

By: Graham Gibbens - Cabinet Member for Adults Social Care & Public Health
Malcolm Newsam - Interim Corporate Director, Families & Social Care

To: Adult Social Services & Public Health Policy Overview & Scrutiny Committee – 7 July 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.

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.

(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.

(3) The delivery of the £95m of savings will be a major factor in delivering the 2011/12 budget on target. However, our overall net budget for 2011/12 is £908m and it is crucial that we ensure that the whole budget is delivered on target.

(4) 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.

Background

2. (1) The 2011/12 budget approved by County Council on 17th February included £95m of savings. This is some three or four times larger than the savings requirement we have been used to in recent budget rounds, and is an unprecedented amount of savings for this Authority. We are doing this with minimal disruption to front line services.

(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.

(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.

(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.

(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

(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.

(7) The current totals for the 'BRAG rating' is:

Blue	£32.4m
Green	£29.1m
Amber	£28.4m
Red	£4.8m

(8) For savings in excess of £200k over the two years in the MTFP the responsible managers completed a Project Initiation Document (PID).

(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.

(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.

(11) The first PIDs were returned in March. A PID surgery was held by Corporate Finance on 6 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'.

(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.

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.

Families & Social Care Directorate

(2) Adults related savings

Of the £12.155m of Adults related savings in 2011-12, £5.560m 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
Review of Domiciliary Procurement	0.300
Area & Headquarters Support	0.102
Management Structures	0.242
Release of uncommitted contingency	0.930
Income Increase in line with benefits uplift	1.891
Older Persons Strategy	1.000
Access & Assessment-Hospital Review Teams	0.225
Access & Assessment-Co-ordination Mgers	0.150
Access & Assessment-Mental Health Mgers	0.150
Review of Learning Disability/Physical Disability Residential & Supported Accommodation Procurement	0.570
Total on target for delivery	5.560
Amber Savings	5.390
Red Savings	1.205
Overall Total	12.155

As reported below, the remaining £6.595m is currently shown as either '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
Review of Domiciliary Procurement	0.600

Notice has been given to Providers of proposals around the enhanced element of the domiciliary contract. The anticipation is that the balance of this savings target will move to green over the forthcoming months.

	£'m
Increase Charging-Non Residential	1.477

Consultation has commenced and subject to the outcome of that consultation, changes to the amount of 'Non Disposable Income (NDI)' as well as the 'Disability Related Expenditure Assessment (DREA)' will take effect from December 2011. As a result of this timeline, it is hoped that the majority of the savings target will move to green.

Review of Learning Disability/Physical Disability Residential & Supported Accommodation Procurement.

	£'m
Procurement Review	2.945

The amber element of these savings totalling £1.740m are where we are confident that we have plans in place to generate these savings and should subsequently move to green. The remaining £1.205m is where we have not yet approached the Providers to start negotiations to alter the future procurement of savings.

	£'m
Application of Good Practice Guidelines	0.500

Pending the outcome of the first quarters performance figures, this saving should hopefully move to green, but is currently reflected as amber, to be prudent.

	£'m
Review of In House Services	0.430

The complex review of in house services has commenced, with a timeline of the summer for the outcome to be reported back. Management actions on other budget service lines have been implemented to reflect the effect of this timeline.

	£'m
Management Structures-Day Services Review	0.262

Consultation regarding the suggested proposals and new ways of working will commence in summer 2011, with only part year savings expected to be realised. As above, management actions have been implemented to reflect the effect of this timeline.

	£'m
Agency Staff	0.132

Pending the outcome of the second quarters performance figures, this saving should hopefully move to green, but is currently reflected as amber, to be prudent.

	£'m
Increase Charging-Residential Jointly Owned Properties	0.250

This policy change was implemented on June 1st, so it is anticipated that these savings will turn to green over the next few months.

(3) The 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.

(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.

Recommendations

4. (1) The Adult Social Services & Public Health 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

01622 221770

Email: michelle.goldsmith@kent.gov.uk

Background document: None