

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, property and transport considerations

DERBYSHIRE COUNTY COUNCIL
FINANCE, MANAGEMENT AND REGENERATION IMPROVEMENT
AND SCRUTINY COMMITTEE

25 NOVEMBER 2009

**Report of the Chair of the Finance, Management and Regeneration
Improvement and Scrutiny Committee**

REVIEW OF COUNCIL BUDGETS

1. Purpose of the Report

- 1.1 This report summarises the findings of the Budget Review Working Group which conducted a review of Derbyshire County Council budgets in October 2009.

2. Information and Analysis

- 2.1 Members of the Working Group received briefing papers from each Strategic Director and the Chief Executive prior to the Review meetings in the first week of October. The Review focussed on:

- Performance in relation to revenue and capital budgets;
- Progress made against efficiency targets for 09/10;
- Impact on service delivery of budget and efficiency targets;
- The financial impact of departmental and corporate service pressures; and
- Highlight areas of good practice.

- 2.2 The final report of the Working Group is attached at Appendix A.

Recommendation

- a) The Committee agrees the recommendations outlined in the report.
- b) The Chairman of this committee presents the report to Cabinet.
- c) Cabinet receives this report as part of its budget setting process.

Councillor Juliette Blake
**Chairman of the Finance, Management and Regeneration
Improvement and Scrutiny Committee**



Finance, Management and Regeneration

Improvement and Scrutiny Committee

Review of Council Budgets 2009

Final Report

November 2009

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1. Executive Summary

Local Government Act 2000 identifies the role of scrutiny in the financial process as holding the executive to account, ensuring that decision making is efficient, transparent and accountable. The Local Government Act 2003 introduced the requirement for Members to be involved in budget monitoring throughout the year (s.28 and s.29). The act does not specify whether this is primarily an Executive or scrutiny function; it is for individual authorities to agree the most effective way forward. The involvement of Improvement and Scrutiny Committee Members of Derbyshire County Council opens this process up to all members, irrespective of their party or position within the group, enhancing transparency and accountability.

All Councillors also have a 'fiduciary' duty to look after the interest of local tax payers and the conducting of budget reviews provides one tool for them to demonstrate that they are representing the interests of their constituents.

Derbyshire County Council has a history of good inspections and is currently rated as a four star Authority (highest category of performance and judged to be improving well) by the Audit Commission and was recently graded three in an assessment of Use of Resources (exceeding minimum standards – performs well) for financial planning and management.

Members of the sub-group conducting this review view their role as that of a critical friend allowing Councillors and the Authority to demonstrate transparent 'challenge' to both Cabinet and Chief Officers in relation to the management of the Authority's finances.

A number of **key themes** emerged from the review process:

- Vacancy control as a means of managing expenditure and generating efficiency savings;
- The desire for flexibility in budgets to allow Strategic Directors to prioritise resource allocation – this is especially the case with those Strategic Directors who manage partnership budgets;
- A greater degree of management of financial performance with the creation of responsibility centres in Adult Care and the running of performance clinics in Environmental Services;
- The use of rolling under spends to provide a degree of flexibility and to act as a contingency for demand led services.

2. Introduction

The Finance, Management and Regeneration Improvement and Scrutiny Committee (previously known as Resources) consider matters relating to strategic policy, budgets, and regeneration. A sub-group of this Committee was established to conduct the review and comprised of Councillors Blake (in the Chair), MacDonald, Bradford, Gillott, Williams and Flitter. Members of the group received briefing papers from each Strategic Director prior to the review meetings, commencing in the first week of October.

The Authority's total budget requirement for 09/10 is £480.0m (excluding the dedicated schools grant of £416.0m) and is made up of a number of elements including a formula grant allocation of £175.257m, Area Based Grant of £34.4m and revenue generated from Council Tax of £270.0m.

Background

Many of the challenges Derbyshire County Council is facing are as a result of national and global issues. This Review has been conducted against a background of increasing economic pressure arising out of a national recession and calls from all political parties for a reduction in public spending. There have also been calls for greater scrutiny of public finances in the wake of MP's expenses scandal and the collapse of the Icelandic banking system, which many local authorities had heavily invested in.

Following the local government elections in June 2009 there were a number of changes to the membership and political makeup of the Council, with control shifting from Labour to Conservative after 28 years.

With this backdrop the Review requested that the Chief Executive and his senior officers brief the sub-group on the following areas:

- Performance in relation to revenue and capital budgets;
- Progress made against efficiency targets for 09/10;
- Impact on service delivery of budget and efficiency targets;
- The financial impact of departmental and corporate service pressures; and
- Highlight examples of good practice.

Efficiency Targets 2009-2010

The Authority's efficiency target for 09/10 is £6m.

	Total £
Corporate	357,000
Chief Executive's	86,000
Corporate Resources	144,000
Children and Younger Adults	1,869,000
Environmental Services	1,138,000

Cultural & Community Services	231,000
Adult Care	2,175,000
Total	6,000,000

The need to make continual efficiencies is not abating with the prospect of future grant settlements being at standstill or declining in real terms. As a result the Authority will be expected to generate £60m in efficiency savings (including the £6m of 09/10) in the period up to 2013, with the most challenging year predicted to be 11/12 when the annual efficiency target will rise to £18m before falling back down to £12m the following year.

