

**Resources Improvement  
&  
Scrutiny Committee**

**Review of Council Budgets 2008**

**Final Report**

**December 2008**

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## 1. Introduction

The Resources Improvement and Scrutiny Committee consider matters relating to strategic policy, budgets, regeneration and neighbourhood services. The Committee has previously undertaken reviews examining the Council's budget in 2004, 2005 and 2006, on each occasion presenting their findings to Cabinet to inform the budget setting process. As part of its work programme for 2008/9 the Committee agreed to undertake a review of the Council's 2008/09 budgets, appointing 7 Committee Members to the Budget Efficiency and Service Improvement Sub-Group to carry out the detail examination.

### Background

As a part of the Comprehensive Spending Review 07 the Government is expecting to see the release of £4.9 billion via efficiency savings over the life cycle of the review. A key consideration for the Authority is how to meet their localised targets while delivering high quality, personalised services which meet the needs of local residents. In addition the 'non-cashable' element of efficiency savings has been removed and 'efficiency savings' are now required to be 'pure cash' and this effectively more than doubles the amount Local Authority's have to save.

With this in mind the Committee decided the purpose of the Review should be to:

- a) Identify the progress directorates are making in achieving their 2008/2009 cash savings targets;
- b) Consider the proposals to meet the anticipated 2009/2010 cash savings target, including expected returns from service re-design and invest to save initiatives; and
- c) Identify pressures on Derbyshire County Council's budgets.

The objectives of the Review were to:

- a) Identify cash savings being delivered by directorates;
- b) Identify if cash savings are being achieved through efficiency savings, unsustainable savings or increased income;
- c) Identify the impact on funding or delivery of front line services from the cash saving initiatives;

d) Identify the areas where pressure on the budget is greatest and where future budget pressures will be; and

e) Highlight examples of good practice.

#### Efficiency Targets 2008 – 2009

The Authority's efficiency target for 08/09 is £7.331m (£2.831m cross-cutting efficiencies and £4.500m departmental targets).

	<b>Cross-Cutting</b>	<b>Dept</b>	<b>Total</b>
	£	£	£
Corporate	27,000	268,000	295,000
Chief Executive	81,900	64,000	145,900
Corporate Resources	528,400	108,000	636,400
CAYA	971,700	1,402,000	2,373,700
Environmental Services	352,000	853,000	1,205,000
Cultural & Community Services	148,500	174,000	322,500
Adult Social Services	721,000	1,631,000	2,352,000
	<b>2,830,500</b>	<b>4,500,000</b>	<b>7,330,500</b>

The 3 year Comprehensive Spending Review 07 grant settlement will allow the Authority to maintain an element of growth, assuming an efficiency target in 09/10 of £6m (1.5% of controllable budget for directorates). The budget for 09/10 is being built on the assumption of a 3.5% increase in Council Tax.

## **2. Budget Efficiencies and Service Improvement Sub-Group**

The Sub-Group comprised of Councillors Gillott (in the Chair), Buckley, Lauro, Pickering, Hart, Clark and Russell. As part of the process the Sub-Group received briefing papers from each Strategic Director prior to the Review meetings.

For the first time the Sub-Group invited the Chief Constable and Chair of Derbyshire Police Authority, and the Chief Fire Officer and Chair of Derbyshire Fire and Rescue Authority, to brief the Group on their budgetary position and the service pressures they are currently facing.

Meetings with the following Chief Officers took place:

### 6 October 2008

- Martin Molloy (Strategic Director – Cultural and Community Services)
- Mike Ashworth (Deputy Strategic Director – Environmental Services)
- Nick Hodgson (Chief Executive – including Policy and Community Safety and Corporate Resources))

### 8 October 2008

- Mick Creedon (Chief Constable) and Janet Birkin (Chair Derbyshire Police Authority)

### 20 October 2008

- Bill Robertson (Strategic Director Older Adults)
- Bruce Buckley (Deputy Chief Executive and Strategic Director Children and Younger Adults)

### 3 December 2008

- Brian Tregunna (Chief Fire Officer) and Paul Smith (Chair Derbyshire Fire and Rescue Authority)

The Resources Improvement and Scrutiny Officer met with all Cabinet Members in advance of the review being conducted to determine their views on the budget/service pressures, and the implications for service provision being faced by directorates which feed into their portfolio.

### **3. Summary of Findings**

#### **3.1 Cultural and Community Services**

The Strategic Director for Cultural and Community Services updated the Sub-Group on the progress being made towards achieving this year's cross-cutting and departmental efficiencies, reporting that these should be realised. Significant savings have been generated as a result of a review of front line and mobile library services, the acquisition of library materials and a review of newspaper and periodical holdings, with no reduction in the level of service being delivered.

Cultural and Community Services are currently piloting the introduction of self-service in a number of libraries; although at this stage the implications of this development, the level of efficiencies to be realised and impact on service delivery is not clear. This initiative is indicative of the proactive approach being taken by the directorate.

The Strategic Director reassured the Sub-Group that every effort is being directed into looking for future opportunities to generate and maximise efficiency savings whilst improving the effectiveness of the service. There was a sense of optimism about the impact major corporate efficiency projects such as procurement and the development of core systems could have on the directorate. The importance of being aware of initiatives developed by other areas was emphasised, allowing Cultural and Community Services to take advantage of these if appropriate.

In relation to the delivery of frontline library services it was highlighted that the directorate was working towards ensuring the right staff were doing the right job i.e. not having professionally qualified staff carrying out administrative duties. The need to ensure progression routes are clear and accessible was also commented on, as was the possibility of looking at staffing structures in the future.

The role of trading standards is currently expanding with government funding guaranteed for three years; however the time limited nature does have long term implications for this area, causing short-term difficulties recruiting to fixed term posts. As a result the Strategic Director believes he may need to review this area in the future, examining staffing requirements and provision, identifying key priorities and matching these to the available funding.

It was acknowledged that meeting next year's efficiency targets was not going to be easy; however there still existed scope for savings to be made. The Strategic Director felt that it would become increasingly difficult to maintain this level of efficiency gains. In the medium to long-term service delivery and alternative ways of working will need to be comprehensively assessed.

### Key Points

- Major service reviews have already been undertaken;
- Scope for increasing efficiencies still exists in the short-term;
- A positive impact from corporate efficiency projects is anticipated; and
- There is an element of concern within the directorate about their continued ability to make efficiency savings in the medium to long-term without impacting upon service provision.

## 3.2 Environmental Services

The Deputy Strategic Director for Environmental Services reported that this year's cross-cutting and departmental efficiency savings will be achieved without impacting upon the delivery of services. Significant savings have been generated by the Highways Review, Traffic Management Review and the increased economies of procurement realised as a result of the 3 Counties Alliance Partnership. The use of countryside volunteers is an initiative which has seen a service provided in an innovative way, allowing the directorate to achieve a higher level of provision, whilst minimising expenditure.

Budget pressures being faced by the directorate have been intensified by the rising energy costs (£1m/25% increase for street lighting in 08/09) and the increasing costs of raw materials such as bitumen and blacktop. The budget for public transport is also under pressure from fuel increases; the situation may arise where current supported networks are reviewed, with under utilised routes being identified and provision transferred to community transport providers.

It was noted by the Sub-Group that the directorate has had sufficient resilience to be able to absorb these significant increases in expenditure (in excess of £1m) within its existing budget for this year; this has had no detrimental impact on the level of service provided.

Environmental Services are still facing difficulties in filling a number of professional/technical posts. The value of these unfilled posts on the establishment is approximately £750k. The number of vacancies is not currently impacting on the quality of service, but on the length of time taken to deliver in some instances. To fill vacancies consultants have on occasion been used and the directorate is working towards achieving the 'right' staffing mix.

Future budget pressures were identified as the Landfill Tax Escalator, the procurement of public transport services and the provision of concessionary fares should the Authority become responsible for these. The cost of fuel and raw materials will continue to present a budgetary challenge to the directorate.

It was confirmed that the directorate was in a position to deliver on next year's efficiency targets with particularly support coming from the ROADCON Index and harnessing the potential of the 3 Counties Alliance. Additional income will be generated in relation to the Traffic Management Act (issuing permits/fines to utilities companies), as well as the de-criminalisation of parking and the associated ability to recycle income generated from this area into transport related activities. All of these areas will enhance the directorate's financial position.

The Deputy Strategic Director felt unable to confirm that meeting the directorate's cashable savings would not have a detrimental impact on services. He identified there would be very little 'slack' in this budget and hoped that issues such as rising electricity charges would be recognised as a corporate budget pressure. The Sub-Group was informed that next year's revenue outturn will not generate the same level of underspend as in previous years, and a small overspend is anticipated in 09/10.

### Key Points

- A number of service reviews have been undertaken;



- Involvement in the 3 Counties Alliance has allowed greater economies of scale to be achieved in relation to some procurement initiatives;
- The Directorate has faced significant budget pressures due to rising fuel and raw material costs;
- These rising costs have been absorbed into the existing budget for 2008/09; and
- It was reported that meeting future efficiency targets may impact upon the type of service delivered.

### 3.3 Chief Executive (Incorporating Corporate Resources, Policy and Community Safety)

The Chief Executive reported to the Sub-Group that Corporate, Chief Executives and Corporate Resources departments' efficiency savings would be achieved without any effect on frontline service delivery.

In order to meet future efficiency targets the 'Way We Work' project has been established. This will determine how adapting the Authority's approach to areas such core systems, property rationalisation and management structure de-layering can lead to increased efficiencies and enhance service delivery. It is anticipated that the full extent of savings generated by these projects will not start to be realised until 2010/2011.

The Core Systems Project will see the introduction of a new IT system to replace existing ones in the Finance and HR divisions. The target completion date is April 2010 and this project will be one of the largest IT implementation schemes undertaken by the Authority. It is predicted to make significant efficiencies in the medium to long-term.

The Sub-Group agreed the investment in and potential returns from the 'Way We Work' projects are considerable; as such the Authority will need to ensure expenditure and associated savings are fully captured, reported to Cabinet on a regular basis, with the effectiveness of the project fully assessed.

The management structures review carried out by the Chief Executive's and Corporate Resources departments earlier this year saw the removal of a number of management tiers and generated a net saving of approximately £225,000 which

contributed to the Authority's base budget efficiency target. Sub-Group Members commented that the rolling of this review out to all directorates may prove beneficial to the Authority.

The Chief Executive reported that the costs of implementing Single Status as yet can not be fully quantified. The organisation has set aside £12m (£9.5m base budget and £2.5m 'Derbyshire Package') to deal with this. Implementation is now scheduled for October 2009.

The Authority's 'hyper-inflation' budget has been increased in response to the current economic climate from £2m to £4m; this will support issues such as rising fuel and energy bills. The 08/09 innovations budget is £750k, with funding still available from this.

The Chief Executive raised with the Sub-Group the impact of lower interest rates received on cash balances. Interest rates are now starting to fall, however the average return for the whole financial year 08/09 is estimated to be around 4½% to 5% which is in line with expectations. It should be noted that while the Bank of England base rate has now fallen to 2%, the Authority can currently still earn around 1% more on average from its deposits.

The income base budget for the financial year 2009-10 is achievable at rates of interest of around 3.75%. Each ½% change is equivalent to approximately £1.1m in interest. However, it should also be noted that if interest rates do stay low in response to the current economic climate, the Council will accrue compensatory savings. For example, the interest payable on capital programme borrowings will be lower, and inflation is also expected to fall sharply, with resultant cost savings.

The position will be kept under review in the run up to setting the 09-10 budget.

The financial situation for the Authority in the coming year will continue to be challenging; risks to the Authority have been identified and the situation remains tight but manageable.

The Sub-Group felt that transformation projects such as the 'Way We Work' initiative required close monitoring, ensuring efficiencies, impact on provision and staffing is effectively monitored. The Chief Executive re-stated that significant developments can be made especially in relation to property rationalisation; an issue which although highlighted in the past, has never undergone cohesive assessment.

