOL	7,129	0	0	7,129
Childrens Legal	2,742	0	0	2,742
Childrens Social Care Management	331	0	0	331
Client Support Packages	4,367	0	58	4,425
Corporate Parenting	5,209	0	0	5,209
Placements	36,758	0	140	36,898
Provider Services	6,359	0	0	6,359
Total	75,123		197	75,320

Directorate Management Team	General Fund 2024/25 £000's	DSG 2024/25 £000's	Grants 2024/25 £000's	Total 2024/25 £000's
Directorate Management Team	2,799	241	0	3,040
Total	2,799	241	0	3,040

Education	General Fund 2024/25 £000's	DSG 2024/25 £000's	Grants 2024/25 £000's	Total 2024/25 £000's
School Organisation & Student Services	2,501	457	0	2,958
Psychology & Special Educational Needs	2,528	40,881	0	43,409
School Improvement	0	324	0	324
Special Educational Needs & Disabilities Transport	12,281	0	0	12,281
Inclusions	205	2,947	0	3,152
School Online Services	15	0	0	15
Education Management Team	0	816	0	816
Early Years Sufficiency	0	17,964	0	17,964
Total	17,530	63,389	0	80,919

Schools Retained Funding & Grants	General Fund 2024/25 £000's	DSG 2024/25 £000's	Grants 2024/25 £000's	Total 2024/25 £000's
Finance Provisions	0	693	0	693
Hr Provisions	389	292	0	681
School Grants	0	44,552	4,883	49,435
Total	389	45,536	4,883	50,809

Partnership Commissioning & Business Intelligence	General Fund 2024/25 £000's	DSG 2024/25 £000's	Grants 2024/25 £000's	Total 2024/25 £000's
Adults Commissioning	515	0	0	515
Children's Commissioning	1,721	0	0	1,721
C&A Performance & Intelligence	626	0	0	626
Total	2,862	0	0	2,862
Public Health	General Fund 2024/25 £000's	DSG 2024/25 £000's	Grants 2024/25 £000's	Total 2024/25 £000's
Public Health Management	0	0	1,221	1,221
Health Improvement Programmes	0	0	4,196	4,196
Stop Smoking Services	0	0	845	845
Supporting Healthy Weight	0	0	1,519	1,519
Substance Misuse	0	0	2,136	2,136
Child Health	0	0	5,485	5,485
Total	0	0	15,403	15,403
Additional Government Grants	General Fund 2024/25 £000's	DSG 2024/25 £000's	Grants 2024/25 £000's	Total 2024/25 £000's
Start 4 Life Funding	0	0	1,232	1,232
Holiday Activity Fund	0	0	1,162	1,162
Total	0	0	2,394	2,394

Schools Funding Formula



Funding for schools and academies is provided by central government in the form of the Dedicated Schools Grant (DSG)



The funding formula is used to distribute the Schools Block Funding the DSG in a fair and transparent way.



The Schools Forum after consultation with its schools, will ask the Cabinet to implement their recommendations relating to the funding formula. No proposed changes to the formula this year and one report will be sent in February.



The final DSG allocations are issued in mid-December and the final formula APT return must be submitted to the ESFA in mid-January. Call-in is generally waved to enable offers to meet this deadline



Budget monitoring forecast 2024/25

Children's Services	2024/25 R1 Forecast Over/(Under) £000's	2024/25 R2 Budget £000's	2024/25 R2 Forecast £000's	2024/25 R2 Forecast Over/(Under) £000's
Head Of Safeguarding & Quality Assurance	0	3,328	3,328	0
Childrens Care Improvement	0	(1)	1,286	1,287
Childrens Social Work Team	259	7,173	7,301	128
Business Support	0	1,729	1,694	(35)
Family SOL, Youth, MASH & ADOL	200	7,129	7,685	555
Childrens Legal	500	2,742	3,231	489
Childrens Social Care Management	0	331	(848)	(1,178)
Client Support Packages	0	4,425	5,546	1,121
Corporate Parenting	281	5,209	5,645	436
Placements	0	36,758	34,315	(2,444)
Provider Services	621	6,359	6,954	595
Total	1,861	75,181	76,136	955