3. Summary of Findings

3.1 Chief Executive (incorporating Corporate Resources and Corporate department)

The Chief Executive reported to the group that Derbyshire County Council has been very successful in achieving efficiency savings without these impacting on the delivery of services. Money that has been saved has been directed towards achieving the Council's priorities and tackling service pressures. Approximately £40m in efficiency savings have been realised in recent years. The efficiency target for 09/10 is £6m which was taken out of controllable budgets at the beginning of the current financial year. And directorates are subsequently expected to bring budgets in on target.

A system of vacancy control has been undertaken across the organisation and has been spear-headed by the Chief Executive's decision not to replace 3 senior members of his team in 08/09.

The Chief Executive acknowledged that the Authority will be facing a number of financial challenges in the coming years and as part of the 5 year financial forecasting process the need to make £60m of efficiency savings (including £6m from 09/10) has been identified. It is anticipated that the most challenging year will be 11/12 when the annual efficiency target will rise to £18m before falling down to £12m in the following year. This process has required significant forward planning in uncertain times and the Chief Executive is mindful of the fact that around 80% of the Authority's budget relates to employees. A realistic assessment of the challenges ahead has been taken and some degree of job losses will be inevitable; however it is hoped that the number will be mitigated by redeployment, natural wastage and vacancy control.

A number of efficiencies will be achieved through the 'Way We Work' corporate efficiency programme which includes;

- De-layering staffing structures;
- Core Systems/SAP implementation in April 2010, generating staff savings in the medium to long term;
- Property rationalisation;
- Procurement;
- Fleet Transport; and
- Grey fleet.

Other initiatives include reducing the use of contractors and agency staff where possible. Further consideration will be given to restructuring in both the Chief Executive's and Corporate Resources departments.

Efficiency targets for 10/11 will initially be allocated according to controllable budgets and it is widely accepted that some areas will find it easier to make savings than others. It was acknowledged that the majority of quick wins have already been achieved and the approach should now focus on identifying both large and smaller scale efficiencies and savings which cumulatively can have a significant impact. This message is being communicated to all directorates.

3.2 Adult Care

Adult Care continues to face significant financial challenges arising from increased demographic demand in the county. To help address and work with these issues the Strategic Director created 11 responsibility centres (7 focusing largely on services to older people, 2 for adults with learning disabilities and 2 for adults with physical disabilities) within his directorate. These are aligned to the directorates budget and have lead to an increase in accountability in greater control over a base budget of £189 million. The directorate is currently carrying a £ 2 million overspend at this stage in the financial year which although a significant amount of money represents only just over 1% of the base budget. The department is continuing to work towards achieving a balanced budget by the end of the financial year. Services within Adult Care are demand led and as a result can be difficult to predict.

The directorate is facing an increasing number of challenges arising out of the personalisation of services which is a positive move to put service users at the centre of the services they need. For example personal budgets will be introduced which will be delivered upfront to service users and the impact on how we currently provide services is yet to be determined. There may be some occasions when 'double running costs' are incurred as existing and future approaches run in parallel. This situation is being controlled within the department via the current management structure and control mechanisms. It was reported that adult care has achieved a degree of success in reducing the costs associated with sickness absence and its cover. Better absence management, cultural change, along with a concerted effort to address the issues have contributed to this reduction.

The Director is also looking to increase the efficiency of home care staff in relation to their output and performance supported by the staff plan initiative. Staff plan involves the use of geographical information systems and has led to a reduction in travel time and increased performance in respect of visits made to service users on time.

The Adult Care structures and workforce will be adjusted in response to the development of both the personalisation agenda and the associated issues of unpredictability of service demand arising out of the greater choice and demographic pressures as a result of an increasingly ageing population within the county.

3.3 Culture and Community Services

The Strategic Director anticipates exceeding his efficiency target of £230K (09/10) by the year end. Efficiencies have been achieved by the removal of staff from the establishment and by the introduction of wholesale suppliers in the provision of library materials. However, this is expected to produce diminishing returns as a result of two principle suppliers dominating the market, although the Strategic Director is confident that they currently have the best procurement deal.

Issues in Derbyshire libraries are still increasing against the national trend and the directorate is mindful of balancing the needs of communities with the economics of supplying materials. The new library management system is more efficiently capturing

requests and managing the movement of stock. Around 20% of issues are made from mobile libraries which were judged by the sub-group to provide an important service especially to rural communities. The level of service offered here has not significantly decreased following the review of the mobile service in 2008 and the reduction in mobile units from 13 to 12.

The provision of some services online is, in some cases, improving efficiency and effectiveness. The Strategic Director commented that it is very difficult to make money out of public libraries and believes this service can not be contracted out, as there is no private sector interest in delivering these services.

The potential for greater efficiencies as a result of self-service issuing and return of books is yet to be realised. This will be introduced in 12 of 26 libraries with an implementation date of June 2010. There is limited scope to expand this further as self-service does not 'sit' well with some of the remaining sites. The introduction of this initiative is a significant change to how people work; the number of staff required to deliver library services will alter over time, with the payback from the introduction of self-service being realised over a 4-5 year period.

The Trading Standards team work in partnership with a number of other agencies including the police and have generated limited income from partnership.

3.4 Policy and Community Safety

The Strategic Director for Policy and Community Safety is in a relatively unique position, as the majority of the budgets he manages and is responsible for, are held in partnership. It is anticipated that there will be a requirement to make efficiency savings of £500k on county council controllable budgets over the next 4 years, a figure that is potentially manageable.

Community Safety

One-quarter of the 188 National Performance Indicators relate to community safety. Strategy is principally set by the Safer Communities Board which targets partners resources and the £1m Area Based Grant awarded by the county council to tackle crime, disorder and substance misuse.

