



ACHIEVING FOR CHILDREN BOARD OF DIRECTORS	
DATE:	29th January 2024
REPORT AUTHOR:	Lucy Kourpas - Chief Operating and Finance Officer
SUBJECT:	ACHIEVING FOR CHILDREN BUDGET 2024/25
PURPOSE:	To present the 2024/25 budget for approval and recommendation

1. SUMMARY

- 1.1 This report details the proposed 2024/25 budget for Achieving for Children (AfC). The budget has been discussed in detail with each of the three councils that commission services from AfC. The final budget approval is a matter reserved to Richmond, Kingston and Windsor and Maidenhead councils as AfCs owners and will be formally presented for approval in February / March 2024. The following table summarises the proposed contract prices:

Table 1: Achieving for Children contract prices

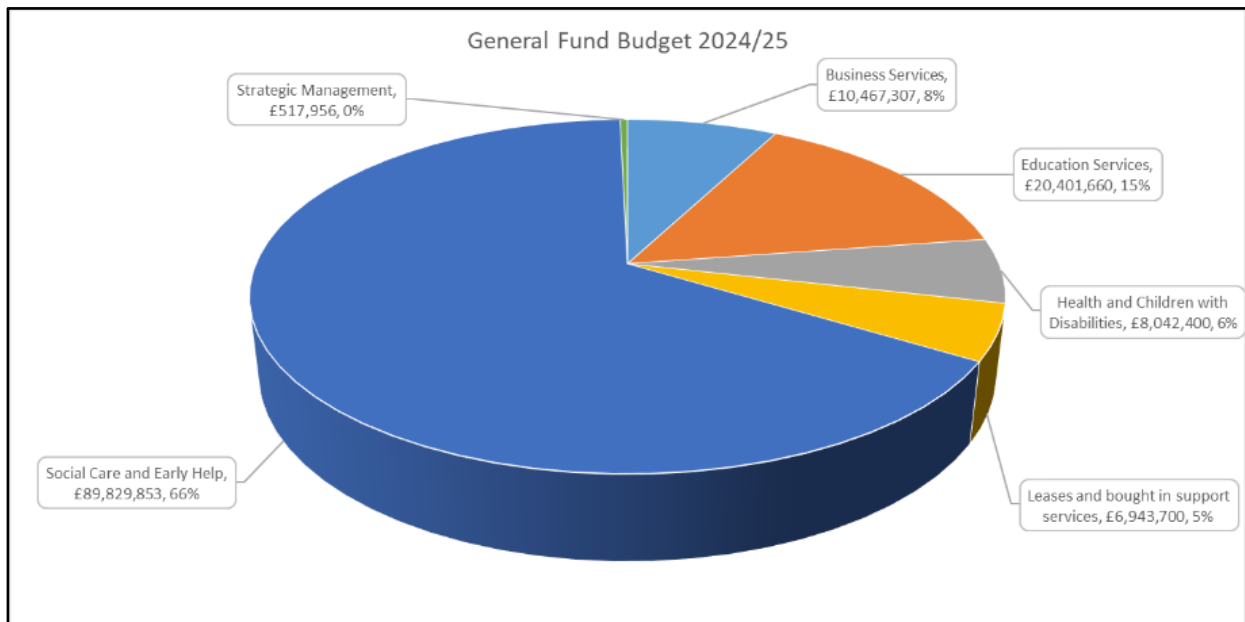
	Richmond	Kingston	Windsor and Maidenhead	Total
Contract Prices	£	£	£	£
General Fund	54,570,600	50,161,000	31,471,275	136,202,875
Dedicated Schools Grant	29,990,300	27,656,000	15,723,890	73,370,190
TOTAL	84,560,900	77,817,000	47,195,165	209,573,065

2. RECOMMENDATIONS

- 2.1 The Board is asked to agree to the 2024/25 budget that will go forward to the councils for approval.

3. GENERAL FUND BUDGET

- 3.1 The overall AfC budget is proposed at £209,573,065 profiled as follows:



3.2 AfC have been fully engaged in each of the three budget setting processes taking place in the Local Authorities and have undertaken the company's detailed budget setting process alongside their respective timetables. This budget, once agreed, will form part of the three commissioning council's political budget setting processes which concludes in Councillors approving budgets in late February and early March 2024. Each of AfCs owning councils is also required to consider and approve the AfC budget and Strategic Plan each year.

