

BIRMINGHAM CITY COUNCIL SERVICE REVIEWS

GREEN PAPER: SAFEGUARDING, SUPPORTING AND EDUCATING YOUNG PEOPLE

INTRODUCTION

Birmingham City Council is facing a big challenge, having to cut the budget we can control by half over seven years. In the past we have often made changes to improve our services and get better value for money. But we now face cuts in government funding on a scale that has never been seen before.

We will need to make big changes to balance the books in the years ahead. These changes will have an impact on everyone in the city, so we want to discuss them with you before going ahead.

The key question we are seeking to answer is:

How can we continue to provide essential services to residents and guide the city through such difficult times, whilst supporting greater fairness and future prosperity?

We will need to be clearer on our priorities and ensure that we only spend money on things that support those priorities. We will need to develop new structures and ways of working with services such as schools. And we will need to work with the people of Birmingham to get maximum value from all the resources available to the city.

To do this we have begun a detailed programme of reviews looking at all our services and how the council works overall. This has never been done before on this scale and it might well lead to fundamental change in how services are provided and how key priorities are delivered.

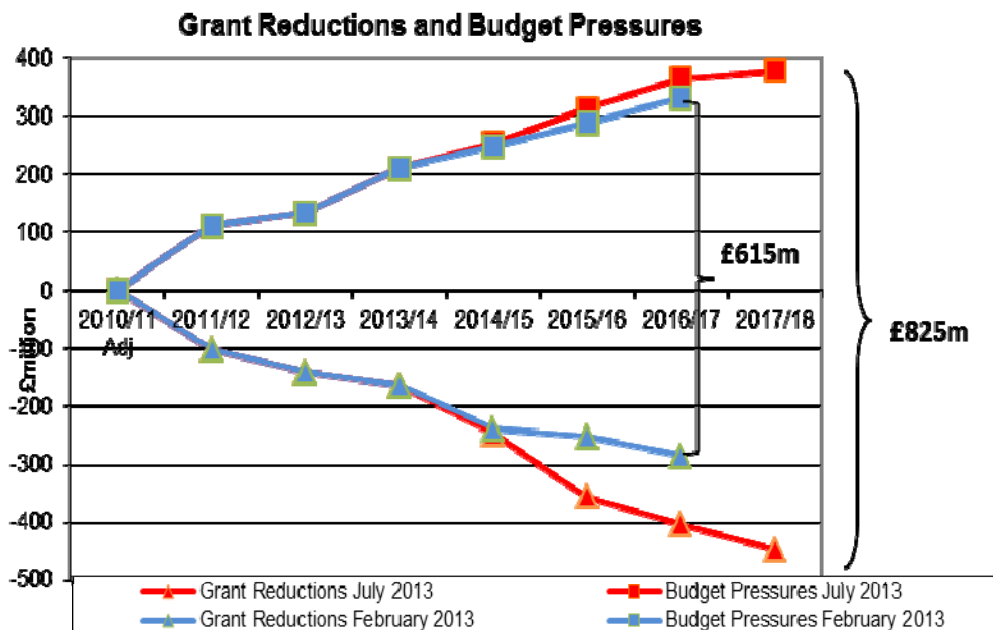
THE BUDGET NUMBERS

The Government's programme to cut public spending has meant a severe reduction in local authority funding. At the same time, there are big pressures to spend more to meet inflation, the changing population and the demands that arise from changes in the law and so on.

If we are to respond to this in time we must plan ahead and work out what the funding situation will be over the next three to five years. Our latest forecast is shown in the graph overleaf. As you can see the position has become much worse since the council set its budget in February this year. Even so this may still need to be updated further following future government announcements.

Figure 1: Grant reductions and budget pressures

The Council faces huge cuts in its grants from Government and increases in demand.



Source: Birmingham City Council, Corporate Resources Directorate, July 2013

The Council has already made significant savings in recent years, for example £275m has been saved in the last two financial years, with the non-school workforce reduced by 27% since April 2010. But despite this we still need to save at least a further £450m by 2017-18, in addition to over £100m of savings in the current financial year.

The total estimated saving of £825m is about two thirds of the funding in 2010-11 that we had any choice over how to spend (what we call the “controllable budget”). Because of this combination of grant cuts and spending pressures we may not be able to deliver some of the services we now offer and it is likely to become more and more difficult to deliver those services that we are required to provide to an appropriate quality, unless we change the way that we do things.

Focusing on the next two years in the first instance, for which information is more certain, this is likely to mean that we need to find further reductions on average across our services of 25% of the “controllable budget”.