Youth Offending

The Service receives over half its £3.7m funding from external sources. The county council has significantly increased its contribution to the budget in the last two years by providing revenue growth of £350,000 in total. A restructure of the service has been undertaken to ensure that it is able to meet the increased pressures.

Drug and Alcohol Action Team

The budget for the Drugs and Alcohol Action Team (DAAT) Partnership is £7.5m, most of which is held within the Primary Care Trust. Over half of this sum is constrained by national rules preventing funds for drug treatment from being used for alcohol treatment services. This inflexibility and inability to take a holistic approach to treating dependency inhibits progress. The Strategic Director is looking for the ability to use funding according to local priorities, allowing him to respond to local needs. Wait times for treatment services are a concern and is an area requiring investment and

development in Derbyshire. Alcohol issues are a top priority for all partners and the delivery of alcohol treatment services is currently being re-tendered. By January 2010 it is hoped the delivery of alcohol treatment services will be more consistent. There is a £250,000 underlying budget deficit which is presenting a major challenge for the partnership.

Regeneration

Changes to legislation are strengthening the county council's role in regeneration and from April 2010 the Authority will have a statutory duty to prepare an economic assessment for Derbyshire. Furthermore, from 1 November 2009 the county council has become the accountable body for the East Midlands Development Agency (*emda*) £6.5m budget to support economic development projects which will be managed through the Derbyshire Economic Partnership. However, projects will still need to be approved by *emda* and this is viewed as unnecessary duplication and additional bureaucracy. The objective should be to make decisions locally and to be fully accountable for those decisions within a smarter, quicker process.

Markham Vale has been the Authority's largest regeneration project and has suffered from the current economic downturn. However, the Authority's private sector partner in this project, Henry Boot, still believes that this is the project with the best potential to let as a result of the supporting infrastructure that has been developed in the area.

Policy, Research and Scrutiny

The Local Government and Public Involvement in Health Act 2007 places a new duty on local authorities to involve and ensure that local people have greater opportunities to influence decision making and get involved. This presents challenges in building on current consultation and engagement activities, particularly with hard to reach groups and further developing opportunities to engage communities at a local level.

The 2007 Act also enhances and increases the role and remit of overview and scrutiny as a vehicle for scrutinising and challenging public services within local areas.

The Strategic Director is confident that he will come in on budget, with efficiency targets that are deliverable. There is concern that project budgets will be easy to cut in the current challenging financial climate. If this occurs it will affect the ability of the council to continue making a difference in creating safer communities and in helping to address the economic downturn - top priorities for local people.

3.5 Children and Younger Adults (CAYA)

The Strategic Director feels that he has some degree of flexibility in his management of the CAYA budget. However, many children's budgets are ring-fenced and the ability to move across funding streams would allow greater flexibility, local control and responsiveness.

A contingency of £800k has been set aside to support looked after children where there has been an increase in referrals of 10% due to the current recession. There are a limited number of places in-house and the directorate occasionally has to use private or voluntary agencies to meet peaks in demand, or to address the need for specialist care;

in these cases costs increase significantly. This service is demand led and does not always match in-house supply. The employment of agency staff not only has financial issues, but impacts on the continuity of care and case knowledge. Where possible this situation is avoided.

The Dedicated Schools Grant underspend of £5.1m, rolled over from 08/09, has been allocated with the exception of £900k.

The General SureStart Grant is currently forecast to underspend by £500k and areas of relevant expenditure are being identified to prevent this grant money from being returned. The current under spend position has arisen as a result of funding being delivered in multi-year parcels, with some centres not coming on stream until part way through the cycle.

The Building Schools for the Future capital spend will result in better quality schools, but has highlighted the deficiencies of schools that have not been renovated. Capital and revenue budgets need to be viewed together to allow a degree of flexibility and the Strategic Director believes invest to save aspects of capital programmes also need to be acknowledged.

There is a national shortage of key staff in children's services, especially qualified social workers and the directorate has limited influence here. Vacancy rates are currently running at 6-7% and responsiveness is inhibited by the length of time it takes to train social workers. Where possible Derbyshire County Council sponsor staff to undertake these qualifications, with the provision of training and development seen as a way of incentivising staff.

The directorate has identified a number of projects which will generate significant efficiencies. Transport savings (£314k) have been generated by placing children in schools as local as possible. Efficiencies have also been gained in relation to contracts. Criminal Records Bureau (CRB) checks will become 'portable' through out the organisation to prevent staff from having multiple checks at additional costs when they move departments. The current review of accommodation will generate additional efficiency savings, especially if backed by corporate discipline and needs to be viewed as releasing its returns in the medium to long term, as disposals have been hit by the downturn in the property market.

CAYA will be expected to make £16.5m in efficiencies over the next 4 years. The Strategic Director has already started to identify where these savings might be made. Demand led services often have unforeseen under spends, and the Strategic Director believes that these should be carried forward into the following year to provide a contingency in case of an unforeseen spike in demand.

3.6 Environmental Services

The directorate has engaged in a considerable amount of partnership working principally through the 3 Counties Alliance (Derbyshire, Nottinghamshire and Leicestershire) supported by private partner Scott Wilson. This has provided members of the Alliance with the flexibility to deal with peaks in demand in the most efficient and

effective way and to the mutual advantage of partners. This has allowed the Strategic Director to staffing up to troughs with peaks taken out by support from the Alliance. Framework contracts also help deal with the peaks and are key to ensure that the level of service is maintained.