### Key Points

- The 'Way We Work' project has the potential to make substantial increases in efficiency and effectiveness of the Authority, with these major projects requiring close monitoring;
- The Management Structures Review – potential for rolling this out across the Authority;
- Single Status implementation delays continue to cause concern; and
- The Authority's overall financial situation is reported as being tight but manageable.

### 3.4 Adult Social Services

The Strategic Director for Adult Services reported that in spite of considerable funding issues and service pressures, the directorate will achieve its cross-cutting and departmental efficiencies this year; a slight under spend in the overall budget is projected. However this position has been reached by the Authority funding an underlying overspend of £2.8m to ensure the continuation of the protection of vulnerable adults.

The directorate is facing substantial pressures due to demographic growth issues (aging profile of Derbyshire residents) and is working with the philosophy of adding 'years to life and life to years'. As a result of people living longer the directorate has to deal with calls on their service which are increasingly complex and resource intensive; an additional £1m is being directed into the development of residential staffing this year to support these demands on service. The directorate is also taking an 'invest to save' approach to their prevention work.

The Strategic Director has identified a total of £3.7m of budget pressures and will be asking for additional support for the demographic agenda from the Authority in the coming year. Any shortfall in funding these pressures will need to be met by increased efficiency savings in the directorate. The issues that were addressed by the Authority's provision of an additional £2.8m of funding could emerge again if the majority of the identified additional budget pressures are not funded in 09/10. Dealing with the needs of older people has been highlighted as a

key priority by the Authority and constitutes £2.5m of the directorate's £3.7m budget pressures.

The directorate has entered into a number of major efficiency projects. The 'Staff Plan' has been designed to promote more efficient and effective ways of working, whilst having a positive impact on outcomes for service users. Once the plan has been rolled out countywide it is anticipated that full year savings of between £500k and £1m will be generated. A number of efficiency projects currently being undertaken within the directorate will realise their benefits in the medium-term (3-5 years), and do not present a short-term quick fix. These projects are being supported by Adult Social Services Responsibility Centres who are also focussing on maximising continuing care income from the Primary Care Trust.

It is anticipated that next year's efficiency target will be in the region of £2.1m. This figure will increase as unfunded business pressures are combined with this. The Strategic Director highlighted some instances of allocated cross-cutting targets being unachievable. It was recommended that directorates have greater involvement in target setting, thus preventing this from re-occurring.

The Sub-Group was reassured that measures were in place to deal with some of the financial and service delivery pressures faced by Adult Social Services. However, the Strategic Director commented that he needs to be in a position to fund the rising demands and pressures on the service from an increasingly elderly population, or look to adapting and prioritising the type of service they deliver.

### Key Points

- The underlying overspend was funded by the Authority in this financial year;
- Increasing challenges are being faced due to changing demography in the county;
- A number of efficiency projects are in place, however their benefits will be realised in the medium-term;
- The service pressures that created the underlying overspend still exist; and

- The Directorate may need to adapt and prioritise service delivery in response to the financial and business pressures currently being experienced.

### 3.5 Children and Younger Adults (CAYA)

As with Adult Social Services CAYA continues to experience significant budgetary challenges, with a £2m - £3m underlying over commitment which is fuelled by increasing demands on their services. The directorate has been supported in this financial year by the one off use of £2.761m (this includes the under-spend from 07/08). Budget pressures are compounded by increasing demands from looked after children, meeting the requirements of disabled and autistic children as well as issues around foster care.

The Strategic Director reported that departmental efficiency targets will not be met by the end of the financial year; however progress is being achieved in relation to corporate efficiencies, which are now developing a degree of momentum. Scope for further efficiencies has been identified for next year and beyond; it is expected these will emerge from the corporate 'Way We Work' programme with the accommodation and transport reviews predicted to have greatest impact. Staffing and the overlapping of job roles will also be considered.

In order to deal with its challenging financial position the directorate is taking a long-term view towards efficiency savings and is not looking for small quick wins, focussing instead on areas where greater gains can be realised by continued use of one off under-spends. The Strategic Director acknowledged his directorate needs an injection of £2.5-£3m in funding to put it on an 'even keel'.

To sustain the directorate's efficiency work a targeted approach to service provision is being undertaken. Less attention will go on the provision of universal services which has in some instances missed children and younger adults with the greatest need. The Strategic Director is considering the development of a risk register to support the targeting of service provision.

While it is acknowledged the next couple of years will continue to be challenging for CAYA, there is an underlying sense of optimism that initiatives being developed or implemented will lead to substantial efficiencies, contributing to increasing effectiveness of provision and a sounder financial basis from which to operate.

The impact of the corporate property rationalisation programme and the implementation of the core systems project are anticipated to make a significant and positive impact in CAYA. The Strategic Director, speaking in his capacity as Deputy Chief Executive, believes the property rationalisation project has the potential to realise great efficiencies as well as capital and revenue release for the Authority.

### Key Points

- The underlying overspend was funded by the Authority in this financial year;
- Demands on service continue to increase with particular pressure coming from looked after children, autistic and disabled children and the need for foster care;
- The departmental and cross-cutting efficiency targets will not be met this year;
- There is a sense of optimism about the Directorate's ability to meet future efficiency plans (especially as a result of corporate efficiency projects); and
- The need to address the underlying overspends in future years.

### 3.6 Partners

This year has been the first time partners have been invited to take part in the budget review process. Members acknowledge the Sub-Group has no statutory powers in this regards, but welcomed the cooperation of the Police and Fire Services and felt that the opening up of dialogue allowed fuller understanding of the budgetary pressures each was facing, as all precepting decisions affect the same Derbyshire council tax payers. The Sub-Group felt that this approach had been very successful this year and are considering adopting the same approach next year including the Primary Care Trust in the process to help gauge its spending plans which have an effect upon Derbyshire County Council.

Police - The Chief Constable and Chair of Derbyshire Police Authority briefed the Sub-Group on the issues they are currently facing in relation to budget and service pressures. Derbyshire

Constabulary reported it faces difficulties as a result of the policing funding formula not being fully applied and a loss of grant allocation to the floors and ceilings requirements. The Chief Constable explained he felt that the Police Authority grant settlement had not been as generous as those given to Derbyshire County Council or the Fire Authority, with floor protection for Police Authorities being phased out at a slower rate than for others. Members had some sympathy with the position that the Constabulary found themselves in.

The Chief Constable informed the Group that the 'mission is widening' for the service to encompass work in the areas of counter terrorism, serious and organised crime, as well as cross border crime. This is compounded by the land locked nature of the county and the fact Derbyshire has borders with major cities such as Sheffield, Manchester and Nottingham.

The Constabulary do not anticipate being able to make significant cashable savings in the future as £38.9m of cashable and non cashable savings have been made over the past 6 years. However, the sub-group noted that the top five cashable savings have generated only £5.66m in this period.

The Chief Constable and Chair re-stated the fact that the Constabulary's budget has been built on the assumption of a 5% precept increase in the next two financial years. It was reported that this will allow them to achieve a standstill budget in both years.

Fire – The Chief Fire Officer and Chair of Derbyshire Fire Authority presented an overview of the current financial and service pressures being faced by the Fire and Rescue Service. The Fire Authority Chair briefed the Sub-Group that the Government Grant settlement received for 08/09 saw an increase of 7.5% which was significantly above the average for Combined Fire Authorities of 3.2%. However, it was reported that this increase needs to be viewed in the context of a number of years of significant funding losses, due to the application of the Government's funding formula damping mechanism. Derbyshire Fire and Rescue undertook a series of lobbying activities which they credit as having a positive effect on the decision to award a better than expected grant settlement, although it is felt that this does not undo the underlying damage caused by the damping mechanism.

The Chair of the Fire Authority reported that the budget for 2009/2010 was being built on a 4.3% Government grant increase and an assumed precept increase of close to 5% (a 4% precept increase will give the Derbyshire Fire and Rescue Service £160k of financial growth).

Derbyshire Fire and Rescue Service have historically been under-funded which in the past led to low aspirations and achievement. There has been a significant culture change, shift in ambitions and expectations instigated by the Chief Fire Officer on his appointment and supported by the Fire Authority; the service now achieves a good level of performance, is currently one of the strongest improving services in the country and is on track to achieve its desired excellent status.

The Chief Fire Officer reported that £1.64m of efficiency savings over two years have been achieved; however the ability to make any further significant efficiency savings was becoming increasingly challenging. In the current financial year only £136k of efficiencies have been realised from an overall budget of £38m. The Chief Fire Officer felt that the requirement to make further 'significant' efficiencies would result in a detrimental impact on the service provided. It was reported that the Service has been proactive in accurately assessing its budget needs and any reduction in budget requirement or saving instigated at the formulation stage can not be measured as an efficiency saving.

The Service currently has reserves of £8.5m (£1.9m in general reserves). Any uncommitted expenditure is utilised to address existing budget pressures.

As a result of the culture change being undertaken the Service is now giving greater prominence to its partnership working activities. They are funding a number of Anti-Social Behaviour and Community Cohesion posts, which is contributing to their prevention activities and supporting frontline delivery by looking at community issues as a whole.

The Chief Fire Officer and Fire Authority Chair identified a number of potential risks facing the service including infrastructure weaknesses, lack of facilities for female fire fighters and 'Fire Guard' contingency planning. The move to a regional control centre also present a number challenges in terms of funding and the transition of services.



#### **4. Conclusion**

The three year Comprehensive Spending Review (07) grant settlement allows the Authority to maintain its current level of growth and the Chief Executive reported that the budget would be balanced by the year end. This position will be achieved by the use of one-off funding and rolling forward the previous year's unspent grants in CAYA (£2.761m) and adjusting the base budget provision at the beginning of the financial year for Adult Social Services (£2.8m). It was confirmed there were still a number of concerns in relation to CAYA's base budget which need to be addressed at some point in the future.

The Sub-Group acknowledges the additional support given by the Executive and Cabinet to both CAYA and Adult Social Services in past years. The Group accepts that it may at some point be appropriate to adjust the base budget in CAYA to deal with recurrent under funding issues and Cabinet should also closely monitor the demographic pressures being faced by Adult Social Services to prevent the budgetary pressures here from escalating.

In relation to the allocation of efficiency targets both a number of Strategic Directors and the Sub-Group felt the process would benefit from some refinement and enhanced subtlety, with the allocation of headline efficiency targets and directorates deciding how to best achieve these within the parameters of their own service. Several directorates also highlighted concerns about their capacity to deliver on large cash saving projects in the future and consideration will need to be given to identifying whether there are genuine issues holding back some directorates.

The consensus of opinion from Strategic Directors and the Sub Group is that the Authority needs to ensure a disproportionate amount of time and effort is not being spent chasing small amounts of savings. The Authority's strategy should be focussed on the achievement of large scale efficiencies and cash releasing projects, concentrating on 3-4 major initiatives that will realise sizeable returns for the Authority.

The Sub-Group acknowledges that we are in challenging financial times, but feels there remains a real potential for greater efficiencies to be realised across the Authority, especially in the medium to long-term and would encourage both the Executive and Cabinet to make this a priority.

The Budget Efficiencies and Service Improvement Working Group would like to thank Derbyshire Constabulary, Derbyshire Fire and Rescue Service and the Chief Officers and Cabinet Members of Derbyshire County Council for their input into this review process.

## **5. Recommendations**

The Budget Efficiencies and Service Effectiveness Sub-Group agreed the following recommendations:

- I. The potential for further substantial efficiency savings in the future be investigated as a priority, developing a long term strategy to deal with the 'point of diminishing returns' in relation to these savings.
- II. Cabinet allocates an efficiency savings cash figure (09/10) to each directorate, requiring Chief Officers to submit for approval details of how they intend to achieve this.
- III. Directorates to inform Cabinet of how they plan to continue to achieve efficiency savings 10/11.
- IV. Cabinet considers the feasibility of adjusting the base budget in CAYA to address the recurrent under funding and avoid the need for the directorate to rely on one off savings/additional funding to balance its budget.
- V. Cabinet is kept informed of the demographic pressures being faced by Adult Social Services in advance of any budgetary decisions.
- VI. Cabinet considers property rationalisation as a matter of high priority, driving this forward and maximising the potential savings from this area.
- VII. Following the de-layering of management exercise undertaken by Chief Executive's and Corporate Resources, Cabinet considers reviewing the tiers of senior management in other directorates to identify if any additional efficiencies can be realised.
- VIII. Support for 'Invest to Save' projects (both capital and revenue) is continued.
- IX. Pump-prime initiatives are evaluated in terms of efficiencies gained, impact on service provision/outcomes and the workforce delivering these.
- X. The identification of additional streams of income is supported i.e. project funding from partners, grants from central and regional government and other agencies.