BACKGROUND TO THIS REVIEW

This green paper updates the green paper on education services published earlier in the year and links it to the wider services we provide for children.

Birmingham is a city with one of the youngest populations in Europe, which means that our services for children and young people are particularly important.

Our vision for Birmingham is for a city which is fair, prosperous and democratic. In practical terms for young people this includes a city where:

- Children and young people are safe, especially the most vulnerable
- All young people benefit from improved health and wellbeing
- Children and families will not live in poverty
- Young people will be in employment, training or education
- Young people will get the qualifications they need for work
- Young people will be engaged in local democracy, and have more influence on local decisions.

Our top priority, shared with partners through the Health and Wellbeing Strategy, is for children and young people in Birmingham to be safe from harm and abuse.

Most children and young people successfully navigate the journey to adulthood, with support from their families and public services such as schools and GPs. However, some children and young people experience events and conditions along this journey that mean they need more support. While this support can help, these individuals are at a greater risk than others of long-term unemployment, difficult social and emotional relationships and often criminality.

The performance of Birmingham's children's services is mixed. Children's social care is judged by OFSTED to be inadequate, and addressing this is our top priority. Schools in contrast perform strongly, particularly in GCSE results.

Social care

Birmingham's services to safeguard children are currently judged to be inadequate. The review has revealed that current funding to children's social care is significantly less than comparator core cities. We realise that levels of funding will fall in all the cities with the current reductions in central government allocations. However we recognise that Birmingham will have to have a combined programme of some investment and efficiency to get the best from the resources put in.

Our management of social care 'contacts' and 'referrals' has improved, and support below child protection thresholds has developed in recent years. Partners are now working better together in providing the "right service at the right time" and family support teams are in place to help address needs before they escalate to social care thresholds. As a result, Birmingham has seen some significant reductions in the number of social work referrals (halved since 2011) and initial assessments (reduced by a third since 2009). We know we need to keep developing systems that are talking about the risks that children face, and encouraging the conversations between professionals, not those based on administrative responses alone.

However, social work caseloads remain high. There are around 7,200 open cases to social workers in Birmingham, including around 1,000 child protection cases and nearly 2,000 looked after children. The average allocated caseloads for each social worker is 29, which is high.

Education

In contrast, Birmingham has deliberately invested heavily in education since the 1990s. This high level of funding was entrenched by subsequent national formulae based on historic spend levels being "passport" to schools.

Birmingham's spending on primary and secondary education is amongst the highest in the country. Our spending (per pupil) on primary schools is the second highest of the 31 metropolitan borough councils with comparative figures, and our spending on secondary schools is the third highest.

Schools have been able to build up substantial financial reserves over time, often to invest in future improvements. At the time of writing, the figure is £82m of net school balances across Birmingham.

Our education results at GCSE level are very strong. Overall results at GCSE level are above the national average. OFSTED has noted that Birmingham is the best performing area outside London delivering good GCSE results for poorer children (those on free school meals). Other educational performance measures are generally around average.

The Council's educational support services have below average costs. This includes behaviour support, welfare and inclusion; school improvement; school planning and admissions, and special educational needs.

However, early years services, such as children's centres and nursery provision, have above average costs in Birmingham. The average city invests just over £1,000

per child (aged 0-4) in early years services. In Birmingham the figure is over £1,200 per child – a difference of £16m per year. A quarter of cities invest under £800 per child, which equates to a cost of £34m per year less than Birmingham.

The landscape of education provision is changing nationally, including a quarter of Birmingham schools converting to academies in recent years (currently 98 out of the city's 427 schools). It is clear that head teachers are committed to a collegiate approach to improving the life chances and education of the city's children and young people. The nature of the City Council's relationship with education providers has not yet been re-developed, to reflect this changed landscape. As a result the relationships between the Council and schools, including the use of resources, are in need of an overhaul.

Many of our services date from an era when the Council was the sole provider to schools; for the majority of services this is no longer the case, and we operate in a market where schools can buy from whoever offers the best value. In these cases, we need to consider whether we should continue to remain in the open market and re-shape our offer accordingly.