In the past the directorate has struggled to fill a number of vacancies and was unable to compete with the private sector for technical and specialist staff. While pay levels may be higher in the private sector the recession has made it easier for Environmental Services to recruit the right calibre of staff.

A number of restructuring exercises have taken place in the directorate to promote more efficient and effective working. The next stage in this programme is to consider back officer roles and a large number of vacancies have be held as the transfer from the old to the new structure takes place. This will ensure that the right people are in the right positions, reducing the need for redundancies and creating greater efficiencies. The current underspend (£1.3m at week 20) will be reduced as key vacancies identified in the restructure are filled. The Strategic Director anticipates a small year end underspend.

The directorate trialled the Local Independent Working project and as a result of initiatives such as hot desking and home working has been able to free up one floor of Shand House, which in turn has generated a saving of £750k, funding which was allocated for the relocation of the call centre and is no longer required.

The Strategic Director is confident that the revenue efficiency target will be achieved, although he is less confident about generating efficiencies from capital schemes that have been hit by the recession. Major challenges the directorate is facing arise out of unforeseen events (i.e. severe winters and energy price spikes).

The Strategic Director holds performance clinics with his Management Team and Heads of Service where a comprehensive review of underperformance is conducted and solutions are collectively identified as to how this will be addressed. This process has enhanced the overall financial performance of this directorate.

4. Conclusion

It cannot be denied that challenging times are ahead for the Authority, with the need to make ever increasing efficiency savings to balance budgets not abating. The approach the Authority has taken towards achieving efficiency savings, with targets being taken out of base budgets at the beginning of the financial year, is judged as prudent and supported by the sub-group.

The use of vacancy control is also supported in relation to the efficiencies that can be generated. However, the group believe that there will be some key posts that will need to be filled to ensure continuity and quality of service and for this reason believe there should be no blanket ban on recruitment in the coming years. These decisions should be made at the Strategic Director's discretion.

The Chief Executive and his Chief Officers clearly demonstrated that they have engaged in robust forward planning and the sub-group are confident that every effort is being made to achieve the demanding efficiency targets established up to 2013. A number of Chief Officers expressed a desire to have greater flexibility in the management of their budgets, finding the constraints placed on them by outside agencies inhibiting their ability to achieve the required objectives. Revenue maximisation is also an area the sub-group believes should be considered in the coming years.

There are a number of examples of best practice taking place –performance clinics in Environmental Services, the management of partnership budgets in Policy and Community Safety and the development of Responsibility Centres in Adult Care – which should be capitalised upon. Invest to Save initiatives should still be supported even in this difficult financial climate, to promote innovation and to identify new sources of efficient and effective service delivery. Efficiency should occur at all levels of the Authority, and while the focus will need to remain on the 'Way We Work' initiatives smaller scale projects will need to be developed and may require an element of culture change at some levels of the organisation.

5. Recommendations

1. Vacancy control as a means of managing expenditure and generating efficiencies is supported, however there should be no embargo on recruitment.
2. Cabinet to consider expanding the de-layering management initiative previously carried out in Chief Executive's and Corporate Resources departments, across the organisation.
3. Cabinet to ensure the continuation of financial support for Invest to Save Initiatives when agreeing the budget for 2010/11.
4. Cabinet to request that Strategic Directors identify areas of income maximisation within their departments and that these areas are incorporated into the appropriate finance and service plans.
5. Flexibility in management of budgets to be advocated, internally and with partners and outside agencies.

FINANCE, MANAGEMENT AND REGENERATION IMPROVEMENT AND SCRUTINY BUDGET WORKING GROUP

Performance in relation to revenue and capital budgets

The projected outturn for Adult Care Department for 2009/10 (based on the figures at the end of August) is:-

Service	Budget	Projected Outturn	Projected Over/(Under) Spend
	£	£	£
Older People	92,361,762	92,896,229	541,288
Physical Disability	15,556,578	16,016,719	460,139
Learning Disability	39,465,305	42,667,115	3,201,810
Disability – HQ	7,273,177	6,173,502	(1,099,675)
Mental Health	7,862,024	8,012,873	150,848
Strategy and Commissioning	5,976,237	5,724,934	(251,303)
Performance and Business Support	11,690,220	11,929,520	239,300
Strategic Director	(2,976,141)	(4,105,449)	(1,129,308)
Total Controllable	177,209,162	179,315,443	2,113,099
Uncontrollable	17,485,964	17,485,964	0
Grand Total	194,695,126	196,801,407	2,113,099

The main departmental efficiency targets have been allocated to all responsibility centres and a monitoring system developed to ensure that we are recording all efficiencies achieved. The department is continuing to work towards achieving a balanced budget by the end of the financial year.

However, further budget pressures may arise around double running costs associated with the full introduction of the Personalisation Programme.

Progress made against efficiency targets for 09/10

For 2009/10 the department has been allocated an efficiency target of £2,175k. There are a number of areas where the Department is looking to make efficiencies, including more effective use of Independent Living Schemes and improvements in “house-keeping” e.g. reducing travel, printing and stationery, use of agency staff etc.

Projected savings to date are:-

House-Keeping – Reduction in Vehicle Hire £119k
Reduction in the use of Agency Staff £87k

Savings in the In-House Home Help Service £463k
Reduction in sickness levels £1,063k
Total Projected Savings (to date) £1,732k

Impact on Service Delivery of the Established Budget and Efficiency Targets

We have maintained our standards and reputation whilst implementing efficiencies. All our 30 Home Care providers are star rated at 2/3 i.e. good or excellent. Of our 29 Homes for Older People all but 2 are rated at 2/3 star. Our home care service has ISO 9001 and our day care for older people has the Customer Service Excellence award. With regard to our externally commissioned services our investment in quality premiums has helped to improve the quality of the lowest performing independent sector homes.