# Derbyshire County Council

## Improvement and Scrutiny – Budget Efficiencies and Service Effectiveness Sub-Group

6<sup>th</sup> October 2008

### Report of the Strategic Director, Cultural and Community Services

#### Cultural and Community Services Department Budget Issues, 2008/09

#### 1 Purpose of the Report

To advise members of the efficiency savings being achieved by the Cultural and Community Services Department in 2008/9, and their impact on services, and to identify current and future budget pressures.

#### 2 Information and Analysis

##### 2.1 Efficiency savings in 2008/9

##### *2.1.1 Departmental efficiencies*

The Cultural and Community Services Department's share of corporate budget efficiencies in 2008/9 is £174,000. In addition, £39,392 was achieved through one-off savings and underspends in 2007/8, and this amount has been consolidated into the 2008/9 target, giving a total requirement of **£213,392**. It is anticipated that the actual saving achieved will be **£219,826**, made up as follows:

Completion of library service restructuring begun 2007/8	£ 75,000
Acquisitions savings (part year)	£ 90,040
Review of newspapers and periodicals	£ 16,000
Completion of mobile library service review	£ 28,954
Trading Standards staffing efficiencies	£ 9,832
<b>Total savings</b>	<b>£219,826</b>

Further detail is shown in Appendix 1.

### **2.1.2 Cross-cutting efficiencies**

The department's contribution to the corporate cross-cutting efficiency target for 2008/9 is £98,000. In some cases (property rationalisation, flexible working) no target has been set for Cultural and Community Services, but the department is making a significant contribution to achieving corporate targets. The detail is shown in Appendix 2.

## **2.2 Impact on services of efficiency savings in 2008/9**

### **2.2.1 Front line library service.**

The restructuring of the library service has made more cost-efficient use of professional staff time, created an improved career structure for clerical and supervisory staff, and enhanced the quality of work with local communities, in line with the government's aspirations for libraries

### **2.2.2 Acquisitions**

The savings in acquisitions processes have been made possible by the introduction of a replacement library management system, funded from the Change Management Service Redesign Budget. At the same time that the new system was being introduced, a major procurement exercise was carried out for around £1 million of library materials. As well as offering improved levels of discount over the life of the contract, the new supplier is able to provide greatly improved support, including automated selection based on detailed templates created by the library service. This ambitious transformation programme placed heavy demands on library staff at all levels, but as a result it has been possible to rationalise staffing levels in the Stock Unit at County Hall, and to close altogether the Sub-Unit at Blagreaves Library in Derby, achieving a full year saving of over £144,000.

These two reviews, together with some re-prioritising of Trading Standards, have resulted in a loss of around 22 fte posts across the department over the two years 2007/8 and 2008/9. The impact of the review on individual members of staff was mitigated through careful management of vacancies in the period leading up to the review, which enabled redundancies to be minimised.

- 2 x fte posts were disestablished in Trading Standards.
- 10 librarians' posts were made redundant.
- 2 posts were subject to natural wastage.
- In all other cases staff were redeployed.
- 21 members of staff are currently covered by protection of earnings arrangements.

### ***2.2.3 On-line newspapers and periodicals***

A review of newspaper and periodical holdings has resulted from the shift towards on-line provision of titles, replacing paper copies. Many titles are now accessible by library users from home, using their library membership number – a significant enhancement in service. Usage is currently running at 2,000 accesses per month, with steady growth.

### ***2.2.4 Good practice examples***

These three initiatives, in particular, are offered as examples of good practice, where the service has been proactive in adapting to new roles, new technologies and new opportunities. They have transformed the way in which services are delivered, as well as achieving the looked-for cash savings.

### ***2.2.5 Mobile library review***

2008/9 saw the completion of the mobile library service review begun in the previous year. One of the fleet of thirteen vehicles has been withdrawn from service, and the remaining vehicles' timetables have been adjusted to make up the shortfall. By responding to changing patterns of demand it has been possible to create a new stop for a maximum capacity vehicle at Findern. There has been no adverse comment from mobile library users or parish councils.

### ***2.2.6 Trading Standards***

A minor reduction in Trading Standards staffing has been made to take advantage of retirements and shifting patterns of work. There has been no impact on service delivery. 2007/8 saw an increase in income from the metering contract with Severn Trent Water. However, the annual income from this contract is unpredictable, but a similar outcome is not expected in 2008/9.

The department is on course to achieve and exceed its savings target for 2008/9. Public satisfaction with services remains high, the Libraries, Trading Standards and Arts services were successful in achieving Chartermark during the early part of 2008, and the department as a whole has been re-accredited as an Investor in People, with a glowing assessment. Members of staff across the department have responded to the challenge of major change in a very positive way.

## **2.3 Budget pressures**

Savings targets for 2009/10 will be higher than those for 2008/9. As reported above, strenuous efforts have already been made to

streamline back office processes, and it is difficult to see where further significant budget reductions can be achieved without impacting on front line services.

Other high priority budget pressures arise from

- the ongoing need to maintain and refresh ICT equipment, including 400 PCs and peripheral devices which are heavily used by the public; to date replacement has been made possible through windfall funding, including the use of PSA1 reward, and through use of underspends. There is no revenue budget for this purpose. A four-year replacement programme would require approximately £138,000 per year.
- the rising cost of fuel for the mobile library fleet. In the first six months of 2008/9 costs have risen by 15%, from £15,900 to £18,300.
- potential loss of income from audio visual services: the market for CDs and console games is shrinking, while DVDs are holding their own, despite increasing pressure from on-line lenders. Income in 2008/9 will be around £300,000, but future levels are unpredictable.
- the need to provide an additional 2.5 fte posts of Library Assistant to cover a three-fold increase in opening hours for the new joint service centre at South Normanton, at a cost of approximately £45,000.

## **2.4 Invest to save projects**

A significant project for the Library Service in 2009/10 will be the introduction of self service in a number of larger libraries for issuing and returning books and booking Internet PCs. A pilot project is currently being conducted to identify the impact which self service has on the workload of library staff. As a result, Cabinet approved on 2<sup>nd</sup> September 2008 that a detailed tender specification be drawn up. The outcome is likely to be a modest reduction in staffing numbers which will be managed through vacancy control, and a redeployment of some staff hours from counter duties to more proactive support to library users.

The service will also be exploring the use of online payments and SMS and text messaging to library users, which will save staff time and reduce the cost of stationery and postage. There will be no set-up costs, other than the need to divert existing staff to manage the project. The transaction costs for online payments have reduced dramatically, to 26 pence for debit cards and 1.95% of the value of the transaction for credit cards. A pilot project was approved by the Cabinet member on 2<sup>nd</sup> September to evaluate

the impact of online payments on income and this pilot project will be completed by the end of March 2009.

## **2.5 Partnerships**

The department's major partnership to date has been the joint arrangement with the City of Derby. As reported above, the review of acquisitions processes has resulted in a reduction in the recharge paid by the county to the city for the Blagreaves sub-unit of £93,000 in a full year. At the same time, the City's contribution to the cost of the Matlock Stock Unit has reduced by around £11,000.

2008 has seen the creation of a Culture Theme Board as part of the governance arrangements for Derbyshire's Local Area Agreement. The board is made up of representatives from all eight district councils, the third sector, the primary care trust, regional agencies and other county council services and is chaired by the Cabinet member for Cultural Services. The Board will be developing an action plan to deliver the three National Indicators which it owns and others which will be allocated to it in due course. It will also wish to steer performance improvement across all cultural services in the county. There is no ring-fenced budget available for this work and it is not clear at this stage what the budget implications of this partnership activity will be.

### **3 Financial considerations:**

As outlined in the report

### **4. Other considerations:**

In preparing this report the relevance of the following factors has been considered; financial, legal, prevention of crime and disorder, equality of opportunity; and environmental, health, human resources, property and transport considerations.

### **5 Background papers:**

None

### **6 Key decision:**

No



**7 Chief Officer's recommendation:**

That Improvement and Scrutiny agrees to the report being presented at Cabinet.

**Martin Molloy  
Strategic Director  
Cultural and Community Services**

## Appendix 1

### Cultural and Community Services – Budget Savings, 2008/9

Departmental efficiencies target: £174,000. An additional £39,392 was achieved in 2007/8 through one-off savings and use of underspends. This sum has been consolidated into the base budget savings as detailed below.

Initiative	2008/9 £	Notes
Library service restructuring	75,000	This completes the restructuring carried out in 2007/8. Full savings of £275,000 were achieved. Ten posts were made redundant.
Acquisitions review	90,040	Creation of a new Stock Unit, through a review of acquisitions and interlending functions, combined with closure of the city's Blagreaves Sub-Unit. 2 p/t posts lost through natural wastage. 2 p/t posts redeployed. No redundancies. Full year saving will be £144,000
Review of newspapers and periodicals	16,000	Completes review begun in 2007/8. Move to online resources achieved full year saving of £27,000. Online service currently achieving 2,000 accesses per month, and growing steadily.
Review of mobile library service	28,954	Completion of review begun in 2007/8. Loss of 1 driver/assistant post through natural wastage.
Trading Standards staffing efficiencies	9,832	Disestablishment of 0.5 fte Trading Standards Assistant. No redundancy.
<b>TOTAL SAVING</b>	<b>219,826</b>	

## Cultural and Community Services – Contribution to Cross-Cutting Efficiencies

<b>Project</b>	<b>Property Rationalisation</b>
<b>Target 2008/9</b>	<b>No target set for CCS</b>
<b>Actions</b>	Despite not having been set a target, the department has been proactive in conducting a review of accommodation in Trading Standards at Chatsworth Hall, the Stock Unit in Bank Road and ROWA! This will result in significant space being made available for corporate use. Final data on floor area is awaited from Property Services.
<b>Project</b>	<b>Procurement</b>
<b>Target 2008/9</b>	<b>£16,600</b>
<b>Actions</b>	The move to a BT Onebill achieved a saving of £6,500 for the department (share of 68,000 corporate saving). The balance is currently under discussion with Chief Executive and County Procurement Officer.
<b>Project</b>	<b>Post, printing and delivery services</b>
<b>Target 2008/9</b>	<b>£76,000</b>
<b>Actions</b>	£40,000 of this sum is accounted for by transfer of the van delivery service and associated budget to the corporate Business Centre.
<b>Project</b>	<b>ICT (non-staffing costs)</b>
<b>Target 2008/9</b>	<b>£10,850</b>
<b>Actions</b>	Target re-set following review by Chief Executive and Strategic Redesign Manager.
<b>Project</b>	<b>Agency staff</b>
<b>Target 2008/9</b>	<b>£1,200</b>
<b>Actions</b>	Achieved through reduction in use of Trading Standards agency staff.
<b>Project</b>	<b>Recruitment advertising</b>
<b>Target 2008/9</b>	<b>£2,200</b>
<b>Actions</b>	Achieved through greater use of e- recruitment and reducing length of advertising copy.
<b>Project</b>	<b>Venues</b>
<b>Target 2008/9</b>	<b>No target set for CCS</b>
<b>Action</b>	No target set, but Asst Director is leading corporate review. CCS premises are available for use by other departments.
<b>Project</b>	<b>Derbyshire Package</b>
<b>Target 2008/9</b>	<b>£50,000 (half year)</b>
<b>Action</b>	Awaiting implementation through single status.

