

THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA
FAMILY AND CHILDREN'S SERVICES SCRUTINY COMMITTEE –
8 SEPTEMBER 2010

REPORT BY THE FINANCE AND PRIORITIES SUB-GROUP
(Chairman: Councillor Andrew Dalton)

1. BACKGROUND

- 1.1 In 2009 the Family and Children's Services Scrutiny Committee appointed a sub-group to consider the finance and priorities of the Family and Children's Services Business Group in view of the likely public sector expenditure reductions over the next few years. The sub-group was chaired by Councillor Dalton, with the other members being Councillors Borwick and Elizabeth Campbell, and with four co-opted members: Dr Al-Zaher, Mr Murphy, Mr O'Donnell and the Revd Taylor. Former Councillors Catherine Atkinson and Dominic Johnson were also members.
- 1.2 We noted the 15% management savings exercise and the 2010-11 savings made in FCS, but did not include those savings in our consideration.
- 1.3 We met eight times. Our main suggestions for areas to be investigated which will lead to savings proposals are set out below. The implications of proposed savings will need to be identified. Hard choices will have to be made and it is recognised that the levels of services previously enjoyed may not be able to be maintained.
- 1.4 We noted that the Family and Children's Services Business Group had started a transformation programme called "Stronger Families". This would be a root and branch examination of everything the business group did. We hope our suggestions will contribute to that programme.
- 1.5 We recognise that our discussions are part of a wider exercise and this report represents our early thinking. Therefore, the points made should be taken as a whole and not considered in isolation. We are also aware that we are exploring these matters without a full picture of what financial changes are likely in future and what the new Government's policy is likely to be. Our overriding concern is to minimise the negative impact on children and families of any changes and to ensure that limited public resources are targeted at those most in need. The questions and challenges posed are not conclusions, but are offered to assist officers and the Cabinet

Members as they consider how best to target services to ensure maximum efficiency and effectiveness.

- 1.6 Whilst the Family and Children's Services Scrutiny Committee has decided to engage in this way with the new financial imperatives, other areas of the Council have elected to engage in different ways and this report should be seen in the context of the wider review of Council services. It is a priority for this scrutiny committee to contribute to the redesign of children's services in a much tighter financial climate.

2. CONCLUSIONS

- 2.1 In summary, our conclusions are:
- 2.2 That it should be possible to make savings of 3%, 5% or 10% over the next three years without having too significant an impact on social outcomes. The sub-group, though, recognise that a 10% reduction may be harder to achieve without having a significant impact on some service areas and that a balance will need to be struck between what is desirable and what is affordable.
- 2.3 This Council has consistently spent at the highest levels on children's services and this is confirmed in National Benchmarking data. We concluded that there is substantial scope for narrowing the gap between the Council's spending and average spending, but that certain areas of expenditure represent the Council's preference in quality, style and content of delivery, which the Council as a whole may wish to maintain. However, although desirable, this will most certainly need to be reconsidered in the light of significantly diminishing resources. Change may not mean going for the cheapest option, but it may mean exploring other ways of doing things, e.g. cooperating and sharing services with other business groups and with other councils. Expenditure might be reduced, but it might still remain above that of other boroughs.
- 2.4 We recognise that a substantial part of the budget is spent on personnel and that a headcount reduction will be inevitable. We sought to identify where some of those reductions might be possible.
- 2.5 We also recognise that there is scope for introducing new charges for some services and for increasing some existing charges, and that this could be a significant source of income.
- 2.6 We also considered certain areas where a new approach might be adopted that might be more efficient and more effective.