Departmental Service Pressures

As in previous years the main budget pressures for the department arises from increased demographic led demand. The demographic growth projection for Older People's services is 3.4% p.a. and Younger Adults is 1%. This equates to approximately £4m increase on the net budget per annum.

Examples of Good Practice

- **First Contact**

An important element of the prevention agenda. Staff from a number of agencies are working through a checklist when they visit someone in their own home and are using this to refer on to other agencies if a need is identified.

This is now live in the west of the county with a roll-out plan for all areas by March 2011. Call Derbyshire act as the hub for receiving in the checklists and referring on to the partner agencies for action.

This forms part of our prevention agenda.

- **Re-ablement**

We have now consolidated our approach so that all areas as of 23.09.09 are offering a universal reablement service. The early signs of this are positive. The first areas which went live are showing that after reablement around 50% of service users no longer needed a service (this includes service users who died or moved into residential/nursing care) and 30% who needed a reduced level of service.

This forms part of our prevention agenda.

- **Days lost to absence**

There have been very positive steps this year to reduce absence levels across Adult Care.

- **Staffplan**

This staff rostering software is now live in all areas of the county and continues to show savings as DSOs programme homecare more efficiently. There is still however work to be done to consolidate practice across the department.

Identify the Performance of Invest to Save Projects and any Additional Budgetary Issues

There are currently two Invest to Save schemes within the department. The first is to fund the review of High Cost Residential Placements and to maximise Continuing Care Income and the second to fund the McIntyre My Way Project which manages the transition from Children's Services to Adult's Services of clients with physical or learning disabilities. Details are as follows:-

	Spend To Date	Balance Unspent	Savings to Date
High Cost Residential Placements	£29k	£11k	£1,111k
McIntyre My Way Project	£105k	£35k	£174k

Bill Robertson
Strategic Director – Adult Care

**Finance, Management and Regeneration
Improvement and Scrutiny Committee
9th October 2009**

**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 Committee of a range of financial, efficiency and performance issues in respect of the Children & Younger Adults Service.

2. Information and Analysis

2.1 Revenue Spending

The provisional revenue financial forecasts for CAYA based on income and expenditure to the end of August 2009 are as follows. The department's Council-funded budget is expected to underspend by around £0.790m. The General Surestart Grant (GSSG), which funds a range of developments including Children's Centres, shows a forecast underspend of £2.660m. Finally, the Dedicated Schools Grant (DSG) which supports a range of school related functions, including schools' delegated budgets, is forecast to underspend by £1.85m.

A copy of the latest monitoring statement is attached at Appendix1.

2.1.1 Core CAYA Budget

The main pressures/(underspends) continue to be in the following areas:

	£000's	£000's	Comments
Shortfall against savings target	2,010		See later
Adult Education	624		Lower LSC income
Sub total		2,634	
Disabled Children's Services	(2,197)		Reflects higher inclusion DSG costs
LAC Contingency	(800)		To cover risk of increase in LAC
Home to school transport	(314)		
Children's Homes/Agency	(276)		
Sub total		(3,587)	

Other pressures (balance)		163	
Total		(790)	

It should be noted that the efficiency shortfall is against an internally set target within CAYA of £3.796m. This high target reflects the £1.896m savings target for 2009/10 set by the Council and a need to make further savings to minimise the impact on front line services both now and in the next CSR period.

It should be noted that the above analysis excludes the impact of the balances carried forward from 2008/09 which were approved by Cabinet on 15th September 2009. Included in CAYA's figure was approval to £0.8m to resource the lead in time of developing programmes to meet efficiency savings which will add to the forecast underspend.

2.1.2 General SureStart Grant (GSSG)

The £2.660m forecast underspend includes £0.462m relating to the ring-fenced Aiming High element and will have to be returned if insufficient qualifying expenditure can be found. The balance of the underspend reflects slippage in the development of Children's Centres. The service will endeavour to minimise the GSSG underspend by charging core CAYA costs e.g. Family Support Centres to the grant.

2.1.3 Dedicated Schools Grant (DSG)

The main elements of the £1.850m forecast underspend are as follows:

	£000's	Comments
Single Status (central DSG)	(700)	Required in 2010/11
Nursery Education Payments	(550)	-
Support for VER/VR	(400)	Required in 2010/11
SEN Contingency	(400)	-
CRB Checks	100	Probably required
Other (balance)	100	
Total	(1,850)	Before recharge from CAYA

In addition there is a DSG underspend of £5.1m from 2008/09 of which all but £0.9m is currently earmarked. The underlying underspend in the above table is likely to fall substantially in 2010/11 as many of the above savings reduce.

2.2 Capital

Capital funding available for 2009/10 has all been allocated and many projects have been completed or are progressing on site. Some favourable tenders have resulted in a small level of savings within the CAYA Capital Programme at present, but there are still projects at the design stage which are expected to require some additional funding from these savings.