<b>Project</b>	<b>Meetings and communication</b>
<b>Target 2008/9</b>	<b>No target set for CCS</b>
<b>Action</b>	Although no targets have been set, the department keeps under rigorous review meeting structures, venues, frequency and attendance. The Strategic Director of Cultural and Community Services is project sponsor for this initiative.
<b>Project</b>	<b>Travel</b>
<b>Target 2008/9</b>	<b>£5,000</b>
<b>Action</b>	Achieved principally through delegation of responsibility to area managers.
<b>Project</b>	<b>Flexible working</b>
<b>Target 2008/9</b>	<b>No target set for CCS</b>
<b>Action</b>	Although no target has been set, the department has been instrumental in the corporate project through making dedicated space and ICT facilities available in libraries in Long Eaton and Buxton, and at Buxton Museum and Art Gallery, for use by county council staff.
<b>Project</b>	<b>Mobile phones</b>
<b>Target 2008/9</b>	<b>£1,000</b>
<b>Action</b>	Achieved through review of requirements.
<b>Project</b>	<b>HR Phase 2</b>
<b>Target 2008/9</b>	<b>£15,000</b>
<b>Action</b>	This sum has been top-sliced from departmental budget. Savings achieved through admin vacancy control.

# Derbyshire County Council

## Resources Improvement and Scrutiny Committee – Budget Efficiencies and Service Effectiveness Sub Group

Monday 6 October 2008

### Report of the Strategic Director - Environmental Services

#### Environmental Services – Budget Efficiencies and Service Effectiveness

**(1) Purpose of Report** To inform the sub group of the department's budget efficiencies for 2008/09 and the impact they have on service effectiveness, and to identify current and future budget pressures, invest to save projects and partnership arrangements, as requested by the Chair of the Improvement and Scrutiny Committee.

**(2) Information and Analysis** The department's current position in relation to cash efficiency savings in 2008/09 is as follows:

<b>Total Savings:</b>	<b>2008/09 Target</b>	<b>2008/09 Projection (as at 20/08/08)</b>
Budget reductions – taken out of budget at beginning of year	£1.662m	£1.662m
Additional Income	£0.194m	£0.194m
Efficiency Projects (CSR07) Revenue Capital	£2.126m £1.301m	£1.713m £0.304m

Appendix 1 shows how the £1.662m of budget reductions are made up, together with a breakdown of the additional income streams and the department's corporate cross cutting project targets. This figure includes the following:

- £352,000 corporate cross cutting efficiency savings
- £853,000 departmental savings required to meet corporate budget constraints
- £457,000 savings required to fund other departmental priorities

Appendix 2 demonstrates the department's progress and latest position with regard to delivering the target efficiency savings of £352,000 required through corporate cross cutting projects (which is included in the figure of £1,662m above).

#### • Efficiency savings

The Comprehensive Spending Review 2007 (CSR07) required the Council to make efficiency savings of £11.209m on its revenue budget. The Environmental Services Department's share of this target is £2.126m. The department has so far identified £1.713m towards this target, relating to the following projects:

- Waste project – The Green Organic Waste project is predicted to outturn £152,758 for the first year and is confirmed on target by quarter 1 reporting.
- Highway Maintenance Revenue Works savings (Highways Efficiency Group ROADCON Index) - revenue savings for these works show a prediction of £212,227. These figures reflect calculations based on the approved ROADCON Index currently using the most recently advised 5% value, although this applies to year 2007/08. The revised Highways Agency Guidance document containing this value is yet to be re-issued. Additionally, due to the current economic climate, the level of rates is still under debate within Environmental Services. The above values therefore reflect the latest known position and are likely to be subject to change.
- Street Lighting DLO Schedules of Rates Savings (also using the ROADCON Index) - This prediction is currently £74,096, but is also subject to the comments described in the paragraph above.
- ALLRoads Profit Contribution - This is predicted to be £50,000 for the current financial year.
- Countryside Volunteers – This has been the subject of challenge for inclusion in the Gershon four-year Backward Look but this has now been clarified and will form part of our future returns. Countryside employees continue to develop a variety of projects on the ground involving volunteers in public rights of way and access to the countryside activities, this having made a valuable contribution to overall efficiency savings. The target of £842,008 is confirmed on track to date.
- Planning Review – Re-organisation of Planning and Environment. The planned savings of £55,000 are achievable this year.
- Highways Review – Senior Management and Traffic Management elements of the review will deliver savings of £208,468.
- 3 Counties Alliance Partnership (3CAP) – The sharing of resources between Derbyshire, Nottinghamshire and Leicestershire County Councils together with Scott Wilson PLC are generating economies in procurement, currently predicted to meet the target of £118,600.

A number of potential projects remain under investigation across the department that will contribute to meeting the 2008/09 target of £2.126m.

The target for CSR07Capital efficiency savings is £1.301m. £0.304m has been identified through Highway Maintenance Revenue Works savings (Highways Efficiency Group ROADCON Index) in addition to the revenue savings mentioned above. The department is working with the Change Management Team to identify ways of finding the remaining £1m savings.

There has been little impact on front line services as a result of these budget reductions and efficiency savings. More information on this can be provided at the meeting.

- **Budget pressures**

The department has undertaken some analysis to identify the impact of rising energy costs on the budget. Current estimates show an increase of around £1m on the 2008/09 budget for street lighting related costs and £340k for public transport. In addition there may be an increase of £1m on the transport budget recharged to the Children and Younger Adults department. Consultancy and Contracting Division (The DLO) will also see increased costs in relation to bitumen products, black top and electricity. It is likely that the department will be able to manage the increased energy costs within budget this year due to an underspend on the salaries budget that has resulted from holding vacancies as part of the Highways Review process.

- **Invest to save projects**

The Location Independent Working pilot took place in the Planning and Environment Division and an evaluation report was presented to Cabinet on 2 September 2008. The purpose of the pilot was to test the processes and potential for rolling the approach out across the department and the Council, as it was not possible to realise savings on such a small scale. If rolled out on a wider scale, this approach could result in significant savings, particularly in terms of accommodation requirements, although no assessment has yet been undertaken as to the extent of any savings.

- **Partnerships**

The department plays an active and leading role in a number of partnerships covering a range of issues. As the accountable body, the department undertakes regular budget monitoring of the partnerships, in line with departmental budget management processes. There are currently no budget pressures in relation to partnerships.

In preparing this report the relevance of the following factors has been considered:- legal, prevention of crime and disorder, equality of opportunity; and environmental, financial, health, human resources, transport and property considerations.

**(3) Background Papers**      None

## Environmental Services - Budget Savings and Income Generation for 2008/09

- Environmental Services Overall Total: £1,662,471**

	<b>2008/09 £</b>	<b>Notes</b>
Departmental Senior Management Structure	60,000	Management reorganisation
Traffic Management Act posts	148,468	TMA posts – not filled
Reorganisation of Planning and Environment	55,000	Management reorganisation of division
Environmental Studies Centre Restructure	9,248	Reorganisation
Waste Management existing contracts - tonnages	400,000	Keep under review through the year
Waste Management After Site Care	50,000	Underspent year on year
ALLRoads profit contribution	50,000	Contribution from trading surplus capacity achieved through efficiencies resulting in budget reduction to client
County Transport	100,000	Contribution from trading surplus capacity achieved through efficiencies resulting in budget reduction to client
Public Transport – Revenue Support	100,000	Contracts/timetable rationalisation
Non-required grant increases - inflation	77,325	Non-required grant increases - inflation
Highways Review - Staffing budget cuts	66,423	Risk management approach to staffing and reduction in budgets
Income	194,007	Identified new income – see table below
Corporate Cross Cutting Projects	352,000	Cuts allocated to corporate projects – see table below
<b>Total:</b>	<b>£1,662,471</b>	

- Income Streams**

<b>New Income</b>	<b>2008/09 £</b>	<b>Notes</b>
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Increase Section 38/278 design costs	150,000	
Network income – all income	27,885	
Lab fees	16,122	
<b>Total</b>	<b>194,007</b>	

- **Corporate Cross Cutting Efficiencies Projects**

NB: These amounts were taken out of the budget at the beginning of the year.

<b>Project</b>	<b>2008/09 £</b>	<b>Notes</b>
Property Rationalisation	0	Carrying out accommodation review
Procurement	83,000	Working with County Procurement
Post, Printing and Delivery Services	178,000	Analysing data on expenditure provided by CRD
ICT (Non-Staffing Costs)	43,500	Reviewing areas of expenditure and baseline data
Agency Staff	6,000	Undertaking audit and rationalising following reviews
Recruitment Advertising	10,300	Management protocols for recruitment in place
External Venues	1,200	Management protocols in place
Travel (Mileage, Tickets etc)	23,000	Reviewing expenditure
Mobile Phones	7,000	Corporate target to be achieved through a change in the county's mobile phone tariff
<b>Total</b>	<b>352,000</b>	

## Corporate Cross Cutting Efficiency Projects - Environmental Services Progress Report – Updated September 2008

**Monitoring arrangements** – Achievement of corporate cross cutting projects and other efficiency targets will continue to be monitored on a quarterly basis through the departmental performance clinics; the strategic monitoring mechanism led by the Strategic Director and involving the departmental management team, performance manager and service managers from throughout the department.

<b>Project:</b>	<b>Property Rationalisation</b>
<b>2008/09 Target:</b>	<b>Not set for Environmental Services</b>
<b>Actions:</b>	<p>Review of accommodation being carried out for Chesterfield and Matlock locations as part of corporate property rationalisation project. Review to take into account issues including:</p> <ul style="list-style-type: none"> <li>• Impact of pilot LIW</li> <li>• Impact of Service Redesign Projects e.g. call migration</li> <li>• Impact of implementation of the Derbyshire Business Centre</li> <li>• Impact of HR Review</li> <li>• Impact of ICT Review and potential impact of further developments</li> </ul> <p>Also to inform other pending changes, such as further roll out of LIW; flexible working; impact of any reviews; and outcomes of service redesign projects.</p>

<b>Project:</b>	<b>Procurement</b>
<b>2008/09 Target:</b>	<b>£83,000</b>
<b>Actions:</b>	<p>Top slicing departmental budgets. Positive work is underway with County Procurement to:</p> <ul style="list-style-type: none"> <li>• Remove maverick/unauthorised spend</li> <li>• Reduce small value orders (less than £100)</li> <li>• Remove/reduce number of paper order books</li> <li>• Implement e-procurement system more widely</li> <li>• Explore potential for the use of purchasing cards</li> <li>• Establish and monitor use of corporate contracts and negotiated discounts</li> <li>• Review list of authorised signatories (delegated powers) on an annual basis</li> <li>• Consolidate invoices (i.e. reduced number of invoices received which are estimated to cost a minimum of £10 to process - one invoice to cover a number of purchases/services rather than individual invoices)</li> <li>• Aggregation of demand – (i.e. work across divisions/departments to order collectively to</li> </ul>

	<p>realise unit savings – economies of scale)</p> <ul style="list-style-type: none"> <li>• Improve procurement and financial management practices within the department</li> </ul>
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<b>Project:</b>	<b>Post, Printing and Delivery Services</b>
<b>2008/09 Target:</b>	<b>£178,000</b>
<b>Actions:</b>	<p>Top slicing departmental budgets to achieve this very challenging target, as the department made significant savings in this area during 2007/08. Actions include:</p> <p><b>Printers</b></p> <ul style="list-style-type: none"> <li>• Further printer reductions and rationalisation in Network Management drawing offices and Duffield Depot will achieve an overall reduction in excess of 40%</li> <li>• Undertake monthly monitoring of internal print and photocopying totals to ensure reductions are achieved</li> </ul> <p><b>Printing/Publications</b></p> <ul style="list-style-type: none"> <li>• Weekly review and challenge of print, publications and marketing material by a member of management team</li> <li>• Undertake a major review of expenditure on printed publications and promotional materials for the department</li> <li>• Identify spend profiles within the department</li> <li>• Explore alternative methods of marketing/sharing information e.g. PTU workshop to look at alternatives to printed bus and rail timetables</li> <li>• Reduce use of external printing companies and remove use of unauthorised printing companies</li> <li>• Challenge how information is communicated/produced and the volume of printed material</li> <li>• Procured new print contract for PTU bus and rail timetables to be in place from January 2008</li> <li>• Work in partnership with Corporate Resources to maximise internal facilities now and in light of future developments in technology</li> </ul> <p><b>Corporate Mail Room</b> (Derbyshire Business Centre)</p> <ul style="list-style-type: none"> <li>• 1.75 FTE savings achieved</li> </ul>