¹⁶ Directorate Management Team	2024/25 R1 Forecast Over/(Under) £000's	2024/25 R2 Budget £000's	2024/25 R2 Forecast £000's	2024/25 R2 Forecast Over/(Under) £000's
Directorate Management Team	(38)	3,040	2,955	(85)
Total	(38)	3,040	2,955	(85)

Education	2024/25 R1 Forecast Over/(Under) £000's	2024/25 R2 Budget £000's	2024/25 R2 Forecast £000's	2024/25 R2 Forecast Over/(Under) £000's
School Organisation & Student Services	213	2,958	3,190	232
Psychology & Special Educational Needs	1,752	43,409	47,126	3,717
School Improvement	(102)	324	224	(99)
Special Educational Needs & Disabilities Transport	804	12,281	12,896	616
Inclusions	(0)	3,152	2,236	(916)
School Online Services	(21)	15	21	6
Education Management Team	(28)	816	746	(70)
Early Years Sufficiency	0	17,964	17,798	(166)
Total	2,617	80,919	84,238	3,320

Partnership Commissioning & Business Intelligence	2024/25 R1 Forecast Over/(Under) £000's	2024/25 R2 Budget £000's	2024/25 R2 Forecast £000's	2024/25 R2 Forecast Over/(Under) £000's
Adults Commissioning	5	515	531	16
Children's Commissioning	(57)	1,721	1,659	(63)
C&A Performance & Intelligence	(8)	626	620	(5)
Total	(61)	2,862	2,810	(52)

Public Health	2024/25 R1 Forecast Over/(Under) £000's	2024/25 R2 Budget £000's	2024/25 R2 Forecast £000's	2024/25 R2 Forecast Over/(Under) £000's
Public Health Management	37	1,221	1,417	196
Health Improvement Programmes	(35)	4,196	4,106	(90)
Stop Smoking Services	(37)	845	764	(82)
Supporting Healthy Weight	132	1,519	1,638	119
Substance Misuse	2	2,136	2,142	5
Child Health	(98)	5,485	5,337	(148)
Total	(0)	15,403	15,403	0

Additional Government Grants	2024/25 R1 Forecast Over/(Under) £000's	2024/25 R2 Budget £000's	2024/25 R2 Forecast £000's	2024/25 R2 Forecast Over/(Under) £000's
Start 4 Life Funding	0	1,232	1,232	0
Holiday Activity Fund	0	1,162	1,162	0
Total	0	2,394	2,394	0

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Safety Valve

Significant, nation-wide pressures on Education spend resulted from the SEND reforms, and the Government allowed councils to reflect overspends in a deficit reserve.

At 31 March 2024 Medway's DSG deficit was £19.3m

Medway Council engaged in the Safety Valve Intervention Programme (SVIP) with agreement to £14.3m additional funding over 4 years.

Deficit Recovery Plan agreed to bring expenditure within projected grant and clear deficit by March 2026 however Round 2 monitoring projects a £1.3m pressure against this plan.



Capital budget monitoring 2024/25

Service	Total Approved Cost	Total Exp to 31/03/24	Remaining Budget	Forecast Spend 2024/25	Forecast Spend in Future Years	Total Scheme Variance
	£000s	£000s	£000s	£000s	£000s	£000s
Basic Needs - Primary	5,964	3,438	2,526	2,170	380	25
Basic Needs - Secondary	14,998	2,539	12,459	7,173	5,410	125
School Condition Programme	6,915	6,407	508	508	0	0
Schools Devolved Capital	2,151	2,025	126	126	0	0
Basic Needs - SEND	21,078	5,150	15,928	9,646	6,282	0
Children's Social Care (Incl. Family Hubs and Start For Life)	1,844	229	1,615	110	0	(1,504)
	52,950	19,789	33,161	19,734	12,072	(1,355)



2025/26 Draft
Budget proposals



2025/26 Draft Budget development

Statutory duty to balance budget by 11 March, Cabinet required to formulate budget proposals and consult O&S at least three months ahead of finalising the budget.

