

2024/25 Budget & MTFP Scrutiny Consultation

January 2024

Agenda

- Remaining Budget Gap
- Post Settlement Update/ Exceptional Financial Support
- Children's Services – context
- Questions : Children's Services – Budget savings proposals
- Next Steps and Close

Remaining Budget Gap after all current budget proposals and Council tax assumptions

Item	2024/25 £m	2025/26 £m	2026/27 £m	Cumulative £m
Revised gap before new budget savings proposals	18.098	6.552	2.272	26.922
New savings proposals	(14.038)	(5.083)	(1.967)	(21.088)
Revised gap after new savings proposals	4.060	1.469	0.305	5.834
New growth to support transformation	0.000	0.127	0.000	0.127
Reversal of savings approved by Council in 2023/24 Budget Report	1.158	-	-	1.158
Proposed unachievable previously approved savings	1.061	-	-	1.061
New growth/amend previous years' savings	2.219	0.127	0.000	2.346
Refreshed Budget Gap + / Surplus ()	6.279	1.596	0.305	8.180

Report Reference - Table 18

Post Settlement Update

- Local Government Finance Settlement announced 18 December
 - Analysis of impact will be complete early January
- Initial assessment - settlement is in line with officer expectations and does not close the 2024/25 budget gap.
- CIPFA guidance to s151 Officers who are considering issuing a s114 Notice is to:
 - engage with DLUHC and make an application for Exceptional Financial Support (EFS)
 - to agree a financial recovery plan that will avoid the requirement for a s114 Notice
- EFS could provide a temporary funding solution that will buy time for the Council to achieve financial sustainability and avoid a s114 Notice
- Prior to issuing a s114 Notice, the s151 Officer and Chief Executive, with the support of the Mayor and Executive
 - will make an application for EFS by mid-January
 - DLUHC response is expected, at the latest, prior to Council meeting on 28 February.

Children' Services – Social Care – Context

Key messages from Children's Services Executive

- Lack of availability of in-house placements for children have resulted in high cost spend on external placements. A placement review and efforts to increase the in-house provision are currently underway
- Children's Social Care has experienced significant recruitment and retention pressures which has impacted on the quality of practice and agency staffing costs
- Governance is in place to provide increased budgetary controls in relation to the approval of spending within Children's Social Care, including the S17 spend
- Children's Social Care has seen an increase in demand over recent years. This is impacting on caseload numbers and is contributing to our recruitment and retention challenges
- Children's Social Care has been graded as 'Requires Improvement' in March 2023; a monitoring visit is likely to take place in Spring 2024.

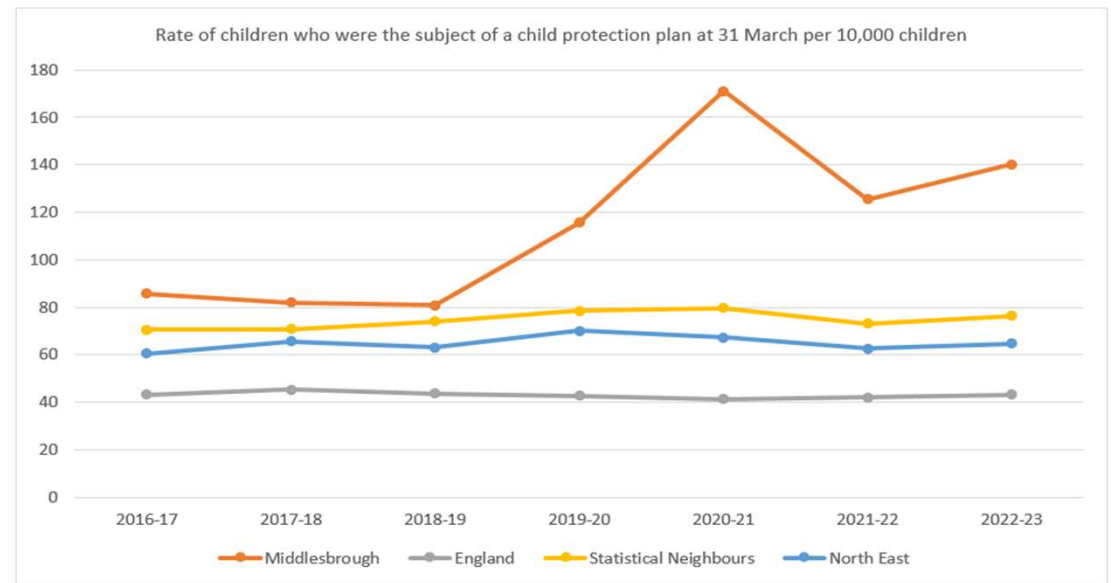
Children' Services – Social Care – Context