<b>Project:</b>	<b>ICT (Non-Staffing Costs)</b>
<b>2008/09 Target:</b>	<b>£43,500</b>
<b>Actions:</b>	<p>Top slicing from departmental budgets based on previous expenditure. Savings for the department identified as part of the overall ICT review and will be achieved by:</p> <ul style="list-style-type: none"> <li>• PC Commissioning Unit</li> </ul>

	<ul style="list-style-type: none"> <li>• Reduced unit costs of laptops and PCs (E.g. PC unit cost now £415 – was £607 which realises saving of £192 per PC)</li> <li>• Removal of identified departmental IT equipment from maintenance schedule</li> <li>• Removal of surplus IT equipment from throughout the department</li> <li>• Redeployment of printers across the department (where there is justification for a printer) thereby removing the need to purchase new equipment</li> </ul>
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<b>Project:</b>	<b>Agency Staff</b>
<b>2008/09 Target:</b>	<b>£6,000</b>
<b>Actions:</b>	<ul style="list-style-type: none"> <li>• Sourcing and analysing baseline information</li> <li>• Carrying out detailed audit of agency staff currently employed within the department</li> <li>• Exploring ways of reducing demand and reallocating duties</li> <li>• Minimising use following implementation of Highways and Transportation and Business Support Reviews</li> <li>• Monitoring use and associated expenditure on a quarterly basis through the departmental performance clinics</li> </ul>

<b>Project:</b>	<b>Recruitment Advertising</b>
<b>2008/09 Target:</b>	<b>£10,300</b>
<b>Actions:</b>	<ul style="list-style-type: none"> <li>• Source baseline information to establish spend profile within the department</li> <li>• Challenge advertising medium through existing DMT recruitment approval process</li> <li>• Monitor associated expenditure through budget monitoring processes</li> <li>• Target unlikely to be achieved due to difficulties in recruiting in to key Planning, Waste and Highways Technical posts which have resulted in the re-advertising of vacancies</li> </ul>

<b>Project:</b>	<b>External Venues</b>
<b>2008/09 Target:</b>	<b>£1,200</b>
<b>Actions:</b>	<ul style="list-style-type: none"> <li>• Circulated details to DMT</li> <li>• DMT implemented local management arrangements within divisions to keep use of external venues to a minimum</li> <li>• Compiling comprehensive list of internal venues corporately including village halls, community centres, schools, libraries and will promote within the department</li> <li>• Procurement of corporate contract for external</li> </ul>

	venue providers
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<b>Project:</b>	<b>Travel (Mileage, Tickets etc)</b>
<b>2008/09 Target:</b>	<b>£23,000</b>
<b>Actions:</b>	<ul style="list-style-type: none"> <li>• Made a 3% cut from associated budgets to achieve target savings (already achieved 3% reduction in travel across department in 2006/07)</li> <li>• Undertaken monitoring to ensure reductions in mileage and subsistence are being achieved</li> <li>• Implemented on line claiming system to enable more accurate and timely monitoring, including requirement to carry out audit reviews</li> <li>• Managers encouraging reductions and environmental benefits (through management of journeys, car sharing, use of public transport etc)</li> <li>• Link to corporate Smarter Travel Project to help achieve and sustain savings</li> </ul>

<b>Project:</b>	<b>Mobile Phones</b>
<b>2008/09 Target:</b>	<b>£4,700</b>
<b>Actions:</b>	<ul style="list-style-type: none"> <li>• Corporate target to be achieved through a change in the county's mobile phone tariff</li> <li>• Review use and criteria for issue of mobile phones within the department</li> <li>• Investigate use of restricted SIM cards</li> <li>• Review usage in line with SRD projects e.g. LIW</li> </ul>

*In preparing this report the relevance of the following factors has been considered; financial, legal, prevention of crime and disorder, equality of opportunity; and environmental, health, human resources, property and transport considerations.*

## **Derbyshire County Council**

### **Improvement and Scrutiny – Budget Efficiencies and Service Effectiveness Sub-Group**

**6<sup>th</sup> October 2008**

#### **Report of the Chief Executive**

### **CORPORATE RESOURCES DEPARTMENT BUDGET REVIEW**

#### **1. Purpose of the Report**

To advise members of the efficiency savings being achieved by the Corporate Resources Department in 2008/09, and their impact on services, and to identify current and future budget pressures.

#### **2. Information and analysis**

##### **2.1 Efficiency savings in 2008/09**

As part of the budget setting process the Corporate Resources Department was allocated a cash savings target of £636,400. This was made up of £528,400 from the cross cutting efficiency savings projects, and £108,000 Departmental savings.

The efficiency savings are as follows:

	£
Recruitment Advertising	15,800
Agency Staff	2,400
Human Resource Review	103,000
Travel	17,000
ICT Service Redesign	55,000
Mobile phones	3,000
Procurement savings	33,200
Post and Print Review	<u>299,000</u>
Sub total	528,400
Departmental Savings	<u>108,000</u>
Total savings	<u>636,400</u>

The Department has allocated all of the efficiency savings to its base budgets. The latest budget monitoring statements show that the department will have a small underspend this financial year.

Below is a brief summary of the position against the efficiency savings.

**Recruitment advertising - £15,800**

This saving represented approximately one third of the budget. At the moment, expenditure is being held within the budget limit, but with such a large reduction it may prove difficult to contain in the future

**Agency staff - £2,400**

The new Commensura system has yet to be implemented

**HR review - £103,000**

This follows the recent review of the Human Resources function throughout the Authority. Most of the savings from the review have now been realised

**Travel - £17,000**

The Department is managing journeys, and exploring different alternatives to travelling. Also, more cars being hired for long journeys

**ICT service redesign - £55,000**

The department is purchasing its PC's/lap tops at reduced rate. Printers have been removed from maintenance schedule

**Mobile Phones - £3,000**

All phones not used for the last year have been cancelled

**Procurement savings - £33,200**

Currently examining all areas of significant expenditure across the department. New contract arrangements for banking and external legal services are being put into place and a review of the purchasing function within the Property Division is being conducted.

Procurement savings arising from ICT contract arrangements are being delivered. These have been included in savings targets for other projects.

### **Post/print review - £299,000**

The two areas giving concern at the moment are the migration of external print to internal production (£25,000 projected saving), and the use of “clean post” (£150,000 projected saving). A meeting with all Departmental representatives is to be held to discuss the situation. Currently, a shortfall of £100,000 against the savings target is anticipated.

### **Departmental savings - £108,000**

These are being met from the corporate management structures report presented to cabinet in 11/03/08.

## **2.2 Impact on frontline services**

There is unlikely to be any impact on frontline services as a result of these efficiency savings.

## **2.3 Current and future budget pressures**

There are a number of corporate projects which will impact on the Department in the near future:

### **Core systems**

The Council is scheduled to introduce a new IT system to replace its financial and human resources systems by April 2010. This will be one of the largest IT implementation schemes the Council has embarked upon, and will absorb a significant amount of internal resources which will have a disproportionate impact upon Corporate Resources.

The report to Cabinet in September acknowledged that the introduction of core systems will bring significant changes to the delivery of financial services, and that it is proposed to use the new system as a driver for service redesign.

### **HR review**

Phase 3 (Learning and Development) and Phase 4 (Employee Wellbeing) of the HR review are due to be concluded and reported to Cabinet in December. It is not anticipated that these will provide the same level of savings that Part 1 and Part 2 of the review produced.

### **The Way we Work project**

This encompasses property rationalisation, location independent working, and home working, and is likely to impact on the way employees in the department work, and where they are based. Corporate Property are currently analysing data gathered from a Desk Usage Study carried out at Chatsworth Hall, which will provide a basis for an occupancy review and potential reorganisation and rationalisation of desk space, departmental sections and their capacity and adjacencies within that building.

### **Energy Usage and Costs**



As wholesale energy prices continue to increase County Property continue to monitor consumption and identify and implement ways of reducing costs.

Identified future actions include rationalising our building stock, extending the use of renewable energy, identifying new and continuing with existing initiatives for example our staff energy awareness campaign, 'Switch it off'. Ongoing improvements to the energy performance of our buildings including County Hall have already realised savings, and the Local Authorities Carbon Management Programme continues to deliver improvements in energy and water consumption and reductions in CO2 emissions.

### **Single Status/Equal Pay**

Single Status will also affect the Department upon its introduction, although it isn't possible to quantify the financial effects at this stage. There is some concern that the introduction of a revised pay and grading structure, if this leads to direct service provision reducing, will impact on the support services provided in Corporate Resources and consequently employees in the Department. In addition, if there are a large number of equal pay claims against the Council, considerable additional resources may be required to manage these, ie Legal, HR, etc.

## **2.4 Areas of good practice**

Significant on-going savings have been achieved following a strategic review of the senior management structures in the department. The review, to date, has resulted in a rationalisation and de-layering of posts at the most senior levels of the department which will result in a much clearer focus on service responsibilities and ownership.

Strategic procurement plays a key role in major Council constraints which, typically, are high risk/high value. The Building Schools for the Future (BSF) programme, the Waste Partnership and Core Systems replacement are key contracts which Procurement have been heavily involved with. These skills and expertise are increasingly being applied across a broad range of Council activities – eg energy, sustainability and regeneration (through working with and supporting small and medium enterprises (SME's). In addition, through active membership of the Regional Improvement and Efficiency Programme (RIEP), good practice from elsewhere is being adopted and the Council is able to access regional contracts – eg consultancy arrangements.

## **2.5 Invest to save projects**

The department has recently been allocated funds to progress some of the cross cutting efficiency projects. These are:

Derbyshire Business Centre	£125,000
Property rationalisation	£240,000

Both of these projects have already been commented on

Nick Hodgson  
Chief Executive

30 September 2008

*In preparing this report the relevance of the following factors has been considered; financial, legal, prevention of crime and disorder, equality of opportunity; and environmental, health, human resources, property and transport considerations.*

## **Derbyshire County Council**

### **Improvement and Scrutiny – Budget Efficiencies and Service Effectiveness Sub-Group**

**6<sup>th</sup> October 2008**

#### **Report of the Chief Executive**

#### **CHIEF EXECUTIVE'S OFFICE BUDGET REVIEW**

##### **1. Purpose of the Report**

To advise members of the efficiency savings being achieved by the Chief Executive's Office in 2008/09, and their impact on services, and to identify current and future budget pressures.

##### **2. Information and analysis**

##### **2.1 Efficiency savings in 2008/09**

As part of the budget setting process the Chief Executive's Office was allocated a cash savings target of £145,900. This was made up of £81,900 from the cross cutting efficiency savings projects, and £64,000 savings.

The efficiency savings are as follows:

	£
Recruitment Advertising	5,100
Agency Staff	600
Use of external venues	1,400
Travel	5,000
ICT Service Redesign	10,000
Mobile phones	1,500
Procurement savings	8,300
Post and Print Review	<u>50,000</u>
Sub total	81,900
Savings	<u>64,000</u>
Total savings	<u>145,900</u>

The Department has allocated all of the efficiency savings to its base budgets. The latest budget monitoring statements show that the department will underspend this financial year. The reasons for the underspends revolve around

staff vacancies, savings from the corporate management structure, and telephony costs.

Below is a brief summary of the position against the efficiency savings

**Recruitment advertising - £5,100**

Although the department suffered a significant budget reduction at the moment expenditure is within budget

**Agency staff - £600**

The new Commensura system has yet to be implemented.