2.3 Revenue savings 2009/10

The bankable savings achieved to date for 2009/10 are set out in the table below:

	£000's	£000's
Target assumed in budget		<u>3,796</u>
<u>Savings against targets</u>		
Corporate Parenting	49	
Safeguarding – contrib'n to AD Post	37	
Premises saving – use of Connexions Bldg	12	
A Valley FRW – budget re-alignment	25	
Amber Valley CVS – contract not renewed	15	
NSPCC Child Protection - contract not renewed	11	
Rate relief Stephenson Unit	15	
Other	27	
Posts deleted (GSSG)	69	
Reduction in establishment	668	
Increased income – governor support	50	
Business Services – various posts deleted	125	
Reduced contribution to ROWA!	30	
Sub total		1,133
Funding removed from base – other areas*		654
Total		1,787
Shortfall reported in monitoring		2,009

* This represents several mainly back office savings including shared services centre, centralisation of printing and distribution arrangements, removal of printers etc.

2.4 Impact on service of base budget and efficiency agenda

The focus of the savings has been to preserve the Council's core priorities for the Service, in particular:

Safeguarding vulnerable people - the protection of children, especially those vulnerable to child abuse is central to the work undertaken by the Children's Trust partners and remains a key focus of everything we do.

Alcohol harm - including the health effects of alcohol on young people, road traffic accidents, teenage pregnancy, domestic violence and youth crime.

Responding to the Economic downturn - our needs analysis of vulnerable children has established child poverty and family break-up are primary factors of disadvantage

for vulnerable children that are likely to worsen in a recession. We will take steps to mitigate the effects.

Given the potential level of future public sector finances, maintenance of these and other front line priorities will be challenging.

2.5 Potential areas for savings

The department is reviewing several potential areas for savings in line with the 'Changing the Way Derbyshire Works' agenda.

Income – we will continue to use external funding streams creatively e.g. the Dedicated Schools Grant and General SureStart Grants to meet core CAYA costs. In addition we will explore the potential to generate additional income from trading, including those services traded with schools.

Accommodation - We will seek to move from admin bases to school sites but bridging finance may be a problem. Full implementation will probably take 3-5 years but would shrink the amount of office space required by: a reduction in staff; working from home: paper storage (document management). Our initial targets are St Helena's and West Street (Chesterfield).

Transport - We want to see a greater profile given to transport efficiencies around service users and more flexible and imaginative use of budgets.

Core Systems - We expect the investment in core HR and Financial systems to generate considerable contributions towards the savings target.

Procurement - We will seek to define 'universal' transactional actions as opposed to those which are service specific – in the case of the latter we will be tightening our approach. We would also like to see an annual forward plan e.g. on PC renewal.

Organisational Development - We will be reducing the numbers of management posts in overall terms, although there may be a need to strengthen them in some parts. Management layers are not unduly out of sync but the ratio of staff to managers is. We have a management development need to both develop and encourage new managers. We will be further exploring cross-agency approaches, particularly in relation to training.

Staff numbers - We expect that the majority of the reductions implicit in the above measures will be dealt with through natural turnover and retirement. Once plans are more refined however there may be a limited need for some redundancies.

2.6 Departmental Pressures

Further pressures facing the department include:

- continued high levels of social care referrals;
- potential increases in LAC numbers/costs

- falling pupil rolls with a commensurate impact on the DSG, schools' budgets and traded income;
- ongoing 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;
- Southwark ruling – potential re-alignment of housing responsibilities for homeless 16 and 17 year olds;
- impact of LSC transfer including high cost post 16 SEN provision; and
- future levels of adult education funding.

2.7. Areas of Good Practice

The Authority has been a pathfinder for developing good practice in several areas including Budget Holding Lead Professional; extended/flexible early years' provision; Aiming High etc. The most recent JAR report also identified many areas of good practice e.g. Move (Mobility Opportunities in Education).

2.8 Invest to Save

Recent examples include:

- Foster Carers – increased remuneration to aid recruitment/retention
- Foster Carers – increased numbers following television advertising campaign
- Family Intervention Project – to provide multi agency support to vulnerable families on the cusp of the social care and justice systems.
- Bennerley Fields Special School – provision of in house communications specialist team to reduce the need for more expensive external provision.

3. Officer Recommendation

The views of the Committee on the issues raised in this report are welcomed.

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

September 2009

Children and Younger Adults Service - Financial Monitoring (Month 5)

Appendix 1

	CAYA core budget				Dedicated Schools Grant				General SureStart		
	Full year budget £'000'S	Forecast year end actual 2009/10 £'000'S	Forecast year end (Under)/Over 2009/10 £'000'S		Full year budget £'000'S	Forecast year end actual 2009/10 £'000'S	Forecast year end (Under)/Over 2009/10 £'000'S		Full year budget £'000'S	Forecast year end actual 2009/10 £'000'S	Forecast year end (Under)/Over 2009/10 £'000'S
Director CAYA:											
Departmental Strategic Management	1,221	1,096	(125)		0	0	0		0	0	0
School Related Spending	365	347	(18)		3,883	3,772	(111)		0	0	0
Previous Years' Brought Forward	0	0	0		0	55	55		0	0	0
Previous Years' Pensions	5,146	4,943	(203)		0	7	7		0	0	0
Unallocated budgets/Eff'y Savings	1,813	157	(1,656)		5,384	4,245	(1,139)		32	0	(32)
Government Grants	(57,476)	(57,465)	11		(414,928)	(414,929)	(1)		(19,694)	(19,694)	0
Director CAYA – Total	(48,931)	(50,922)	(1,991)		(405,661)	(406,850)	(1,189)		(19,662)	(19,694)	(32)
Deputy Director CAYA:											
Development	696	689	(7)		0	0	0		0	0	0
Schools' Delegated Budgets	0	0	0		352,400	352,461	61		0	0	0
Deputy Director CAYA – Total	696	689	(7)		352,400	352,461	61		0	0	0
Planning and Service Development:											
Efficiencies	(310)	(30)	280		0	0	0		0	0	0
Information Unit	1,129	1,049	(80)		0	0	0		367	367	0
Commissioning Unit	0	0	0		0	0	0		314	306	(8)
ROWA!	125	196	71		0	0	0		0	0	0
Mang't & Support - Quality Ass'ce	845	830	(15)		0	0	0		0	0	0
Planning & Service Developm't - Total	1,789	2,045	256		0	0	0		681	673	(8)