Children's Social Care is the largest area of net expenditure for the Council at £54.6m (43% of the Council's opening total net revenue budget) for 2023/24.

Middlesbrough has a high young population, with 23% of the population aged between 0 to 17 compared to North-East neighbours of 19.8% and 20.8% for England (as per Office for National Statistics). The number of Children aged 0-15 in absolute low-income families was 31.8%, compared to the England average of 15.3% (as per DWP data). The number of young people, and those living in poverty directly impacts on the number of children requiring support from Children's Services.

The level of demand is demonstrated in this graph, showing that for Child Protection plans in Middlesbrough there are 140.2 per 10,000 children whilst the England average was 43.2 in 2022/23.

	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	% change from '21-22 to '22-23	
	rate	rate	rate	rate	rate	rate	rate		
Middlesbrough	85.8	82.1	80.9	115.6	171.1	125.6	140.2	Up	12%
England	43.3	45.3	43.7	42.8	41.4	42.1	43.2	Up	3%
Statistical Neighbours	70.5	70.8	74.1	78.4	79.6	73.1	76.4	Up	5%
North East	60.6	65.7	63.1	70.0	67.2	62.6	64.8	Up	4%



Source : Department for Education latest data

The direction of travel for Children's Social Care is for improvements to efficiencies of current systems to transform the delivery model through enhancement of early help and prevention, the development of new models of placement provision for looked after children, and development of more in-house fostering capacity. These initiatives will be overseen by the Children's Improvement Board.

Children's Services – Education – Context

Key messages from Children's Services Executive

- A recent Ofsted and Care Quality Commission (CQC) inspection has resulted in Middlesbrough's special needs service for young people being given the highest possible rating. The inspectors described children and young people with SEND in Middlesbrough as 'valued, visible and included' and typically able to receive the right help at the right time, while good relationships are maintained with schools and the local parent carer forum.
- There are currently 1856 children and young people with an Education, Health and Care Plan in Middlesbrough and 4500 children and young people identified as SEN Support. These figures have risen significantly since COVID which is placing pressure across the wider system, services and resources required to meet needs.
- The Council are currently part of the national Delivering Better Value Project which has been designed to support developments across SEND and reduce the pressures on the High Needs Budget. This includes ongoing development of local specialist provision and working with schools and settings to develop their skills and knowledge to support more children and young people with SEND to access local mainstream provision.
- There are a high number of exclusions across the town which adds pressure to the High Needs Budget and to the Transport Budget. Many of these children access Alternative Provision and are eligible for home to school transport.

Children's Services – Financial Context 2023/24

- For Period 7 (October 2023), the forecast outturn is £133.792m (before Financial Recovery Plans), an adverse variance of £7.438m (+5.9%) – a decrease of (£1.118m) from the £8.556m reported at Quarter 2.
- Financial Recovery Plans totalling £1.584m have been proposed which, if assured and fully implemented, would reduce the adverse variance to £5.854m.
- Children's Social Care, with a current net budget of £54.650m forecast outturn is £58.097m, as **adverse variance of £3.447m**, however with financial recovery plans the outturn may reduce by £0.450m to an adverse £2.997m.
- The key driver of the adverse variance is due to an increase in external residential numbers due to market sufficiency. This is partially offset by an underspend from staff vacant posts.
- Education and Partnerships, with a current net budget of £5.387m forecast outturn is £7.330m, an **adverse variance of £1.943m**, however with financial recovery plans the outturn may reduce by £0.464m to an adverse £1.479m.
- The key driver of the adverse variance is due to Integrated Transport Unit, (Home to School) which has experienced an increase in price, volume and complexity of caseloads.