**Venues - £1,400**

There has been no significant reduction in spend compared to previous years

**Travel - £5,000**

The Department is managing journeys, and exploring different alternatives to travelling. Also, more cars are being hired for long journeys.

**ICT service redesign - £10,000**

Pcs and lap tops are being purchased at the reduced rate. Printers have been removed from maintenance

**Mobile Phones – £1,500**

All phones not used for the last year have been cancelled.

**Procurement savings - £8,300**

The corporate introduction of the BT “One Bill” system has achieved the required savings.

**Post/print review - £50,000**

The only area giving concern at the moment is the migration of external print (£15,000 projected saving) to internal production. A meeting with all Departmental representatives is to be held to discuss the situation

**Departmental savings - £64,000**

These are being met from the corporate management structures report presented to Cabinet in 11/03/08 which reduced the number of officers at senior management level.

## **2.2. Impact of savings on frontline services**

There are unlikely to be any impact on frontline services as a result of these efficiency savings

## **2.3. Current and future budget pressures**

The Government is currently reviewing the way in which the economic development and regeneration functions at a regional level are delivered. The review is likely to recommend that local authorities are given more responsibility. At this stage it is not known what impact this would have.

In March of this year Cabinet received a report on the management structure for Chief Executives Department and Corporate Resources Department. The structure will be reviewed in the next few months and recommendations put to Cabinet.

A post was established for a period of three years to administer the Local Area Agreements. The funding will finish in the next financial year, but the post will need to continue on a permanent basis.

There are also a number of corporate projects which will impact on the Department in the near future:

**“Way we Work” project**

This encompasses property rationalisation, location independent working, and home working, and is likely to impact on the way employees in the department work, and where they are based. The project scope has yet to be agreed, however, it may be necessary to allocate resources on an invest to save basis.

**Single Status/Equal Pay**

Single Status will also affect the Department upon its introduction, although it isn't possible to quantify the financial effects at this stage. There is some concern that the introduction of a revised pay and grading structure, if this leads to direct service provision reducing, will impact on the support services provided in Corporate Resources and consequently employees in the Department. In addition, if there are a large number of equal pay claims against the Council, considerable additional resources may be required to manage these, ie Legal, HR, etc.

## **2.4 Areas of good practice**

Significant on-going savings have been achieved following a strategic review of the senior management structures in the department. The review, to date, has resulted in a rationalisation and de-layering of posts at the most senior levels of the department which will result in a much clearer focus on service responsibilities and ownership.

## **2.5 Partnerships**

A strategy was submitted to the Department for Communities and Local Government (DCLG) by the East Midlands Regional Improvement and Efficiency Partnership (EM RIEP) earlier this year that outlined the approach to addressing areas where service and efficiency improvements could be made in the region. Subsequently £19.5m of funding was awarded to the region from the DCLG of which £2.5m over the next 3 year will be devolved to each of the sub-regions. For Derbyshire the allocation is £667,000 in 2008/2009, £920,000 in 2009/2010 and £918,000 in 2010/2011.

The Derbyshire Transformational Partnership Management Board has been appointed as the governing board within Derbyshire for the RIEP work stream and they are currently co-coordinating the production of a 3 year work programme that will be submitted for approval to EM RIEP in November. The projects currently identified target three main areas; capacity (for failing services), efficiency (to help meet our NI 198 requirements) and Service Improvement (to help meet LAA targets).

Nick Hodgson  
Chief Executive

30 September 2008

*In preparing this report the relevance of the following factors has been considered; financial, legal, prevention of crime and disorder, equality of opportunity; and environmental, health, human resources, property and transport considerations.*

## **Derbyshire County Council**

### **Improvement and Scrutiny – Budget Efficiencies and Service Effectiveness Sub-Group**

**6<sup>th</sup> October 2008**

#### **Report of the Chief Executive**

### **CORPORATE BUDGET REVIEW**

#### **1. Purpose of the Report**

To advise members of the efficiency savings being achieved in 2008/09, and their impact on services, and to identify current and future budget pressures.

#### **2. Information and analysis**

##### **Efficiency Savings**

This budget, which includes miscellaneous items outside service department direct control, has an efficiency target of £295,000 including £27,000 from the cross-cutting savings projects.

Potential efficiencies currently identified include the coroners budget (£25,000) and work is continuing with the Director of Property Services on identifying potential savings on the County Buildings Budget. Above average returns on interest receipts will also contribute to efficiency savings.

There is unlikely to be any impact on front-line services as a result of these efficiency savings.

##### **Current and Future Budget Pressures**

The largest pressure arises from the implementation of job evaluation and settlement of equal pay claims. These were set out in the 2008-09 budget report with an ongoing net cost estimated at £9.5m, assuming some £2.5m offsetting savings from changes to terms and conditions. Equal pay claims received to date are being defended, but would be costly if the Council were to lose at tribunal. Also, further claims are possible.

Approval has been given to the replacement of core financial and HR systems and provision has been made in the 2008-09 budget and in the forward financial plan. Implementation of this project will be a major task for the Council, involving

a significant number of staff at various times, and detailed planning and monitoring will be necessary to meet the project timetable.

Energy costs have risen significantly since the budget was set in February, with gas and electricity prices in particular increasing in line with oil price rises. The increases will need to be managed within existing budgets in the current year, and in the forward financial plan extra provision has been made for non-standard inflation from 2009-10. While in the short-term volatility in prices is likely, in the longer term the cost of energy is predicted to continue to rise. It is important therefore that the Council seeks to reduce consumption through efficiency measures. The viability of spend to save schemes should increase as energy costs rise. In terms of the procurement process, the benefits of, for example, joining a consortium arrangement will be evaluated.

The increase in oil prices has had an impact in other areas of spend. For example, on the direct cost of running the Council's vehicle fleet, on costs of transport hire costs, fares and subsidies, and on costs of materials for road maintenance and building products.

A pay award of 2½% has been included in the 2008/09 budget. The national employers offer is within this figure, although negotiations are continuing with the trade unions following the strikes called in July.

Industrial Unit budgets are coming under pressure from slowing occupancy and rents, and the introduction of empty property rates.

Looking forward to 2009-10 and beyond, the forward financial plan assumes overall efficiency savings of £6m per annum. Achievement of these savings will require constant effort throughout the plan period.

Nick Hodgson  
Chief Executive

30 September 2008



## DERBYSHIRE COUNTY COUNCIL

### REPORT TO THE BUDGET EFFICIENCIES AND SERVICE EFFECTIVENESS SUB GROUP

20<sup>TH</sup> OCTOBER 2008

#### BUDGET REVIEW – ADULT SOCIAL SERVICES

##### **Purpose of the Report**

To report to the Budget Efficiencies and Service Effectiveness Sub Group the position on efficiency targets and future budget pressures for Adult Social Services.

##### **Information and Analysis**

The department's current position in relation to cash efficiency savings on 2008/09 is as follows:-

<b>Total Savings:</b>	<b>2008/09 Target</b>	<b>2008/09 Proj. Achieved</b>
Budget Shortfall	£4.102m	£3.734m
Efficiency Projects (CSR07)	£4.064m	£4.685m

The appendix shows a detailed analysis of the £4.102m budget shortfall, together with a breakdown of the additional income streams and the department's corporate cross cutting project targets. The target figure includes the following:-

	£'000
Departmental Efficiency Target	1,631
Loss of Supporting People Income	1,000
Shortfall on Demographic Growth Bid	750
<b>Departmental Efficiencies (sum of above)</b>	<b>3,381</b>
Cross Cutting Efficiencies	721
<b>Total Efficiencies Required</b>	<b>4,102</b>

The projected year-end **Identified Cash Savings** being delivered are currently:

	£'000
Responsibility Centre Efficiencies	2,129
Cross Cutting Efficiencies	234
Continuing Care Income Increase	1,371
<b>Total Cash Savings</b>	<b>3,734</b>

**Balance of Efficiencies to be found**                      **368**

The main areas where the Responsibility Centres have achieved their targets are as follows:-

1. Rebalancing home care services between in-house and external providers and the introduction of scheduling software to enable Domiciliary Care Organisers to programme more efficiently.
2. A programme of efficiency savings in line with the outcomes of the cross-departmental efficiencies group.
3. Review of high cost packages of care for adults with learning disability.
4. Robust procedures in place with the Primary Care Trust on continuing care for service users with significant health needs to ensure that all those eligible are receiving Continuing Health Care.

The appendix shows a further breakdown of the projected savings.

All but the continuing care income are **sustainable efficiency measures**. The opportunity around continuing care income has arisen from additional government funding for PCTs to pay for health-related needs being met in a community rather than hospital setting.

It is recognised that the rebalancing programme and scheduling software have most capacity to **impact on service users** in term of how their care is provided but, thus far, this work has been handled well. Almost inevitably, there are complaints arising from any process of change but these have been relatively few and have been offset by positive comments about the new processes being introduced. This monitoring is carried out formally through the Complaints, Compliments and Suggestions process and through the supervisory process.

Staffplan is introducing a number of improvements to the service as well as efficiency savings around travel and a reduction in staff working on their days off. It is now live across more than half the county and in those areas service users now get a weekly schedule setting out which member of staff is visiting at what time. This has been welcomed by many service users and carers who now feel that there is now a much improved level of communication with them around the services they receive. The system also allows DSOs to access information far more quickly when covering for colleagues - which means a faster response to service users and carers when they phone in with a query.

The work undertaken around continuing care income has been undertaken in close **partnership** with the Derbyshire Primary Care Trust. This is seen as a successful project which reflects the effective working relationship which exists between both organisations. In this particular project, Adult Social Services are making the payments to service users, the overwhelming majority of whom are fully funded by the PCT, and the PCT reimburse Adult Social Services for the costs incurred.

## **Budget Pressures**

The **main budget pressures** for each client group are:-

### **Older People**

- Ageing population and increase in age related disability and ill-health
- There is a projected 10% rise in the numbers of Older people receiving a very intensive service i.e. 14 hrs >

- Despite the success of Intermediate Care reablement interventions the total numbers of OP in receipt of a service continues at very high levels
- Based on information from the National Statistics Office, elderly population will continue to increase, by an overall 2.84% between 2008 and 2009 (an increase of £2.99m) and by 12.85% between 2008 and 2012 (an increase of £13.5m)
- Need to extend provision of low level and preventative services.
- Maintaining top performance e.g. level of people helped to live at home; very low level of delayed discharge from hospital. Continuous reduction in OP admitted to care homes
- Staffing levels in residential care homes are being increased to respond to the higher dependency levels

### **Disabled People (Working Age)**

- Continued and significant growth in young people with complex and multiple disabilities in transition to adult life with national and local policy to promote stronger personal choice, social inclusion and independent living. Trend is in line with overall forecast population increase for people 18-64 and assessment of Disability Living Allowance (DLA) claims data.
- Overall level of DLA claimants with physical disabilities in Derbyshire 16950 at 2007 and projected to increase by 5.2% by 2010.
- Referrals for assessment increased 15.5% 2007/8 and trend expected to continue.
- People with complex long term/life-long conditions. Cessation rate remains low.
- People with traumatic brain injury or early on-set dementia needing high cost placements/community support.
- Maintaining top performance e.g. level of people helped to live at home; extending access to Direct Payments and development of self-directed support; very low level of admission to RCH/NH; supporting people to achieve meaningful social inclusion including priority to support access to paid employment.

### **People With Learning Disabilities**

- Young people with moderate/severe learning disability 18-24 projected to increase to 379 by 2015. DLA claimant analysis shows that 75% of people with learning disabilities claiming DLA require assistance throughout the day or day and night.
- Overall numbers of people 18-64 with moderate/severe learning disabilities will increase from current 2,596 to 2,655 by 2015.
- Continued increase in the number of young people with complex multiple disabilities and high support needs, with national and local policy to promote stronger personal choice, social inclusion and independent living.
- Requirement to end use of any long-term care provided by NHS by 2010 and ensure people move quickly from NHS acute care services.
- Continued increase in the number of younger people with autistic spectrum disorder and cases requiring support where learning disability is not present.
- Growth in the number of older people with learning disabilities (50-80+) up from 1,126 to 1,265 by 2015.
- Ageing population of family carers.
- Maintaining top performance e.g. number of people supported to live independently/at home; extending access to Direct Payments; development of

person centred planning and self-directed support; controlling and reducing level of RCH/NH placements; supporting people to achieve meaningful social inclusion including priority to support access to paid employment.