Education Improvement:									
Efficiencies	0	(387)	(387)	0	0	0	0	0	0
Nursery Education Payments	0	0	0	9,714	9,161	(553)	779	779	0
Early Years	0	0	0	2,064	2,064	0	0	0	0
Early Years - Workforce Development	0	0	0	0	0	0	1,348	1,380	32
Advisory & Inspection	7,364	7,364	0	130	130	0	0	0	0
Standards Fund	48,660	48,660	0	1,089	1,089	0	0	0	0
Education Improvement - Total	56,024	55,637	(387)	12,997	12,444	(553)	2,127	2,159	32
	Full year budget £'000'S	Forecast year end actual 2009/10 £'000'S	Forecast year end (Under)/Over 2009/10 £'000'S	Full year budget £'000'S	Forecast year end actual 2009/10 £'000'S	Forecast year end (Under)/Over 2009/10 £'000'S	Full year budget £'000'S	Forecast year end actual 2009/10 £'000'S	Forecast year end (Under)/Over 2009/10 £'000'S
Safeguarding Specialist Services:									
Efficiencies	(289)	0	289	0	0	0	0	0	0
LACES	40	47	7	822	768	(54)	0	0	0
Children's Homes	4,451	4,282	(169)	0	0	0	0	0	0
Agency Residential	2,707	2,457	(250)	0	0	0	0	0	0
Internal Fostering	9,494	9,510	16	0	0	0	0	0	0
Agency Fostering	2,262	2,400	138	0	0	0	0	0	0
Grants to External Organisations	943	990	47	0	0	0	0	0	0
Preventive & Supportive	756	780	24	102	99	(3)	0	0	0
Preventive Services (GSSG)	2,277	2,330	53	0	0	0	496	492	(4)
Aftercare and Care Leavers	2,722	2,748	26	0	0	0	0	0	0
Management Costs	4,534	4,610	76	0	0	0	0	0	0
Area Social Work	7,437	7,471	34	0	0	0	0	0	0
Asylum Seekers	0	0	0	0	0	0	0	0	0
Family Resource Workers	876	831	(45)	0	0	0	0	0	0

Disabled Children's Services	6,533	4,336	(2,197)		0	0	0		0	0	0
Children's Flexible Budgets	303	380	77		0	70	70		0	0	0
Safeguarding Specialist Services - Total	45,046	43,172	(1,874)		924	937	13		496	492	(4)
SI Children & Family Support:											
Efficiencies	(806)	0	806		0	0	0		0	0	0
Ed Psychology & Pre School Service	1,969	2,007	38		455	455	0		280	280	0
Special Needs	1,618	1,635	17		14,686	14,558	(128)		0	0	0
Access and Inclusion	2,624	2,590	(34)		9,125	9,122	(3)		0	0	0
Services for Families	632	554	(78)		0	0	0		2,372	1,978	(394)
Transition Services	113	100	(13)		481	481	0		2,511	2,049	(462)
Children's Centres	0	0	0		0	0	0		11,100	9,308	(1,792)
Family Support Centres	2,433	2,372	(61)		0	0	0		0	0	0
SI Children & Family Support - Total	8,583	9,258	675		24,747	24,616	(131)		16,263	13,615	(2,648)
SI Engagement & Skills:											
Efficiencies - Engagement & Skills	(650)	0	650		0	0	0		0	0	0
Youth Service	5,041	5,021	(20)		0	0	0		0	0	0
	Full year budget £'000'S	Forecast year end actual 2009/10 £'000'S	Forecast year end (Under)/Over 2009/10 £'000'S		Full year budget £'000'S	Forecast year end actual 2009/10 £'000'S	Forecast year end (Under)/Over 2009/10 £'000'S		Full year budget £'000'S	Forecast year end actual 2009/10 £'000'S	Forecast year end (Under)/Over 2009/10 £'000'S
Dist Y Peoples' Services Managers	257	257	0		0	0	0		0	0	0
Adult Community Education	6,949	7,573	624		0	0	0		0	0	0
Sport Outdoor & Residential Education	926	978	52		247	177	(70)		0	0	0
Connexions	6,209	6,209	0		0	0	0		0	0	0

