



**Children and Young People
Overview and Scrutiny Committee
12 July 2011**

**Report from the Director of Children
and Families**

For Information

Wards Affected: All

Report Title: Children and Families Revenue Budget – 2011/12

1.0 Summary

This report provides detailed information regarding the 2011/12 revenue budget for the Children and Families Department (C&F) including the impact of savings necessary to reach the agreed cash limit for the Department.

2.0 Recommendations

2.1 This report is for information; there are no recommendations contained in this report.

3.0 Context and Background

3.1 Brent Council made its decision on the 2011/12 budget on 28th February 2011. The Council is required by law to set a balanced budget – one in which its spending is no greater than its expected funding.

3.2 Setting the annual budget is always an important and challenging event but this year, at a time of economic difficulty and tightening public finances, the decisions that needed to be taken reflected some of the difficult discussions that had taken place over the previous few months as the scale of cuts forced on the Council became clear.

3.3 Overall the council spends around £1 billion each year, about £100 million (10%) of which comes from Council Tax payers. Much of the remainder comes in the form of grants from Government and it is these grants that

were cut by an average 11.3% for 2011/12 and a further 7.4% for 2012/13. The rest of the Council's funding comes from charges that are paid directly by service users – for example, for sports facilities, parking, home help and meals on wheels.

3.4 Despite severely falling government funding, the Council still has to meet rising costs due to inflation (currently 3.3%) and increased costs from:

- A growing population – Brent's population is now estimated to be significantly greater than the official government figure of 255,000;
- More people with social care needs;
- Increases in the amount the council needs to pay toward the cost of families in temporary accommodation;
- Greater demand for benefits as a result of increased numbers of unemployed people;
- Increased tax on the disposal of household waste - rising from £48 to £56 per tonne from April 2011;
- Additional costs of carbon emissions (a new tax costing more than £400,000 each year).

3.5 In recent years, the council has saved three per cent of expenditure each year by becoming more efficient. The scale of the challenge for 2011/12 and the following three years is far greater and this inevitably means difficult decisions and major changes to services.

4.0 Children and Families Outturn and Pressures – 2010/11

4.1 The department is currently finalising its outturn position for 2010/11 with an overspend of just under £400k, compared with a quarter 3 overspend forecast of £2.9m. The major pressure areas identified in the 2010/11 budget were the cost of children's placements for children in care at £2.0m overspend and the associated legal costs overspend of £650k. The number of looked after children (LAC) rose sharply in March 2010 to 376 children, having been running at about 350 throughout the previous year. Much of the increase was for children in the age range 0- 12 with high numbers of these being the subject of court proceedings. Although the number of children coming through in the year has returned to normal levels there has not been a fall in the total of looked after children and the figure remains around the 376 level. The mix of independent and in-house foster carers has improved over recent months following a review of foster carers with a rise in the number of in-house foster carers from 81 to 95 and a fall in independent foster carers. A number of other initiatives including preventative work are being undertaken as part of the One Council Programme.

4.2 The improved outturn position was due to the Department actively offsetting the pressures through a number of measures including targeted use of SureStart grant, increasing charges to the schools budget for early years costs, and further cost saving initiatives including spending freezes on vacancies, agency and non-essential expenditure.

4.3 In setting the 2011/12 budget the Department therefore had the increased challenge of coping with severe spending pressures from 2010/11 as well as the need to operate within a much reduced cash envelope due to reductions in the funding the Council receives from central government.

5.0 Overall Savings requirement for 2011/12 and Strategic Approach Adopted

5.1 In addition to reductions arising from the Council’s reduced general funding from central government, Children and Families also experienced major reductions in other specific grants it had received in 2010/11 and previous years. The overall saving requirement is set out in the following table:

		Percentage Reduction (cumulative)
	£000	%
2010/11 Base Budget	69,721	
LESS: Departmental Savings Requirement	10,372	14.9
LESS: One Council Savings	1,569	17.1
LESS: Loss of specific grants	2,049	20.1
ADD: Growth (Children’s Social Care & CWD)	2,100	17.1
2011/12 Adjusted Budget	57,831	

5.2 This level of budget reductions has required Children and Families to fundamentally review how services to children and young people should be delivered now and in the future. There needed to be immediate reductions in the cost base but in a strategically planned way that enable future transformation of services.

5.3 Children & Families are committed to improving cost recovery and are developing to achieve full cost recovery from discretionary services. This will be achieved in two ways. The first is ensuring appropriate and adequate funding from partners – ensuring that the Dedicated Schools Grant is used in appropriate areas and to cover full costs; and funding from other partners (NHS/Police) adequately recovers costs for the provided services. The second is in refining our discretionary services offer to schools; ensuring full cost recovery and sufficient financial commitment from schools for a period which makes continued service provision financially viable.

5.4 In the service area of Children’s Social Care, Children and Families will deliver efficiencies over the next 4 years through a combination of the far reaching social care transformation programme and wider ranging restructuring within the division to streamline activities. The

transformation savings have a target of £1.8m and are intended to reduce to zero the placement overspend which has been a major contributor to the departmental overspend. There are a number of work streams but the most significant are:

- foster placements (reducing dependence on expensive Independent Fostering Agency placements) at the same time as increasing “in-house” Brent foster carers,
- Residential care costs- working with providers to reduce the costs of residential care at the same time as trying to limit numbers of children and young people placed in residential units
- Semi-independent-moving more 16yrs+ into semi independent accommodation with a view to reducing costs and freeing up foster placements,
- Reducing non LAC costs-this focuses on reducing payments to adopters and other similar associated costs

Unfortunately these savings are currently under pressure from rising LAC numbers which are continuing to push up placement costs as whole.

5.5 Further savings of £1.2m are expected to be achieved through staffing reductions (re-structuring of child protection administration team, loss of Principal Officer, Looked After Children, Youth Offending Service reductions, loss of Social Work Assistants, loss of posts within the Crisis Intervention and Support Team, loss of administrators), reductions in support to Fostering and Adoption Panels and opportunities for selling approved adopters to other authorities.

5.6 The savings plans for 2012/13 will build on the Transformation savings at the same time as looking for opportunities to rationalise the structure.

6.0 Detailed Savings Plan

6.1 Appendix A sets out the 2011/12 savings in more detail together with the relevant service impact and risk assessment.

6.2 Children and Families had historically received a large number of specific grants many of which ceased for 2011/12. In addition a number of former Standards Funds Grants were transferred into the Dedicated Schools Grant and were therefore passed on directly to schools. Appendix B sets out grants that were mainstreamed into the DSG and any amounts that were approved by the Schools Forum to continue to be held centrally.

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