### **People With Mental Health Problems**

- Low level of expenditure – 7<sup>th</sup> lowest out of 16 within comparator group (2007/08)
- Increase in the number of people with complex long-term needs.
- Increase in the number of people with forensic needs. A specialist ASW post is required to respond to increase in demand.
- Increasing demand for support for people with drug and alcohol dependency.
- Growth in out of county placements.
- Maintaining top performance e.g. level of helped to live at home; low level of RCH/NH placements.

There are currently two **Invest to Save** schemes within the department. The first is to fund the review of High Cost Residential Placements, and the second to expand the Adult Placement Scheme to provide a more efficient care provision than permanent residential care. All the savings achieved by these schemes have been included in the £2.129m Responsibility Centre Efficiencies figure shown above.

Adult Social Services are currently examining a range of **efficiencies** which will contribute to meeting 2009-10 targets. These include:

- Finalising the last stages of the roll-out of Staffplan (home care scheduling software) and maximising the gains to be had from using the software effectively.
- Targeting reviews on higher cost packages of care to ensure the cost of care is still appropriate to need.
- Increasing the use of Telecare to reduce the need to support service users and carers by traditional means.
- Working with strategic partners on extending two particular projects which are proven to assist in delivering cost-efficient services – transition planning and reablement.
- Maximising income in line with current policy.
- Further emphasis on the items covered by the 2007-08 cross-departmental efficiencies group.

Should these projects fail to deliver the required level of efficiency savings, then further reports will be prepared for Cabinet on policy options to make up the shortfall.

### **Other Considerations**

In preparing this report the relevance of the following factors has been considered: prevention of crime and disorder, equality of opportunity, travel, environmental, health, legal, and property considerations.

**Background Papers**

None

**OFFICER RECOMMENDATION**

That the report is noted.

**BILL ROBERTSON**  
**STRATEGIC DIRECTOR ADULT SERVICES**

County Hall  
MATLOCK

## Appendix

### Adult Social Services Departmental Total - £3,381,000

Project	Achieved	Notes
Rebalance of Home Care, Staffplan and Review of High Cost Packages	£2,129,000	It is not possible to separately attribute savings to each of these three schemes as they all impact on the same budgets
Continuing Care Income	£1,371,000	Projected increase from £9.471m to £10.842m
<b>Total Achieved</b>	<b>£3,500,000</b>	

### Cross Cutting Efficiencies Total - £721,000

Project	Target	Achieved	Notes
Procurement	£141,100	£0	Work underway with County Procurement. E-procurement is now being used across ASS to give a better tool for analysis and reduce unauthorised expenditure.
Post and Print	£221,000	£0	Maintenance costs have been reduced and will shortly reflect in budget position. Freeze on purchase of desk-top printers in place for x months. Weekly check of large print runs to ensure need. Work to start in November to reduce movement of paper between offices and increase use of scanning. Extranet being developed for use with care providers.
ICT Redesign	£99,000	£20,838	Linked to County-wide project which is targeted at staffing, processes and unit costs.
Agency Staff	£10,200	£14,719	<b>Target exceeded</b>
Recruit Advert	£33,100	£0	Further work being undertaken to change culture.
Venues	£13,600	£22,706	<b>Target exceeded</b>
Travel	£155,000	£0	Significant savings in home help travel offset elsewhere in service. Journeys over 110 miles checked monthly. Staff use of e-travel form encouraged to enable better analysis of data. Further analysis of individual mileage usage is also being undertaken.
Mobile Phones	£8,000	£3,638	Reduction achieved through change in

			county's mobile phone tariffs
HR	£40,000	£171,154	<b>Target exceeded</b>
<b>Total</b>	<b>£721,000</b>	<b>£233,055</b>	

**Improvement and Scrutiny – Budget Efficiencies &  
Service Effectiveness Group**

**20<sup>th</sup> October 2008**

**Report of the Deputy Chief Executive and  
Strategic Director for Children & Younger Adults**

**Children & Younger Adults Service – Financial Briefing**

**1. Purpose of the Report**

To inform the Sub Group of a range of financial, efficiency and performance issues in respect of the Children & Younger Adults Service.

**2. Information and Analysis**

The provisional financial forecast, based on spending to August 2008, is broadly a break even position. However, this forecast reflects an underlying overspend of £2.9m funded by the use of one off resources including maximisation of reporting expenditure against the Surestart, Early Years and Childcare grant and applying previous year's unspent grants that have been rolled forward.

A copy of the latest monitoring statement, including Dedicated School Grant (DSG) funded services, is attached as Appendix A:

**2.1 Corporate Efficiency Savings**

Brief details on the position regarding each of the savings areas are attached as Appendix B. In summary progress is variable for 2008/09. Whilst it is expected that some of the slippage in meeting the corporate savings target will be made up in the latter part of 2008/09, a significant shortfall against the target of £0.97m is likely this year.

**2.2 Departmental efficiency savings**

The departmental savings picture is also challenging, particularly given the need to ensure that services to clients are protected. The department has identified several potential areas where costs might be reduced, some of which are likely to take time to deliver but, once in place, are designed to be sustainable. The intention is that all the savings are implemented as soon as possible so that, at the latest, the full year impact is generated by the start of 2010/11.

Potential examples, and tentative dates, are as follows:

Review of client transport (from Sept 09): - review of commissioning arrangements, eligibility for subsidised support, cost control, appeals processes, duplication of routes, links with placements (SEN). The target is to reduce spending by £500k, around 4% of the budget.



Business Services (April 10): - incorporation of all business support functions within CAYA under one management structure to reduce costs, provide greater flexibility to respond to peaks and troughs of workflows and reduce spending on agency and supply cover. Target is to reduce spending by £500k.

Income (April 09/10): - a range of options is being explored to generate increased income either by raising charges or by charging for work previously funded from core budgets. It is planned to achieve a £560k increase in income levels.

Reduction in overspends (April 09) – the department will work to eliminate the current over-commitment against the preventative services (General SureStart Grant) budget for 2009/10 (£300k).

Revised structures (April 10) – there are potential savings in a number of areas of the department's structures. Subject to a detailed analysis, the department expects to reduce staffing costs by around (£800k).

Commissioning (tbc) – a thorough review of the services we provide and/or commission to ensure they represent value for money and, above all, are effective. (£no figure)

There is also a general need to ensure our preventative services are more sharply targeted and thus focussed on the most vulnerable groups.

In addition to the above, the department is looking longer term to reduce its need for accommodation through more effective use of property, increased levels of hot desking and location independent working and, as referred to earlier, ensuring that the location of the department's accommodation remains appropriate.

Further savings in staffing will inevitably flow from the proposed changes to core systems.

### 2.3 Further actions to contain spending within budget

The measures in 2.2 are designed to save around £2.7m in a full financial year and would therefore make a significant contribution to the department's underlying budget shortfall and efficiency targets. Given the inevitable time delay with some of these savings, other shorter term measures are being taken to ensure spending is contained within budget.

The department is utilising some of its residual 2007/08 underspend as flexible funding for District/Disability Managers. This funding will provide more responsive services to users and support innovative ways of assisting vulnerable individuals whose circumstances may deteriorate without such intervention. The earlier intervention is designed to avoid longer term costs by deferring/reducing the numbers coming into the care system.

Further savings measures for 2008/09 include: reviewing the use of grant funding e.g. Aiming High to meet core costs, strict vacancy control measures and funding some of the current costs of inclusion from the retained element of the DSG.

## 2.4 Pressures

The key service pressure remains Looked After Children (LAC), however this has to be seen in context. Derbyshire's number of LAC per 10k population under 18 was 34 (March 08) compared with 31 (March 07.) The current figure is still the 2<sup>nd</sup> lowest in our statistical family and our spend per LAC in 2006/07 was significantly below all of our statistical neighbours.

The relevant statistics for our statistical neighbours are reproduced below:

	Children Looked After Per 10k Pop U18					06/07*
	2004	2005	2006	2007	2008	£
Dudley	62.4	63.2	66.8	69.7	76.8	-
Wigan	66.3	62.5	60.6	59.0	63.3	-
Lancashire	50.6	49.9	49.6	51.0	49.3	295
Cumbria	53.2	50.9	46.4	45.3	47.7	371
Kent	44.6	47.9	44.2	40.0	37.1	298
Warwickshire	39.4	41.3	41.2	40.1	43.2	303
Lincolnshire	41.5	42.5	40.2	37.5	37.6	312
Staffordshire	32.5	36.0	38.8	37.9	37.8	375
Northamptonshire	40.5	35.5	37.0	37.3	36.1	339
<b>Derbyshire</b>	<b>32.9</b>	<b>31.7</b>	<b>31.3</b>	<b>31.0</b>	<b>34.0</b>	<b>266</b>
Nottinghamshire	28.9	29.5	29.4	27.0	29.3	354
<b>Stat Neighbour Av</b>	<b>44.8</b>	<b>44.6</b>	<b>44.1</b>	<b>42.2</b>	<b>44.8</b>	-
National	60.1	60.7	60.1	54.3	NA	-

\* (2007/08 data not yet available)

The greatest increase in LAC is amongst children aged under 5 and under 8. Derbyshire's demographic forecasts indicate that these age groups are set to increase in the next few years so, statistically at least, it is likely there will be an upward pressure on LAC numbers.

Further pressures facing the department include:

- increased numbers of children with autism;
- falling pupil rolls with a commensurate impact on the DSG, school budgets and traded income;
- the uncertain impact of the economic squeeze, particularly on the demand for services and the ability of residents to buy services e.g. adult education classes, school catering;
- increased standards of attainment for children; and
- increased costs of energy, transport and food.

## 3. Invest to Save

The department has implemented invest to save projects around foster carers and contract carers. As a result the number of foster carers has increased but at an insufficient rate to meet the increase in LAC numbers.

Further invest to save bids are underway both within Derbyshire and regionally for a television recruitment drive for foster carers. The department is currently reviewing the

potential of a further project in respect of a small disabled children's home to reduce external placement costs.

#### 4. Partnerships and Performance

The department has recently increased its capacity at a strategic level in this area following the appointment of an Assistant Director Commissioning, jointly funded with the PCT. The post will undertake a range of commissioning activities, including focussing on co-ordinating the work of the Council and PCT with other partners to maximise the opportunities for further improving services through joint commissioning. A jointly owned company has been formed in respect of the Connexions Service. The Authority intends reviewing the operation of the company to eliminate any potential areas of duplication with core Council services.

#### 5. Examples of good practice

The Authority has been a pathfinder for developing good practice in a number of areas including Budget Holding Lead Professional; extended/flexible early years' provision; Aiming High etc.

In addition the latest JAR report identified many areas of good practice e.g. Move (Mobility Opportunities in Education). However, many of these local projects have not been rolled out across the county, largely due to financial constraints.