Proposals informed by MTFO and Capital Strategy reflecting:

- 2023/24 Outturn: £6.7m overspend funded from reserves
- 2024/25 Budget: balanced using £14.7m EFS (capitalisation direction)
- 2024/25 R2 forecast: £11.221m overspend
- Non-earmarked general reserves: £10m

2025/26 Draft Budget Summary

Directorate	2025/26 Adjusted base budget excluding recharges	2025/26 Projected pressures/ additional resources	2025/26 Budget Requirement
	£000s	£000s	£000s
Children and Adult Services	324,292	16,244	340,536
Adult Social Care	97,086	5,388	102,475
Directorate Management Team	4,282	1	4,283
Children's Services	68,169	2,220	70,388
Education	78,605	2,045	80,650
Partnership Commissioning	2,514	121	2,634
Public Health	15,006	1,321	16,327
School Retained Funding and Grants	56,236	0	56,236
Additional Government Grants	2,394	0	2,394
Pay Award	0	5,149	5,149
Regeneration, Culture & Environment	65,801	7,268	73,069
Business Support Department	25,635	2,962	28,597
Interest & Financing	19,211	(281)	18,930
Corporate Management	3,349	2,431	5,780
Additional Government Support Expenditure	2,262	(2,262)	0
Budget Requirement	440,551	26,362	466,912
Council Tax	(158,462)	(12,766)	(171,228)
Retained Business Rates	(52,272)	(1,669)	(53,941)
Business Rates Related Grants	(22,227)	0	(22,227)
Government Grants - Non Ringfenced	(8,129)	(534)	(8,663)
New Homes Bonus	(1,573)	(68)	(1,641)
Education Related Grants	(127,103)	0	(127,103)
Children Social Care Related Grants	(197)	0	(197)
Adult Social Care Related Grants	(32,151)	(1,962)	(34,113)
Public Health Grant	(19,037)	(190)	(19,228)
Additional Government Support	(4,656)	2,262	(2,394)
Exceptional Financial Support	(14,742)	(11,435)	(26,177)
Estimated Available Funding	(440,551)	(26,362)	(466,912)
Budget Gap - General Fund	0	0	0

2025/26 Draft Budget Pressures

Draft Budget Assumptions	2025/26 Budget Pressures £000	2025/26 Savings / Income £000	2025/26 Budget allocation £000
Children's Services:			
Increased audit and continuous improvement work and management cover of Parklands, and realignment of Youth Service pay to MedPay	162		162
Additional investment in staffing required to get to Outstanding from Good	1,581		1,581
Increased legal costs	500		500
Cost of current service pressure	404		404
Demographic growth projections of a further 2% compared to 2024/25	892		892
Price uplifts reflecting inflationary increases	648		648
Improvements to the package of financial support for foster carers	326		326
Increased cost of Council Insurances	31		31
Increase in provision for bad debt required	126		126
Supporting Care Leavers into independent accommodation – Savings		(150)	(150)
Management and review of placements – Savings		(2,000)	(2,000)
Increase in house fostering placements – Savings		(300)	(300)
Total Children's Services	4,670	(2,450)	2,220

2025/26 Draft Budget Pressures

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Draft Budget Assumptions	2025/26 Budget Pressures £000	2025/26 Savings / Income £000	2025/26 Budget allocation £000
Education:			
Route planner software used for route rationalisation of direct provider routes – full year impact of saving in 2024/25		(274)	(274)
Saving projected arising from the introduction of Artificial Intelligence to support the compilation of Education, Health and Social Care Plans		(60)	(60)
Increased capacity for feasibility studies to ensure sufficient school places are delivered and costs related to vacant school sites	115		115
Cost of current service, provision for growth and inflationary uplifts on mainstream transport	61		61
Inflationary uplifts on SEND contracts	6		6
Additional investment in staffing required in SEN & Floating Support Teams	468		468
Cost of current service, provision for growth and inflationary uplifts on SEND transport, less impact of transport review	2,507	(784)	1,723
Increased cost of Council Insurances	6		6
Total Education	3,163	(1,118)	2,045



Corporate projections

Staff pay: 5% COLA, MedPay review continuation, pension contribution rate – total £9.443m of which around £3m would be for services under the remit of this committee

NICs impact to be funded for direct staff

Funding:

Local taxation – assumes council referendum limits remain, modest taxbase growth and benefit of collection fund surpluses

Grant funding – government’s Autumn Budget announcements positive, not confirmed until Settlement - key for CYP:

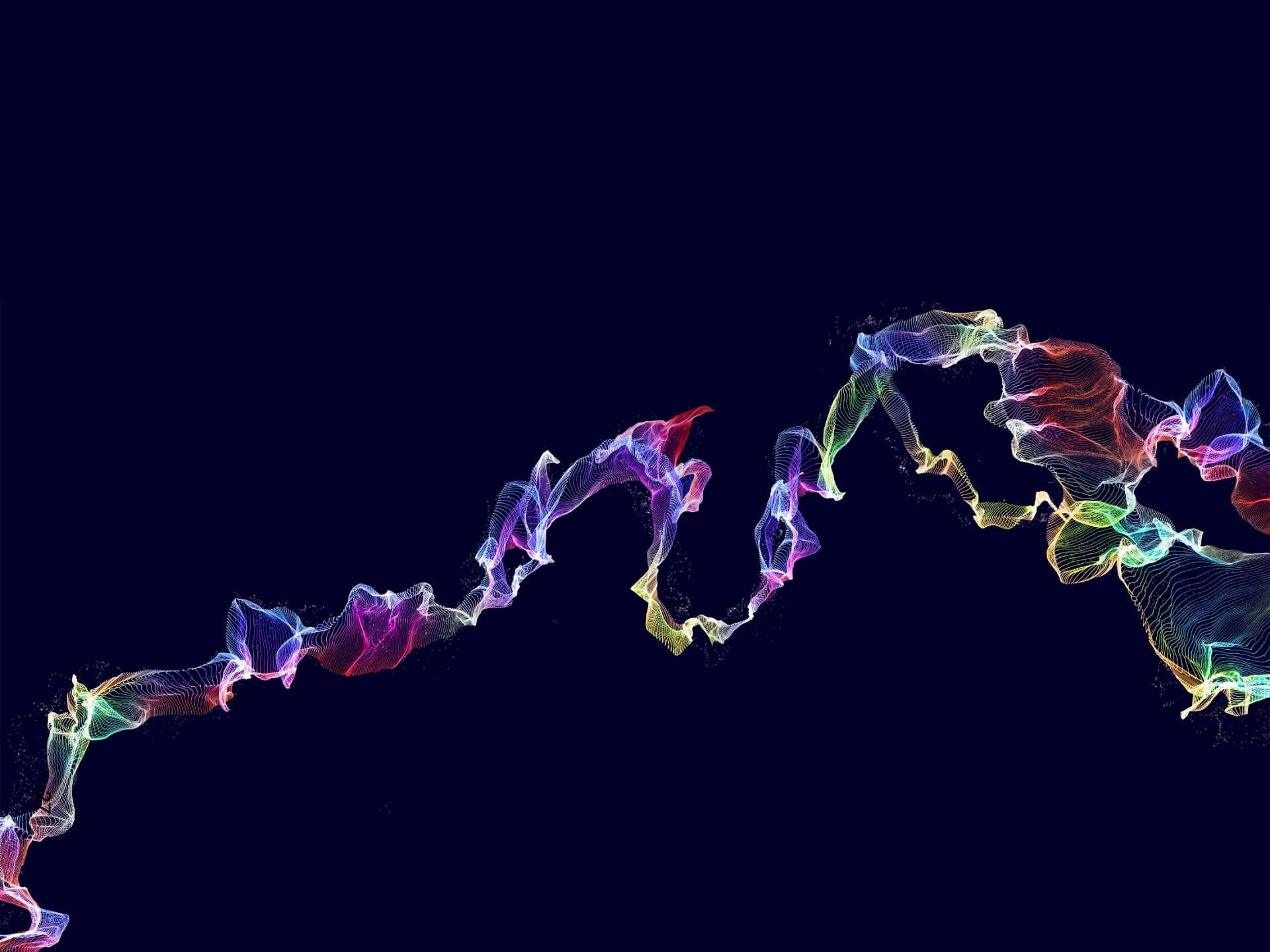
- £2.3bn SEND but potential impact on SVIP
- £1.3bn CSP increase, inc. £600m social care

EFS request to balance budget gap of £26.177m



Next steps

- MHCLG policy statement expected November
- O&S committee consideration, comments and proposals
- Meetings between Corporate Management Team and Portfolio Holders to agree further proposals
- Local Government Finance Settlement – w/c 16 December, reported to Cabinet January
- Proposed Budget to Cabinet 11 February 2025
- Final Budget to Council 27 February 2025



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