3.3 The proposed changes to the 2024/25 AfC budget are outlined below:

Table 2: Contract price change summary

	Richmond	Kingston	Windsor and Maidenhead	Total
	£	£	£	£
2023/24 Base budget	45,829,700	43,802,500	29,144,973	118,777,173
Growth	4,716,300	4,655,100	3,038,344	12,409,743
Savings - agreed with councils	-423,500	-1,287,400	-2,206,000	-3,916,900
Savings - unfunded Inflation	-93,300	-97,200	-92,000	-282,500
Unfunded Inflation - increments	93,300	97,200	92,000	282,500
Inflation - contracts	1,628,300	1,036,500	1,494,294	4,159,094
Net Growth	5,921,100	4,404,200	2,326,637	12,651,937

Grant and virement changes 23/24 and 24/25	2,819,800	1,954,300	-335	4,773,765
Net change after allowing for grant adjustments / virements	8,740,900	6,358,500	2,326,302	17,425,702
2024/25 opening contract price excl DSG	54,570,600	50,161,000	31,471,275	136,202,875
DSG funding in contract price	29,990,300	27,656,000	15,723,890	73,370,190
2024/25 base contract price incl DSG	84,560,900	77,817,000	47,195,165	209,573,065
Growth to be awarded in year - pay award	1,087,000	1,152,000	-	2,239,000

GROWTH (£12.410m)

- 3.4 Growth requests have been provisionally approved in all three boroughs. The anticipated 2024/25 growth levels are listed in the two tables below. Where growth is not funded, AfC will need to identify in-year mitigations to avoid overspending.

Table 3: Demand led growth

Demand Growth	Richmond £000	Kingston £000	Windsor £000	Total £000
Social care placement growth	2,586	2,869	1,309	6,765
Home to School Transport	213	790	561	1,564
Legal Advice - Social Care	335	282	379	996
S17 Budgets	174	162	0	336
General Fund Demand Growth	3,309	4,103	2,249	9,661

Table 4: Non placement growth

Controllable Growth	Richmond £000	Kingston £000	Windsor £000	Total £000
Social Care Staffing - leaving Care, foster panel, child protection conferences, (LBR/RBK), agency staff (LBR), children missing education (RBWM)	710	113	329	1,152

Reduction in grant funding for social care and education costs associated with supporting Ukrainian refugee families	0	0	180	180
Statutory increase in special guardianship allowances	55	92	0	147
Children with disabilities - short break care and OT equipment (LBR)	72	72	0	144
Extension of Council Tax support scheme for care leavers	164	0	0	164
Digital and systems improvements - case managements, cyber security, independent review recommendations, Transformation Manager	136	136	230	502
Social Care and Early Help Transformation Leads	70	70	50	190
SEND Senior Leadership and Inspection Leads	35	35	0	70
Family Hubs - running the White House	149	-	-	149
Other	16	34	0	50
Total	1,407	552	789	2,748

SAVINGS (-£4.799m)

- 3.5 A significant challenge for the Company relates to savings targets set by the councils as part of the wider public sector regime of budget reduction as well as savings required due to unfunded growth. The following table summarises the budget reductions that have been built into the 2024/25 budget.

Table 5: Savings

Savings	Richmond £000	Kingston £000	Windsor £000	Total £000
Social Care and Early Help transformation	-225	360	335	470
Placement transformation	355	569	1,478	2,402
Education income generation	0	66	75	141
Transport transformation	158	200	266	624

Digital and business services	135	92	52	280
Total	423	1,287	2,206	3,917

- 3.6 In addition to the savings details above, services will need to manage staff pay increments within existing resources. This creates an additional pressure of £282k across the three boroughs as follows:

Table 6: Savings associated with unfunded contractual pay increments

	Richmond	Kingston	Windsor and Maidenhead	Total
Contract price movements	£000	£000	£000	£000
Unfunded Inflation - increments	93	97	92	282

- 3.7 The savings are subject to formal agreement at the various council political meetings in February/March. If the councils do not wish to proceed with any of the proposed savings at this stage in the process AfC will first look to propose alternative savings (where possible) and if alternatives can not be agreed the councils will need to provide growth to avoid overspending next year.

