

By: Jenny Whittle - Cabinet Member for Specialist Children's Services
Malcolm Newsam - Interim Corporate Director-Families & Social Care

To: Specialist Children's Services Policy Overview & Scrutiny Committee – 21 June 2011

Subject: **2011/12 Budget Savings**

Classification: Unrestricted

Summary: This report sets out the process we have been through to ensure the delivery of the 2011/12 budget savings allocated to the services overseen by this POSC.

1. Introduction

- 1.1 This is a one-off report setting out the detail behind the 2011/12 budget savings allocated to the services overseen by this POSC.
- 1.2 The scale of the savings to be made in 2011/12 is unprecedented and we have put additional processes in place to monitor their delivery.
- 1.3 The 2011/12 budget is not all about savings. There is a substantial reorganisation under way, which will change the way we run our business. Our new structure will enable us to effectively deliver front line services in the most efficient way, and ensure we can adapt and prosper in what is sure to be a difficult financial climate. We have a clear vision for the future shape of the Authority, as evidenced in Bold Steps for Kent, and in future years of budget setting we will seek to ensure that we can deliver our vision for Kent.

2. Background

- 2.1 The overall net 2011/12 budget of £908m was approved by County Council on 17 February. This budget included £95m of savings, which is some three or four times larger than previous years savings requirement and is an unprecedented amount of savings for this Authority. We are doing this with minimal disruption to front line services.
- 2.2 The savings that the Authority will be required to make in the next few years will also be extremely tough, and we have therefore set up a rigorous process to monitor the delivery of the £95m savings, and we will follow this process again in future years, if necessary.
- 2.3 At the point when the budget was approved by County Council, as is usual at this point in the process some detail about how these savings would be made was missing. This was partly due to the impact of the

County Council restructure, and partly due to a change in responsibilities for some services at Director level.

- 2.4 The process began with each saving line in the MTFP being allocated to responsible managers. As the MTFP is presented in the old structure, we had to ensure that savings were correctly split and allocated to the correct responsible managers where a saving in the old structure split across two Directorates in the new structure. In addition to this, where people had left the organisation it was important that their successor, or a suitable alternative officer, was made aware of the savings that had been agreed.
- 2.5 In March responsible managers were asked to 'RAG rate' each of their savings according to the following guidelines:
- Red – detailed plans not yet finalised and/or delivery not totally within our control
 - Amber – anything that is between 'Green' and 'Red'
 - Green – delivery of savings has already started
- 2.6 Subsequently 'Blue' has been added to this rating for savings that are already delivered and 'in the bag'. The 'BRAG rating' of savings has been an iterative process, and responsible managers provided several updates.
- 2.7 The current totals for the 'BRAG rating' is:
- | | |
|-------|--------|
| Blue | £32.4m |
| Green | £29.1m |
| Amber | £28.4m |
| Red | £4.8m |
- 2.8 For savings in excess of £200k over the two years in the MTFP the responsible managers completed a Project Initiation Document (PID).
- 2.9 We set the threshold at £200k to ensure that we covered as much of the £95m of savings as possible, but with the emphasis being on the larger savings which would have the biggest impact if they were not delivered. There are around 250 savings lines in total, and around 100 PIDs have been created. The PIDs cover £92m of the £95m.
- 2.10 The PIDs identify how it is intended that the saving will be achieved and the key milestones which need to be met in order to deliver the saving as planned. This will enable us to monitor progress throughout the year to ensure that we are on target to deliver the planned savings and where plans have slipped what remedial action needs to be taken to ensure we stay within budget. It will also enable the necessary support for many of these savings, from HR and Communications in particular, to plan their workload accordingly.
- 2.11 The first PIDs were returned in March. A PID surgery was held by Corporate Finance on 6th April to discuss some of the savings with the

responsible manager and the Directorate's Finance Business Partner (formerly the Head of Finance in each Directorate). Savings that were discussed at this surgery were those where there was some uncertainty over the deliverability of the saving from reading the contents of the PID. The PID surgery gave assurance over the deliverability of many of the savings discussed and revised PIDs have been submitted for the most of the savings discussed at the surgery. There were some savings discussed at the PID surgery which remained 'red rated'.

2.12 As set out in paragraph 2.7, there is currently a total of £4.8m of 'red rated' savings across the Authority. The Corporate Management Team has agreed to continue to pursue £2.6m through the original means, and have asked the responsible Directorates to work up alternative savings for the remaining £2.2m.

3. Savings for services covered by this Committee

3.1 Details about the progress towards the delivery of the savings attributable to the Families & Social Care Directorate are documented in section 3.2 below.

3.2 Families & Social Care Directorate

Children's related savings

Of the £10.698m of children's related savings in 2011-12, £7.584m are on target for delivery, and are therefore classified as 'blue' or 'green' in the 'BRAG' rating.

For ease of member's reference, these are listed below:

	£'m
Grants to Voluntary Organisations	0.362
Asylum	1.057
Surestart	4.694
Grant reduction to Children's Centres	1.117
Commissioning Reduction	
-Teenage Pregnancy	0.217
Respite efficiencies	0.137
Total	7.584

However, the remaining £3.114m is currently shown as 'amber' or 'red' in the 'BRAG' rating, with further work underway to either review their status or work up alternative ideas to bridge the gap.

	£'m
Grant Reduction to Children's Centres	1.558

Overall, we have had to find £2.675m worth of savings against Children's Centres, mainly through management overheads and back office reductions. We have managed to ensure that no children's centre has been closed or has received more than 11% saving from its revenue budget, in this financial year. It is anticipated that in the forthcoming weeks some of the proposals will be finalised and the status against this saving can move to green.

	£'m
Out of County/Residential/Respite	0.400

It is hoped that £0.200m of this amount will be confirmed as green as placements moves are confirmed. It is still anticipated that the remaining £0.200m will be achieved by ensuring that all new placements are made in-county where possible.

	£'m
Review of high cost placements	0.750

Over the next few months, through a number of routes like reducing the number of high cost placements in the private sector as a result of the introduction of a centralised placement process for independent care placements and the resultant reduction in spot purchasing,. It is anticipated that over the next few months the status will change to amber and subsequently green.

	£'m
Respite Efficiencies	0.368

As the effect of those short breaks filter through in 11-12, the status of this saving will move to green.

	£'m
Grants to Voluntary Organisations	0.038

Through the new Framework Contract effective from September 2011, the status of this saving will move to green.

3.3 The Corporate Director and/or Directorate's Finance Business Partner will give a presentation at the meeting on the progress against each saving covered by this Policy Overview and Scrutiny Committee.

- 3.4 To date the focus of attention has been on the £95m savings in the 2011/12 budget. It is important that we now shift the focus to monitoring the overall 2011/12 budget of £908m and ensure we deliver this on target. Therefore, from now on monitoring the delivery of savings will be picked up as part of the routine budget monitoring process and reports.

4. Recommendations

- 4.1 The Specialist Children's Services Policy Overview and Scrutiny Committee is asked to note the progress against the delivery of the savings covered by the Committee

Contact Officer:

Michelle Goldsmith

Finance Business Partner – Families & Social Care Directorate

Ext. 1770