Savings Summary – Children’s Services

Appendix 2: Budget savings proposals considered to potentially affect front line service delivery levels

Children’s Social Care

Ref:	Categorisation	Budget savings proposal	24/25 (£m)	25/26 (£m)	26/27 (£m)	Total (£m)	Proposed reduction in Staff over 2024/25 to 2025/26 FTE	Current Vacant Posts FTE
CC07	I	Special Guardianship Order Payment review. Undertake a review of policy and practice, aligning to regulatory requirements and DWP benefit entitlements	(0.800)	(0.300)		(1.100)	1.0	-

Education

Ref:	Categorisation	Budget savings proposal	24/25 (£m)	25/26 (£m)	26/27 (£m)	Total (£m)	Proposed reduction in Staff over 2024/25 to 2025/26 FTE	Current Vacant Posts FTE
EDC01	E	Review of Integrated Transport Unit arrangements This will be achieved through efficiencies in services such as optimisation of routes and cost of in-house and external suppliers.	(0.132)			(0.132)	-	-

Savings Summary – Children’s Services

Appendix 1: Budget Savings proposals that are considered to have minimal, or no effect on front line service delivery levels

Ref:	Categorisation	Budget savings proposal	24/25 (£m)	25/26 (£m)	26/27 (£m)	Total (£m)	Proposed reduction in Staff over 2024/25 to 2025/26 FTE	Current Vacant Posts FTE
CC01	T	Review of all Services across Children's Care. A robust review and evaluation of staffing will be undertaken across Children's Services. Research and alternative operating models of practice will also be considered within this review. The staffing levels and structure will be reviewed to ensure Children's Services are effectively responding to the needs of children and families.	(0.700)	(0.500)		(1.200)	(27.0)	114.0
CC02	E	Review of Placements (including Processes and Procedures). This will be achieved by undertaking a deep dive of placements for children to bring young people back to Middlesbrough and/or to remain local. This review is likely to reduce financial pressures as this is a high-cost area. Increased governance and management oversight will be implemented to have a stronger grip on decision making and spending.	(1.100)			(1.100)	-	-
CC03	T	Improvement of Internal Residential capacity through the purchase of suitable properties and refurbishment of existing MBC properties into Residential homes This will include consideration of properties within Middlesbrough to increase inhouse placements for children.	0.000	(0.450)	(0.615)	(1.065)	-	-
CC04	E	Workforce Development - Review of recruitment and retention and marketing of job roles, in particular Social Worker related posts. This will include a robust review and evaluation of staffing across Children's Services. Due to the challenges with recruitment which are contributing to the ongoing budget pressures, we need to redesign and improve our recruitment offer and marketing strategy to attract workers to Middlesbrough.	(0.800)			(0.800)	-	-
CC05	E	Other savings - Maximising grants This will involve having a stronger oversight of the S17 (Financial Assistance) spend and using more of the grant funding the Council receives for our unaccompanied asylum seeking children. We will also be using the adoption support fund through the DfE which will support our therapeutic offer to children who are subject to a Special Guardianship Order or Child Arrangement Order.	(0.454)	(0.150)	(0.100)	(0.704)	-	-
CC06	T	SHIFT Project, a multidisciplinary approach in prevention. Introduction of the SHiFT programme, alongside the robust placement review, will achieve better outcomes for our young people who are involved in criminal activity, reduce the number of children entering care and mitigate the need for some high-cost placements.	(0.400)			(0.400)	-	-

Questions



Next Steps & Close

- Individual Panel's views/ comments will be compiled in a “consolidation briefing note“ and discussed at the OSB Special meeting on the 18th Jan.
- Once agreed at OSB this will be submitted to the Mayor/ Exec by the Chair of OSB.
- If any answers are provided outside of the Panel these may need to be fed into the “consolidation note.”