INFLATION (£4.442m)

- 3.8 AfC submitted inflationary growth requests to each borough in the Summer / Autumn 2023 and the following table summarises the outcomes of these bids:

Table 7: Inflationary growth

Inflation Growth	Richmond £000	Kingston £000	Windsor £000	Total £000
Social Care Contracts Inflation (residential, supported accommodation, fostering)	1,324	750	837	2,911
Transport	188	150	187	525
Contracts (Legal, Regionalised Adoption, service contracts, insurance, apprenticeship levy, systems, short breaks, audit etc)	117	137	13	267
Pay Award - in base contract	-	-	457	457
Total	1,628	1,037	1,494	4,159
Pay Award - not in base contract	1,087	1,152	-	2,239

Total	2,715	2,189	1,494	6,398
--------------	--------------	--------------	--------------	--------------

- 3.9 In addition to the inflationary pressures detailed above teams will experience inflationary pressure on staff pay. This includes contractual increments and the annual staff pay award that adjusts salaries for inflation. Teams will need to make internal savings to cover staff increments and the pay award will be funded in-year to match the actual staff pay award agreed. We have not included the additional funding for staff pay award in the contract price but indicative rates for a 4% pay award in Kingston and Richmond and a 3% pay award in Windsor and Maidenhead.
- 3.10 Where AfC holds contracts with specific inflationary increments this has also been provided for using the inflationary factor outlined in the contract. The inflationary factors vary by Local Authority and where they are lower than requested we have agreed to jointly manage the risk.

Table 8: Inflation assumptions

	Richmond	Kingston	Windsor & Maidenhead
Pay Award	*4.0%	*4.0%	3.0%
Placements	7.1%	3.8%	6.5%
General Contract	4.5%	4.5%	5.0%

**will be adjusted to actual award*

GRANT AND OTHER BUDGET TRANSFERS (£4.774m)

- 3.11 The contract prices will also change for a number of agreed adjustments to reflect estimated Government Grant amounts or one off prior year service funding. These include where Government funding may have changed or where it has been agreed that budgets will be reflected differently between the councils and AfC. These budget adjustments are agreed at an officer level between the Local Authorities and AfC during the year.
- 3.12 The most significant movement next year relates to the London Mayors Universal Free School Meals Grant that is passported to schools in Richmond and Kingston.

4. DEDICATED SCHOOLS GRANT

- 4.1 The provisional grant settlement for the Dedicated Schools Grant (DSG) was announced on 19th December 2023. AfC will continue to manage the DSG grant funds on behalf of the three councils although not all of the money will be included in the annual contract prices. This means that AfC will be responsible for the management of those funds including passporting funding directly to schools and early years settings. AfC will also deliver significant education services with the most material being high needs education services but also including services such as school admissions, early years advisory services and school improvement.

4.2 The table below details the anticipated DSG budgets for each borough, after block transfers which are expected to be agreed as part of each council's budget setting process.

Table 9: Dedicated Schools Grant Fund budgets

Block	Richmond DSG Budget £	Kingston DSG Budget £	Windsor & Maidenhead DSG Budget £
Schools Block	150,720,207	134,149,020	115,832,285
Central School Services Block	1,011,948	1,150,371	970,784
Early Years Block	21,506,011	19,473,908	17,969,342
High Needs Block	38,814,023	33,320,610	27,621,360
Total	212,052,189	188,093,909	162,393,771

4.3 The funding must be applied to education services with a significant portion being passported to schools and early years providers as de-delegated budgets.

4.4 AfC have drafted detailed budget reports for each council and so the details will be formally approved in February and March. The links to the detailed budget reports are detailed below for information:

- [Richmond Schools Budget Report](#)
- [Kingston Schools Budget Report](#)
- [Windsor and Maidenhead Schools Budget Report](#)

4.5 The most significant challenge for next year will remain the management of high needs education services within the budget available. In Richmond and Kingston this budget has been agreed with the DfE and council as part of the five year Safety Valve Funding agreement and will exceed the amount of grant funding available (shown in table above). In Windsor and Maidenhead the expenditure on high needs is expected to be manageable within the funding allocation as long as the Delivering Better Value action plan continues to be prioritised and successfully implemented. The Send Futures Plans and Delivering Better Value Plans will remain a key priority for AfC next year.

4.6 In recognition that shortfalls in high needs education funding is a growing national issue, the DfE issued guidance to strengthen the DSG fund ringfence and has extended the three year statutory override to support Local Authorities implement plans over time without the deficit impacting on Local Authority financial viability and meeting statutory duties for children and young people.

4.7 It should also be noted that AfC teams continue to work closely with a number of schools and early years providers who are struggling to balance their schools budget within the DSG allocation. This is a growing risk across all three local authority areas as funding for

schools becomes tighter. Grant increases are not sufficient to cover general inflationary and growing SEND support pressures.