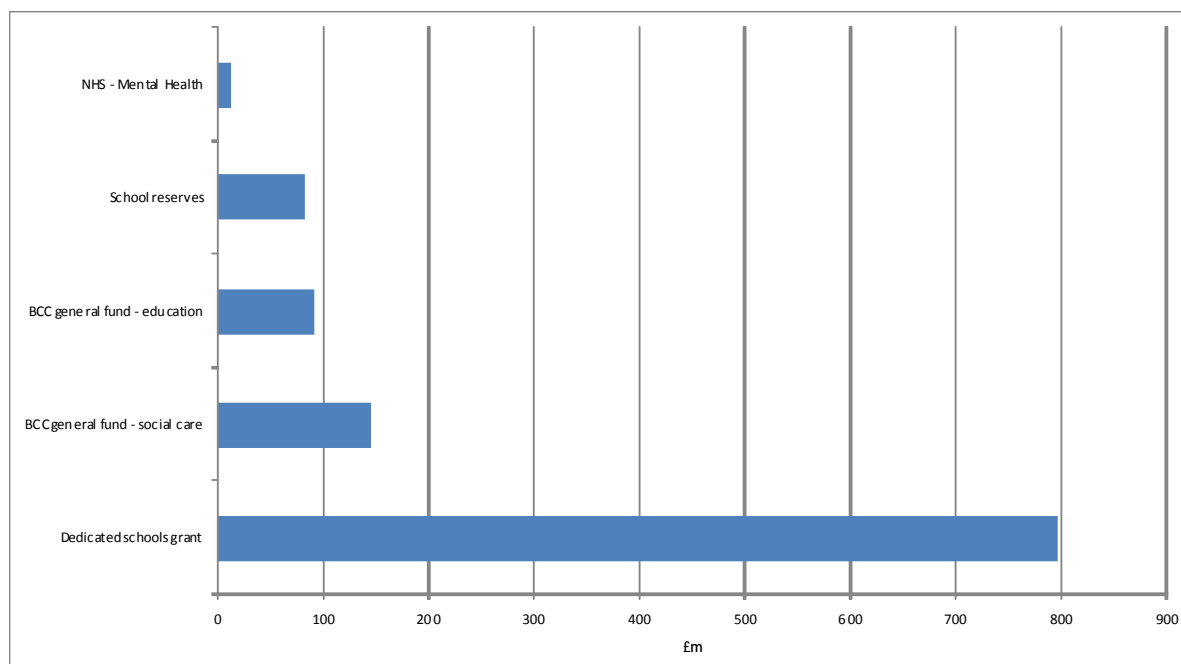
Funding

The funding of children’s services is complex because the government allocates budgets through several streams, some of which have very detailed and restrictive rules on how the money may be used.

There are broadly four main categories of funding in this area:

1. The “Dedicated Schools Grant” (DSG): a ring fenced grant of £798m allocated to Birmingham for the provision of education, which can *only* be used for specified activities, usually with the agreement of the local Schools Forum. Most of this must go directly to schools.
2. The Council’s “General Fund”: we currently spend £147m on children’s social care, and £93m (excluding accounting amendments) on education services
3. School “Reserves”: £82m of net school balances which have developed over time, often to invest in future building improvements.
4. Other public bodies: investment in children and young people from the NHS, Police, and voluntary and community groups is substantial. For example, the NHS in Birmingham invested approximately £14m in Child and Adolescent Mental Health services (CAMHS) last year. Further health spending includes investment in the Children’s Hospital, together with midwife and health visitor services. Services such as speech therapy have a major bearing on the lives of children and their experience of school.

Figure 2: Funding of children’s services in Birmingham



THE INITIAL PROPOSALS ARISING FROM THE REVIEW

The current financial position and the changes described above mean that we now need to take a more radical look at the future role of the council in this area. Piecemeal cuts to social care services to meet budget targets would present unacceptable risks to Birmingham's children.

1. A Joint Review of Children's Services in Birmingham

The whole citywide "system" of children's and young peoples' services and organisations need to work better together and develop a different, more cost-effective model for supporting children and young people. The Council is clear that it has to ensure that its top priority outcome, the safety of children, is properly resourced. We want to work with schools to identify the way in which the resources currently spent across all of care and education services can be used differently to support this aim. This will include improving the accessibility and responsiveness of other services within the range of accompanying measures to the journey of each child into adulthood.

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There is an emerging body of evidence on cost-effective early interventions for young people and families, and ways in which the "whole system" of local children's services can be re-designed to produce improved outcomes. The review has considered a wide range of approaches from other councils which could provide good practice examples relevant to Birmingham. It also recognised that there is potentially a wealth of under-used professionalism and expertise in Birmingham.

A six-month project will be established jointly with key partners providing and commissioning services for children and young people including representatives of schools (head teachers and senior management teams and the statutory Schools Forum), council services and other partners. We are exploring the potential for a large third sector organisation to make a major contribution to this review, and welcome this offer which will focus the review on the needs of children.