Bruce Buckley - Deputy Chief Executive &  
Strategic Director for Children & Younger Adults

October 2008

**CAYA Monitoring to end August 2008**
**Appendix A**

	Non DSG			DSG		
	FULL YEAR BUDGET £'000'S	FORECAST YEAR END ACTUAL 2008/09 £'000'S	FORECAST YEAR END (Under)/Over 2008/09 £'000'S	FULL YEAR BUDGET £'000'S	FORECAST YEAR END ACTUAL 2008/09 £'000'S	FORECAST YEAR END (Under)/Over 2008/09 £'000'S
<b>Director CAYA:</b>						
Departmental Strategic Mgt	1,180	1,209	29	0	0	0
School Related Spending	232	220	(12)	3,442	3,404	(38)
Family Intervention Project	253	253	0	0	0	0
Previous Years' Brought Forward	0	0	0	0	(1,017)	(1,017)
Previous Years' Pensions	4,901	4,658	(243)	0	8	8
Growth Budgets	1,713	881	(832)	4,043	3,057	(986)
Efficiencies to be achieved	(2,674)	(1)	2,673	0	0	0
Government Grants	(60,020)	(60,020)	0	(406,084)	(406,084)	0
<b>Director CAYA – Total</b>	<b>(54,415)</b>	<b>(52,800)</b>	<b>1,615</b>	<b>(398,599)</b>	<b>(400,632)</b>	<b>(2,033)</b>
<b>Deputy Director CAYA:</b>						
Development	606	598	(8)	0	0	0
Schools' Delegated Budgets	0	0	0	348,198	348,206	8
Information Unit	1,436	1,398	(38)	0	0	0
Commissioning Unit	308	323	15	0	0	0
ROWA!	122	122	0	0	0	0
Quality Assurance	770	761	(9)	0	0	0
<b>Deputy Director CAYA - Total</b>	<b>3,242</b>	<b>3,202</b>	<b>(40)</b>	<b>348,198</b>	<b>348,206</b>	<b>8</b>
<b>Education Improvement:</b>						
Nursery Education Payments	450	450	0	9,267	9,267	0
Early Years Improvement	0	3	3	2,009	1,888	(121)
Early Years – Workforce Dev't	1,171	1,155	(16)	0	0	0
Advisory & Inspection	7,108	6,843	(265)	127	127	0
Standards Fund	43,117	43,117	0	331	331	0
<b>Education Improvement – Total</b>	<b>51,846</b>	<b>51,568</b>	<b>(278)</b>	<b>11,734</b>	<b>11,613</b>	<b>(121)</b>
<b>Safeguarding Specialist Svces:</b>						
LACES	95	114	19	855	839	16
Children's Homes	4,282	4,384	102	0	0	0
Agency Residential	2,641	3,136	495	0	0	0
Internal Fostering	8,991	9,585	594	0	0	0
Agency Fostering	2,165	3,009	844	0	0	0
Grants to External Organisations	1,023	1,028	5	0	0	0
Preventive & Supportive	733	749	16	99	56	(43)
Preventive Services [GSSG]	2,671	2,882	211	0	0	0
Aftercare and Care Leavers	2,708	2,646	(62)	0	0	0
Management Costs	4,095	4,114	19	0	0	0
Area Social Work	6,568	6,568	0	0	0	0
Children's Flexible Budgets	281	281	0	0	0	0
Family Resource Workers	1,112	1,045	(67)	0	0	0
<b>Safeguarding Spec Svces Total</b>	<b>37,365</b>	<b>39,541</b>	<b>2,176</b>	<b>954</b>	<b>895</b>	<b>(59)</b>

	Non DSG			DSG		
	FULL YEAR BUDGET £'000'S	FORECAST YEAR END ACTUAL 2008/09 £'000'S	FORECAST YEAR END (Under)/Over 2008/09 £'000'S	FULL YEAR BUDGET £'000'S	FORECAST YEAR END ACTUAL 2008/09 £'000'S	FORECAST YEAR END (Under)/Over 2008/09 £'000'S
<b>SI Children &amp; Family Support:</b>						
Ed Psychology & Pre School Svce	2,002	1,973	(29)	466	466	0
Special Needs	1,487	1,490	3	14,774	14,558	(216)
Access & Inclusion	2,445	2,472	27	8,791	9,046	255
Services for Families	2,878	2,765	(113)	0	0	0
Vulnerable Children	0			499	419	(80)
Disabled Children's Services	6,083	5,567	(516)	0	0	0
Children's Centres	9,984	9,770	(214)	0	0	0
Family Support Centres	2,418	2,394	(24)	0	0	0
<b>SI Children &amp; Family Supp - Total</b>	<b>27,297</b>	<b>26,431</b>	<b>(866)</b>	<b>24,530</b>	<b>24,069</b>	<b>(461)</b>
<b>SI Engagement &amp; Skills:</b>						
Youth Services	4,918	4,898	(20)	0	0	0
Young People's Services Managers	250	235	(15)	0	0	0
Adult Community Education	(411)	(411)	0	0	0	0
Sports Outdoor & Res'l Education	825	894	69	240	198	(42)
Connexions	6,058	6,058	0	0	0	0
Extended Services	1,259	1,259	0	0	0	0
Family Res Workers in Schools	0	0	0	528	499	(29)
Sports Partnership	9	9	0	0	0	0
Learning Partnership	49	49	0	0	0	0
<b>SI Engagement &amp; Skills - Total</b>	<b>12,957</b>	<b>12,991</b>	<b>34</b>	<b>768</b>	<b>697</b>	<b>(71)</b>
<b>Resources Management:</b>						
Personnel & Training	1,030	946	(84)	150	314	164
Finance	1,077	1,087	10	0	(6)	(6)
Health & Safety	306	313	7	0	0	0
Catering Service	0	(66)	(66)	5,356	5,437	81
Governor Support	149	112	(37)	0	0	0
E-Dev	1,174	1,161	(13)	0	0	0
Home to School Transport	12,100	12,448	348	0	0	0
Business Services	6,090	6,269	179	0	0	0
<b>Business Management - Total</b>	<b>21,926</b>	<b>22,270</b>	<b>344</b>	<b>5,506</b>	<b>5,745</b>	<b>239</b>
<b>Total Controllable Exp</b>	<b>100,218</b>	<b>103,203</b>	<b>2,985</b>	<b>(6,909)</b>	<b>(8,987)</b>	<b>(2,078)</b>
<b>Recharges/Capital Charges</b>	<b>31,338</b>	<b>31,338</b>	<b>0</b>	<b>6,909</b>	<b>6,909</b>	<b>0</b>
<b>CAYA TOTAL</b>	<b>131,556</b>	<b>134,541</b>	<b>2,985</b>	<b>0</b>	<b>(2,078)</b>	<b>(2,078)</b>
<b>Use of one off resources including u/spend from 2007/08</b>	<b>1,456</b>	<b>(1,305)</b>	<b>(2,761)</b>			
<b>Forecast Out-turn</b>	<b>133,012</b>	<b>133,236</b>	<b>224</b>			

## Appendix B

### Corporate Cross Cutting Efficiency Projects - Progress Report October 2008

<b>Project:</b>	<b>Property Rationalisation</b>
<b>2008/09 Target:£100,000      2008/09 Forecast £24,000</b>	
<b>Actions:</b>	<p>Manor Centre declared surplus from September 2008, part year saving £24k (full year £50k.)</p> <p>Department has released accommodation to facilitate corporate developments e.g. Shared Services Centre, Business Support Centre and to allow Adult Social Services to use previously shared accommodation.</p> <p>Department supporting Corporate property rationalisation project for Chesterfield and Matlock. Against this backcloth department reviewing options for more immediate savings through file digitisation, LIW, hot-desking and making more effective use of accommodation with partners.</p>

<b>Project:</b>	<b>Procurement</b>
<b>2008/09 Target:£132,800      2008/09 Forecast £tbc</b>	
<b>Actions:</b>	<p>Work underway with County Procurement to:</p> <ul style="list-style-type: none"> <li>• Review contracts with major suppliers to identify potential savings</li> <li>• Remove maverick/unauthorised spend</li> <li>• Remove/reduce number of paper order books</li> <li>• Implement e-procurement system more widely</li> <li>• Establish and monitor use of corporate contracts and negotiated discounts</li> </ul> <p>Department piloting procurement cards which should reduce the need for low value orders and savings on e-procurement.</p> <p>At this stage budgets have not been top-sliced. Preferred option is to identify where the above will reduce spending and thus target the reductions in budget.</p>

<b>Project:</b>	<b>Post, Printing and Delivery Services</b>
<b>2008/09 Target:£341,000      2008/09 Forecast £111,000</b>	
<b>Actions:</b>	<p><b>Post and Printing</b></p> <p>The paper and envelope saving has been top sliced from the budget (£25k)</p> <p>Savings arising from centralisation of post and distribution functions</p>

	<p>have been achieved (£36k.)</p> <p>Savings in the costs of external delivery to schools have been achieved (£50k)</p> <p><b>Publications</b></p> <p>Staff apprised of need to restrict use of external print and requirement to use C Print wherever possible.</p> <p>Weekly review and challenge of publications by department's efficiency officer.</p> <p>Monitoring of expenditure to ensure all expenditure has prior approval. No allocation of savings target to date.</p>
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<b>Project:</b>	<b>ICT (Non-Staffing Costs)</b>
<b>2008/09 Target: £138,000</b>	<b>2008/09 Forecast £82,000</b>
<b>Actions:</b>	<p>The department has reduced the number of printers on the inventory from 1,378 in March to 1,011 in May. This will generate an annual saving on maintenance of around £15k.</p> <p>It is proposed that all other printers be removed from the maintenance contract along with all other ICT kit aged over 5 years. Potential further combined saving of £17k this year.</p> <p>Savings for the department identified as part of the overall ICT review and will be achieved by PC Commissioning Unit by:</p> <ul style="list-style-type: none"> <li>➤ Reduced unit costs of laptops and PCs should generate savings this year of around £50k</li> <li>➤ Review need for lap tops vs PC (lower cost of PCs).</li> <li>➤ Ongoing process of identifying then removing surplus IT equipment across the department</li> </ul> <p>Top slicing from individual budgets still to be undertaken.</p>

<b>Project:</b>	<b>Agency Staff</b>
<b>2008/09 Target:£9,600</b>	<b>2008/09 Forecast £50,000</b>
<b>Actions:</b>	<p>Proposed implementation of contract with Comensura from 17<sup>th</sup> November 2008 to reduce use and cost of agency staff.</p> <p>Management controls to be put in place to ensure managers use new contract.</p> <p>Business support function being centralised which will reduce need for agency (see departmental savings)</p>

<b>Project:</b>	<b>Recruitment Advertising</b>
<b>2008/09 Target:£33,500</b>	<b>2008/09 Forecast £-</b>
<b>Actions:</b>	Managers informed of departmental requirements re use and format of external adverts.

	<p>Some expensive costs necessary given need to recruit to senior posts e.g. AD Commissioning.</p> <p>Hard copy adverts now need SMT member approval.</p> <p>Business Services monitoring expenditure with periodic summary reports to SMT.</p> <p>Month on month expenditure only now slowing.</p> <p>Given the slippage so far, the department is unlikely to achieve savings in this area in 2008/09.</p>
<b>Project:</b>	<b>External Venues</b>
<b>2008/09 Target:£53,300      2008/09 Forecast £30,000</b>	
<b>Actions:</b>	<p>Departmental spend on external venues minimised and eliminated for business meetings</p> <p>Continued use predominantly for traded services e.g. schools courses and conference programme.</p> <p>Department to maximise the use of the corporate list when agreed;</p> <p>Potential for using school buildings for course delivery being explored.</p>

<b>Project:</b>	<b>Travel (Mileage, Tickets etc)</b>
<b>2008/09 Target:£54,000      2008/09 Forecast £30,000</b>	
<b>Actions:</b>	<p>Staff aware of need to control journeys</p> <p>Hire car continues to be promoted, take up increasing</p> <p>Mileage analyses provided to managers for comment</p> <p>Peer group comparisons, particularly of high mileage users</p> <p>Review location of staff to ensure appropriate to client groups served.</p>

<b>Project:</b>	<b>Mobile Phones</b>
<b>2008/09 Target:£9,500      2008/09 Forecast £-</b>	
<b>Actions:</b>	<p>Departmental has a protocol for allocating mobile phones</p> <p>However new District Management arrangements and Children's Centre development has resulted in increased need for mobile phones.</p> <p>Department to move to "pay as you go" for low usage phones.</p>

<b>Project:</b>	<b>HR Service Redesign</b>
<b>2008/09 Target:£100,000      2008/09 Forecast £100,000</b>	
<b>Actions:</b>	<p>Reorganisation complete and relevant staff/functions transferred to Shared Service Centre.</p>