5. RISKS AND MITIGATIONS

5.1 The following table summarises key financial risks for the coming year and associated actions

RISK / CHALLENGE	ACTION TO MITIGATE RISK
<p>Inflation - inflationary pressures pose the most significant risk to children's services budget in 2024/25. Pressure is being experienced on placement budgets, staffing budgets, agency staffing budgets, contractual spend and fuel budgets.</p>	<p>Inflationary increases have been built into budgets but it is possible given the escalation in RPI and CPI that it may exceed the amount allowed for. Robust commissioning practises that minimise inflationary increases on expenditures as well as solution focused partnership working will be key to understanding this pressure and mitigating it wherever possible.</p>
<p>Placement budgets – This pressure will be impacted by the number of children who require support next year as well as the complexity of their needs. Practitioners have reported a clear step up in complexity of need since the onset of the pandemic and this is coming through in more intensive and expensive support packages. Children's services have been operating in an environment where demand outstrips supply for specialist placements in recent years and the increase in demand nationally and locally due to the increase in asylum seekers supported is exacerbating the placement shortfall and pushing up prices.</p>	<p>Internal review system for all placements to ensure they are the most appropriate in terms of service and cost.</p> <p>Detailed financial monitoring at an individual placement level.</p> <p>Sufficiency Strategy</p> <p>Engagement with joint commissioning groups / initiatives to drive down cost and increase purchasing power</p> <p>Monthly financial monitoring updates provided to each council and quarterly meetings with commissioners to discuss latest performance and activity data, risks and associated actions</p> <p>Claim of additional grant funding wherever possible for refugees, unaccompanied asylum seekers and care leavers</p> <p>Demand management strategies such as edge of care support and other established early help services.</p>

<p>Balance young people's outcomes with balancing budget - Risk that the organisation does not strike the right balance between spending within budget and ensuring that children and young people are safe from harm / their wellbeing is supported.</p>	<p>The Leadership Teams review the monthly monitoring and agree on all financial actions that could impact on services. This ensures that the service impact of financial action plans is considered and risks identified/ monitored. Director overview of all decisions relating to their directorates</p>
<p>Achievement of savings and agreement of one off costs for redundancy etc. - Risk that savings are not achieved leading to in year overspends.</p>	<p>Regular monitoring of progress against savings plans.</p> <p>Project plans for each of the high value schemes with regular reporting to the Leadership Teams</p> <p>Quarterly progress reporting to the AfC Board and Commissioners.</p>
<p>Risk of cross subsidy if the level of funding that can be afforded by each LA differs</p>	<p>Operational area budgets recorded separately to avoid high level cross subsidy. Demand budgets ringfenced to ensure that placement / transport budgets are not vulnerable to cross subsidy</p> <p>Definition of core service provided by Business Services and agreement about level of support for each borough in the context of funding levels</p> <p>Annual financial exercise undertaken to check actual expenditure levels against contract prices</p> <p>Oversight by Directors of Children's Services and Chief Operating Officer</p>
<p>Risk that Councils do not agree proposed savings and growth</p>	<p>Regular briefings for councillors throughout the budget setting processes</p>

6. FINANCIAL IMPLICATIONS

- 6.1 Budgets will be carefully monitored during 2024/25 to ensure that appropriate action is taken where financial pressure arises. The combination of inflationary, demand pressures and savings required means that 2024/25 will be another challenging year in financial terms.
- 6.2 Balancing the ever increasing financial pressure with the responsibility to ensure the best outcomes for children remains a significant challenge going into 2024/25. Increases in demand and high average cost of placements is a national issue that is causing budget pressure for most providers of children's social care and education services. The councils have provided significant

levels of growth and so it is important that the budgets are prioritised effectively to ensure demand is managed within the available budget envelope.

- 6.3 The underfunding of high needs education, rising inflationary pressures and the step up in complexity of support needed by children and young people remain the greatest challenges next year and it is important that as an organisation we periodically review delivery models and make changes to support value of money.
- 6.4 Challenging savings targets have been built into the budget for next year and it is important that progress against these projects and achievement of planned budget reductions is monitored. The achievement of planned savings and managing demand will need to continue to be a high priority for all staff that have authority to commit to spend. Where projects under-achieve savings targets or there are demand-led overspends, cost reductions will need to be found from elsewhere to ensure the AfC can operate within the contract funding envelope agreed with the councils.
- 6.5 It is important that AfC continues to embed a culture of financial restraint into all officers with spending power and that the Company regularly reviews the financial position to ensure that money is aligned to service needs and priorities. Expenditure restraint policies and procedures will need to continue into 2024/25 to ensure that controllable budgets remain balanced and resources can be effectively prioritised in demand led budgets.

7. CONTACTS

Lucy Kourpas
Chief Operating & Finance Officer
lucy.kourpas@achievingforchildren.org.uk