3. PROCESS

- 3.1 We considered each of the departments within the Business Group in turn - Community Learning; Family Services; Schools, Quality and Standards; Strategy, Commissioning and Performance Reporting; and Resources. Each director came and spoke to us, giving us their views of where savings might be made and answering our questions. We were supported and advised at each meeting by Mr Wilkinson, Director of Strategy, Commissioning and Performance Reporting and by Mr Jarvis, Head of Resources.
- 3.2 Four themes emerged strongly during our discussions:
- 3.3 Thresholds for access to services. We looked at what level services should be provided. Could thresholds be increased and, if so, by reference to what - residency, income, need, etc?
- 3.4 Gate-keeping or the application of already agreed thresholds. Where financial pressure exists on a service it will be useful to review the criteria used to apply a threshold for access to the service and to review the degree to which professional decisions are delegated.
- 3.5 Enabling and facilitating. We sought to identify which services currently delivered by the Council might be better provided by others, e.g. the voluntary sector or private bodies or in collaboration with other councils? Where the Council has a major facility it should look to offer it wider, both within and outside the borough.
- 3.6 Charging and fees - what services could users reasonably be expected to pay for, especially where borough services were over and above statutory provision and/or where, in other boroughs, the cost was met by users?

4. COMMUNITY LEARNING

- 4.1 A range of ideas were considered as part of reviewing the level of provision and its cost. We suggest that the following areas and questions be considered further to identify specific proposals. We are keen to see complete business cases for change.

Play Centres and Extended Schools

- 4.2 The Play Service should be challenged to review its work and the pattern of provision, having particular regard to the themes set out in 3.2 to 3.6 above, and to bring forward specific proposals for consideration.
- 4.3 Consideration should be given to limiting free entitlement to those families deemed to be "in need" by the Family Services Department.

Consideration should be given to limiting the service (free or paid for) to those families with more than one child. Consideration should be given to providing a standardised service for residents only and to charging for non-residents.

- 4.4 Consideration should be given to schools buying in play services to provide an extended school service until 6pm from other providers.
- 4.5 What would be the expected outcome of increasing charges to reflect real costs? What would be the effect of charging non-residents more than residents? The optimum charge, before demand falls and diminishing returns set in, should be estimated.

Library Service

- 4.6 The number and management of library branches should be reviewed, having regard to user numbers, the profile of users and proximity to other branches.
- 4.7 The option of co-location of other services within library branches to make those services more accessible should be explored further, and details of possible net savings calculated.
- 4.8 Sharing services with other boroughs could lead to reductions in unit costs, management overheads and provide economies of scale. This approach could be applied to library management system contracts and joint procurement of library stock. There would of course have to be included investment in IT. Specialist librarian staff could cover several borough library services.

Youth Support and Development Service

- 4.9 The sub-group recognise that this service has always been a high priority for the Council and has received significant investment. It was noted that proposals for redesign and reduction of the Youth Service should be developed.
- 4.10 There is a significant provision of facilities, both by the Council and others, and we would encourage the active examination by all business groups of the opportunity to use them more effectively. Joint provision with voluntary and private providers should also be considered. The emphasis should be on enabling and facilitating rather than providing.
- 4.11 We note that some providers make very low charges, e.g. £1 to £2 per session, and the potential to do more, charge more and be used more should be explored. The officers should investigate the services that neighbouring boroughs charge for and consider a

future approach to charging by identifying these services and the level of charges made.

- 4.12 More clarity is needed on the local authority's statutory responsibilities for the provision of careers advice in schools.
- 4.13 We recognise the contribution of Connexion's work with young people not in employment, education or training.

5. FAMILY SERVICES

- 5.1 We consider that the following points should be investigated further:
- 5.2 Discussion should take place with schools about the services which schools might reasonably be expected to pay for, e.g. the Virtual School might be fully funded by the Dedicated Schools Grant, as could the Early Intervention Team serving primary schools. The Adolescent Team and the Family Resource Project might be eligible for some DSG funding. We recognise that such proposals should be put before the Schools' Forum.
- 5.3 It might be possible to consider commissioning the voluntary sector to provide the earlier intervention service intended by Every Child Matters, as this is a discretionary service for which the level of service can be determined by the Council. There is the opportunity to consider how some of these services might be alternatively commissioned.
- 5.4 In terms of efficiency, external analysis of how Family Services staff spent their time reveals that bureaucracy in respect of the currently prescribed social work role prevents them from spending more than 23% of their time directly with the families who use their services. It may be possible to convert a proportion of the social work tasks into more economically funded administrative work.
- 5.5 A review of social worker posts would be a good way of identifying efficiencies. If the Council reduced the number of posts to the average of neighbouring boroughs, then a saving of about £250,000 might be made. Another saving might be made if children referred to social services were referred to staff initially according to the level of complexity of the case. A more flexible offer was needed with different qualified staff for different needs.
- 5.6 A proposal to investigate recruitment and retention incentives for social workers may reduce the use of agency staff and achieve savings in the long run. The group agreed that staffing levels and the skills mix should be considered.