The Joint Review objectives would include to:

- Understand and recommend future approaches to the totality of children's services in the city, including the use of all available resources.
- Identify opportunities to improve outcomes through effective intervention, prevention and removal of overlapping services across the whole journey of children

The Joint Review will commence immediately and aim to report within six months, to influence partners' budgets and business plans for 2014/15 onwards.

2. Establish the Future Role of the Council in Education

The role of the Council in education needs to change because the overall landscape has changed and is further evolving.

The challenge in defining what this new role might be is complicated by the lack of clear vision nationally and the rapid rate of change. Academies and free schools have arrived in the city in recent years and, whilst over three-quarters of schools have chosen to remain with the council, the relationships between the various schools, the council and local communities are still being developed.

The council cannot define its future role alone and needs the support of a broad base of schools and other interested organisations for changes.

In response to this challenge other councils have adopted a wide range of approaches, for example:

- Almost complete outsourcing of services to a private sector company
- A staff-owned or school-owned social enterprise
- A co-operative model
- Facilitation of community-led initiatives
- Some councils offer support to the role of schools as commissioners of services

The common factor from all these examples is that there is no “one size fits all” solution. Flexibility is key, albeit that this must come within the certainty of strong leadership, direction and continuity.

Birmingham has recently started to develop two key building blocks to help define this future role:

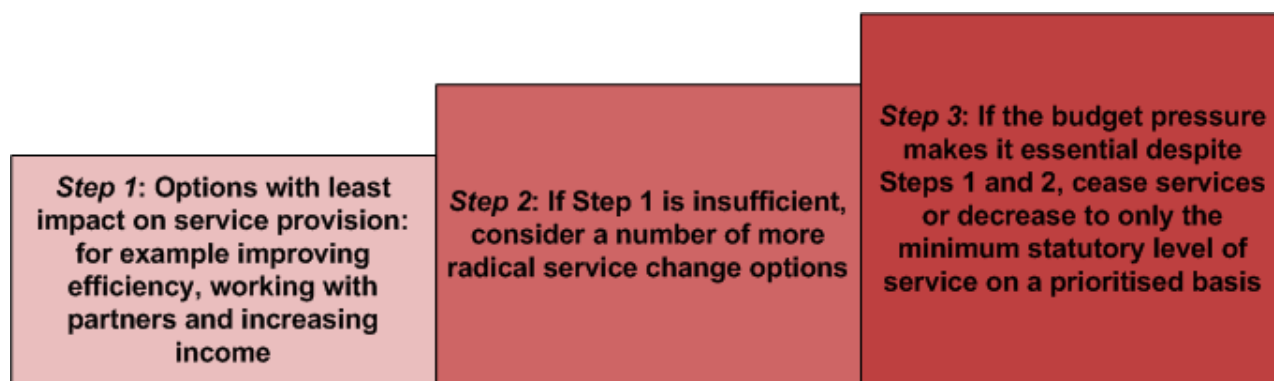
- Birmingham Education Partnership
- Services for Education – a registered charity already delivering three former BCC services to a high number of schools in the city. Current services include music, health education and learning & assessment.

The Council will work with schools and other stakeholders to develop a clear vision and approach to its future role in education. It needs to support and facilitate schools through being focussed upon areas which reflect the schools of today’s city. This work will be integrated with the above Joint Review of all children’s services in the city.

3. Immediate Financial Proposals

The review has adopted the standard “three step” process used in BCC’s service reviews. Step 1 involves finding efficiency savings. If this does not meet the budget gap then step 2 involves more radical service change options. Finally, if this is not sufficient then step 3 looks at decreasing services to statutory minimum levels. This is illustrated on the diagram below.

Figure 3: The Three Step Process



It is proposed that there be no reduction in safeguarding expenditure prior to the outcome of the Joint Review above.

The Council will enter into a dialogue with the Schools Forum with respect to expenditure that is currently being met by the BCC General Fund that could be charged to the Dedicated Schools Grant. In 2014/15, the budget planning assumption is that £8m will be charged, which will in part be mitigated by brought forward under-spends in 2013/14. During the course of next year, a further dialogue is required about the childcare services that can be charged to the Dedicated Schools Grant to develop a joint commissioning approach to save a further £11m in 2015/16.

It is proposed that a reduction in the General Fund spending on education services will be introduced following discussion with schools. Current spending is shown in Figure 4 below.

We realise that charging expenditure to DSG will affect other expenditure in this pot, and that reducing subsidies to schools finances from the General Fund will impact directly on school balances. Decisions taken around this will be done in full consultation with schools and with consideration to significant balances held.

Figure 4: Current General Fund spending on education services¹

Budget area	£m pa
Children's Centres	25.3
Home to school transport	16.6
Business Support	8.2
Early Years and Childcare	6.9
PPP & BSF School Contracts	6.7
Premature Retirements	6.4
Commissioning & Brokerage	5.5
Connexions	4.0
Strategic Management	2.6
Access to Education	2.5
Strategic Leadership & Improvement-E&C	1.8
SENAS	1.6
Education Welfare	1.0
Education Asset Management Properties	0.9
CYP&F Finance	0.8
School Settings / Improvements	0.5
Admissions & Placements	0.4
Outdoor Learning Service	0.4
Parent Partnership	0.3
Flying Start	0.2
LEA Initiatives	0.1
Total for education services	92.7

We need to personalise services for children with disabilities on the basis of their needs. Large resource led approaches to the needs of children with disability are neither cost effective nor do they facilitate life long approaches to responding to needs. Where appropriate to the young person and their family, the introduction of personal budgets could enable choice over how needs can be best met and prioritised, rather than offering a one-size fits all service. A number of small scale pilots to try out this approach have started, for example around personal budgets for home to school transport for pupils with special needs.

¹ These figures exclude asset charges (£57m) and accounting treatments

The Council will consider delivering some services using a different model outside the Council. The Council provides a number of services to schools and, in order to protect resources for the most vulnerable children. It may be appropriate to look to other organisations to provide a number of services that are complementary to the council's statutory duties and which are now too costly for the council to provide. Careful consideration of such services needs to take place and we are interested to hear views from service users on the type of services that could be run more efficiently and effectively with less resources by the council or alternatively in an open market.

We anticipate budget savings of around £13.4m in 2014/15 from these changes rising to £25.4m in 2015/16. Protecting Children's Social Care, however, means that a greater level of savings will need to be found from the Council's other services.

Figure 5: Summary of anticipated reductions proposed

	2013/14	2014/15	2015/16
	BCC General Fund budget (£k)	£k reduction	£k reduction
Schools Trading – increasing net income. Close Outdoor Learning Centre.	(traded saving extra income))	– is -1,000	-2,000
City Learning Centre	(traded)	-25	-25
Schools' Management and Governor Support alternative delivery	(traded)	-13	-13
Parent Partnership/SEN	300	-31	-31
Schools Settings and Improvements remodelling	500	-98	-98
Early Years remodelling	6,900	-500	-1,000
Connexions	4,000	-500	-1,000
Strategic Management & Support	2,600	-500	-1,000
Education Welfare Team remodelling	1,000	-344	-687
Merge commissioning across adults & CYPF	5,500	-250	-500
Accelerate above five efficiencies by commencing restructure immediately rather than after budget	n/a	-2,100	0
Budget assumption on under-spends and changes to General Fund/DSG.		-8,000	-19,000
	Total	-13,361	-25,354

KEY QUESTIONS

1. Do you agree with our top priority being to make the city safer for all of Birmingham's children – and in particular our intention to make the necessary improvements to our safeguarding and child protection services?
2. How should the role of the Council in education change in future?
3. How can we continue to support improvements to the standard of education that Birmingham's children receive?
4. Do you agree that the whole citywide “system” of children's and young peoples' services and organisations need to work better together and develop a different, more cost-effective model for supporting children and young people?
5. Do you agree (pending the Joint Review) that spending on safeguarding children should be protected from cuts, even if this means greater cuts elsewhere? If so, should those greater cuts apply solely to other children's services, or should they be spread across the whole council?
6. Do you agree that limited discrete parts of current BCC “general fund” spending should be charged against the Dedicated Schools Grant for 14/15, where it does not materially impact on schools budgets?

THE DIALOGUE

The round of this dialogue will continue to mid November. Following that there will be a formal budget consultation for 2014-15 – that will be a separate exercise which we are legally required to carry out. All the information you need is posted at:

<http://www.birmingham.gov.uk/servicereviews>

You will be able to take part in the dialogue by:

- Sending your comments by post or email
- Submitting comments on Facebook and via Twitter

Details for all these are on the web site.

In addition we will be holding discussion sessions on specific services with groups of service users and other interested people. We have also engaged the permanent People's Panel during the summer. Our scrutiny committees will be looking in detail at aspects of the education and adult social care reviews.

If you are part of the network of people and organisations involved in our social inclusion process, led by the Bishop of Birmingham, you will also be able to join in discussion of how we can limit the impact of cuts on social exclusion and inequality.

City Council staff will also be encouraged to join in the debate.