- 5.7 The impact of the Laming recommendations might lead to workforce reform. The recent Key Decision reducing by one the social work teams in North Kensington will provide finance to help to implement some of the recommendations.
- 5.8 Charges could be introduced for those in receipt of services linked to the Children Act 1989 if they are not in receipt of state benefits. Services provided by the Children and Disability Team is an area where charging might be considered in cases where discretionary costs are currently met by the Council.
- 5.9 It was noted that over the past five years the numbers of Looked After Children have reduced from 280 to 159, producing considerable savings, which have been reinvested in family support. Is it possible to reduce this number further and still fulfil statutory obligations and keep children safe? It was noted that remaining Looked After Children tend to be the most vulnerable and among those in the greatest need. The Southwark judgment (homeless 16 to 17 year olds have to be considered for care services) may also put upward pressure on the budget, if only by levelling out the previous drop in numbers. We agree that a statistical analysis is needed of the situation since 2007 (numbers and savings for each year) and how much further that might be taken without major impact on safeguarding.
- 5.10 The costs of the in-house fostering and adoption team ought to be revisited. It did not have a trading account and there were a number of costs associated with the service that need to be analysed and compared with those for independent fostering and other providers.
- 5.11 Sharing funding. The PCT should be asked to pay, where appropriate, for commissioned services.

6. SCHOOLS, QUALITY AND STANDARDS

- 6.1 We note that the national proposals to reduce local authorities' role and to give schools more independence will have an important effect on the Council and the services it provides. There is also a possible change to the Dedicated Schools Grant national formula which will affect budgets for schools from 2011. Nevertheless, we suggest that the following areas and questions be considered:

Schools

- 6.2 In general, what services should schools reasonably be expected to pay for from their own budget rather than receiving it from the Council at no cost?

Early Years - Children's Centres

- 6.3 The nature of the Children's Centre offer should be reviewed. In considering potential savings, the level of need represented in the families attending each centre should be considered.

Early Years - Outreach

- 6.4 This involves non-statutory training, family learning, fathers' activities, home safety - funded 75% by Sure Start Grant. The PCT and/or voluntary sector could be asked to contribute. Thresholds must be considered - what is provided for all and what is provided for particular groups only. If public funds are limited, where do we wish to target support, at what level and for how long.
- 6.5 There is currently no restriction on non-borough residents so there is scope to introduce residency clauses and ability to pay.

Learning and Skills Council - Functions Transferred to the Council from 1 April 2010

- 6.6 It may be possible to save about £50,000, as some of the funding transferred for five posts may be used for staff that overlap other work areas. This requires greater investigation in the light of the Young People's Learning Agency (YPLA).

Review of Special Educational Needs

- 6.7 We noted a proposal to commission additionally resourced provision, some within the borough rather than allocating placements outside the borough, and to have tighter gate-keeping on decision-making.
- 6.8 All new school buildings in future should consider the possibility of having some additionally resourced provision for special needs, although there will be capital costs in building additional units. Estimated savings are about £700,000 pa by the third year, with a net saving of £300,000.

Latimer Education Centre/Pupil Referral Unit

- 6.9 There should be a smaller, more central site for a smaller, leaner PRU which, combined with other proposals for a broader range of alternative provision, could benefit the pupils involved.

School Improvement Service

- 6.10 We note that the School Improvement Service is a fundamental part of the school offer, presently funded by DSG and the Council. Its importance is recognised and celebrated. However, in the light of the Academies Bill consideration will need to be given to its long term future.
- 6.11 The Council needs to be clear about its role in maintaining and improving standards in schools, and clear about the level of subsidy it is prepared to put in to schools which need support most.
- 6.12 The core elements of the SIS (the head of the service, plus the three school improvement advisers and the 14-19 co-ordinator), SEN support services and a small section to do with governance, add significant value and are fundamental to the Council's policy to provide excellence in education. All of the service needs to be examined on a shared services basis and could be part of a partnership model.
- 6.13 For a partnership model between local authorities to work there has to be some philosophical agreement and common approach amongst the councils involved. Other ideas (shared services or buying from specialist providers) should be considered for the non-core SIS services.

Isaac Newton Professional Development Centre

- 6.14 The group recognise that this is a strategic site for the Council which it might want to use for other purposes.
- 6.15 The PDC currently has an annual earnings target of £700,000. A business case could be made to show how, over a three year period after 2010/11, additional revenue of £1m. could be produced by the end of year three. Ways to generate additional income from the PDC by using it differently should be considered. Other boroughs might be interested in using the PDC for their training. Sharing the facility would mean that specialist courses could be run more cost effectively.
- 6.16 Schools, governors, headteachers and teachers recognise that the PDC has been provided for them as a high quality facility. However, it is at a cost. Schools may wish to consider their contribution to the PDC. The Council recognises the importance of developing a family of schools who collaborate, support each other and share best practice - this should not change.

7. STRATEGY, COMMISSIONING AND PERFORMANCE REPORTING

- 7.1 We noted that:
- 7.2 In addition to the 15% management savings, a further 5% saving could be made by not filling the Director's post and reducing management costs further by perhaps two posts.
- 7.3 Savings beyond that will be conditional, in part, on the new Government's attitude towards statutory requirements for top-down reporting and inspections.
- 7.4 The option of combining business group functions corporately should be considered, i.e. policy, performance, procurement, contract management, commissioning, complaints and design. The FCS procurement team might be the model for Council-wide procurement. The HASC commissioning team might be the model for that function. The FCS and HHASC complaints teams could be combined. Sharing services across the Council should be considered before the option of sharing services with other Councils or health trusts.
- 7.5 Cutting back on procurement and commissioning might be counter-productive as these functions could help realise savings in other areas.
- 7.6 There is potential for most of the functions of the Directorate to be undertaken on a shared basis.
- 7.7 The graphic design team should be reviewed as it is not a statutory service. Its gross cost is £267,000 and net £100,000. The review will have to consider the costs and benefits of commissioning design differently.

8. RESOURCES

- 8.1 We noted that:
- 8.2 Direct expenditure is £1.62m; 99% is staffing costs; all is recharged to departments. The total FCS revenue budget is £150m.
- 8.3 The Finance Service has been reduced from five group accountants to four - further savings are not considered possible. It operates at a lower cost than the similar HASC service.
- 8.4 The £302,000 cost of the capital strategy team represents excellent value for money as it is responsible for a gross capital spend of

£200m (70% of the Council's capital spending). However, the team might be shared and used more as a resource for the whole Council.

- 8.5 Charging is key. A review of charging has been included in the FCS transformation programme which started on 1 April. The first tranche of proposals for savings is scheduled for October. The target is £4.5m of savings. Savings to be attributed to charging ought to be shown for the next three years. The loss of specific grant known at this time is £1.3m for 2011/12.
- 8.6 Of the non-core, non statutory activities, I.T. development will need to be reviewed if headcount savings are necessary.
- 8.7 Economies of scale should be considered - similar functions in business groups might be performed corporately, e.g., capital strategy, asset management, I.T. and finance.

9. RECOMMENDATION

- 9.1 We **recommend** that our summary conclusions in paragraph 2 and the themes, suggestions and questions set out in paragraphs 3 to 8 be considered by the officers and Cabinet Members as part of the Stronger Families Transformation Programme.

FOR DECISION

Andrew Dalton

Chairman

Public background papers used in preparation of this report:

None.

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