Sports Partnership	15	15	0	0	0	0	0	0	0
Family Res. Workers – Ext' Schools	1,259	1,259	0	1,054	1,095	41	0	0	0
Learning Partnership	1	1	0	0	0	0	0	0	0
SI Engagement & Skills – Total	20,007	21,313	1,306	1,301	1,272	(29)	0	0	0
Resources Management:									
Efficiencies	(1,025)	0	1,025	0	0	0	0	0	0
Personnel and Training	596	510	(86)	154	254	100	0	0	0
Finance	988	993	5	0	0	0	141	141	0
Health & Safety	328	307	(21)	0	0	0	0	0	0
Catering Service	0	41	41	5,489	5,367	(122)	0	0	0
Governor Support	103	100	(3)	0	0	0	0	0	0
E-Dev	432	574	142	0	0	0	0	0	0
Home to School Transport	12,950	12,636	(314)	0	0	0	0	0	0
Mg't & Support Business Services	3,198	3,641	443	0	0	0	0	0	0
Resources Management – Total	17,570	18,802	1,232	5,643	5,621	(22)	141	141	0
Total Controllable Exp – CAYA	100,784	99,994	(790)	(7,649)	(9,499)	(1,850)	46	(2,614)	(2,660)
Other Depts recharges/Capital Charges:									
Schools Capital Building Maintenance	0	0	0	4,045	4,045	0	0	0	0
Budgets controlled by other depart's	9,248	9,248	0	3,604	3,604	0	0	0	0
Capital Charges	22,594	22,594	0	0	0	0	0	0	0
Recharges/Capital Charges - Total	31,842	31,842	0	7,649	7,649	0	0	0	0
Grand Total - CAYA	132,626	131,836	(790)	0	(1,850)	(1,850)	46	(2,614)	(2,660)

In preparing this report the relevance of the following factors has been considered; financial, legal, prevention of crime and disorder, equality of opportunity; and

Derbyshire County Council

**Finance, Management, and Regeneration Improvement and
Scrutiny Committee**

Budget Working Group

6 October 2009

Report of the Chief Executive

CORPORATE BUDGET REVIEW

1. Purpose of the Report

To advise members of the efficiency savings being achieved in 2009/10, and their impact on services, and to identify current and future budget pressures.

2. Information and analysis

Efficiency Savings in 2009-10

This budget, which has an efficiency target of £357,000 in 2009-10, includes areas such as Change Management, E-mail Service, County Buildings, Industrial Units, External Audit fees and bank charges, subscriptions to organisations, and members budgets.

Savings of approximately £150,000 have been achieved on insurance contracts and all the remaining budgets are being reviewed to find the remainder of the savings requirements.

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 2009-10 budget report with an ongoing net cost

estimated at £9.5m, assuming some £2.5m offsetting savings from changes to terms and conditions. In addition to the budget set aside to meet the ongoing costs of Job Evaluation there are also potential one-off costs arising from equal pay claims which have been submitted by employees.

The draft five year plan, 2010/11 to 2013/14, anticipates that the Council will need to implement efficiency savings of approximately £60m. The Corporate budgets have been allocated a target of £3.15m.

The Industrial Units service has struggled to meet budget targets for a number of years, made even more difficult as a result of the recession, and a review of this activity is appropriate.

The County Hall catering service is out to tender shortly, with the aim of reducing costs.

The County Buildings budget has been under pressure from increased energy costs in particular and efforts will continue to minimise such costs.

One of the largest budgets is Insurance where risk management initiatives and reviews of claims experience will continue with the objective of minimising insurance costs.

Nick Hodgson

Chief Executive

County Hall
MATLOCK

1 October 2009

Derbyshire County Council

**Finance, Management, and Regeneration Improvement and
Scrutiny Committee**

Budget Working Group

6th October 2009

Report of the Chief Executive

**CHIEF EXECUTIVE'S AND CORPORATE RESOURCES
DEPARTMENT BUDGET REVIEW**

1. Purpose of the Report

To advise members of the efficiency savings being achieved by the Chief Executive's and Corporate Resources Department in 2009/10, and their impact on services, and to identify current and future budget pressures.

2. Information and analysis

2.1 Efficiency savings in 2009/10

As part of the budget setting process the Chief Executives and Corporate Resources Department was allocated a cash savings target of £230,000. These have been met by the use of the savings arising from the review of senior management structures the Department.

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

The draft five year plan anticipates that the Council will need to implement efficiency savings of approximately £60m between 201/11 and 2013/14. The Department has been allocated a target of £2.03m, and has been considering how best to achieve these savings. Because the majority of costs within the department relate to staffing, it is anticipated that most of the savings will arise from a mixture of freezing vacancies and restructuring the

services. There will also be the opportunity to rationalise software usage within the authority as a result of the formation of Transformation Services.

There are a number of key corporate projects underway at the moment, which are outlined below, which will have a major 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 is absorbing a significant amount of internal resources, particularly from Corporate Resources.

A review of the benefits resulting from the implementation of new SAP procedures is underway, and early estimates indicated that there could be in excess of £2m.

HR review

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

Smarter Travel

The opportunity to implement a greater level of pool car utilisation could generate savings of up to £500k per annum.

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. A strategy board has been established, and it is anticipated that there could be a potential reduction from 50 to 12 administrative sites around the County.

Procurement

An exercise is underway to examine three key areas of the procurement process:

- Examining spend data and spend methodologies
- Aggregation of spend through utilising national contracts
- Enhanced contract management

It is anticipated that this could generate savings of at least £13m p.a.

2.5 Invest to save projects

Public Relations Division has been allocated £50,000 to undertake a fostering campaign on behalf of CAYA. It is estimated that the recruitment of just two extra foster cares will recoup the cost of the campaign.

3.0 Recommendation

That the Committee note the report

Nick Hodgson
Chief Executive

29 September 2009

Derbyshire County Council

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

6th October 2009

Report of the Strategic Director, Cultural and Community Services

Cultural and Community Services Department Budget Issues, 2009/10

1 Purpose of the Report

To advise members of the efficiency savings being achieved by the Cultural and Community Services Department in 2009/10, and their impact on services, and to identify current and future budget pressures.

2 Information and analysis

2.1 Efficiency savings in 2009/10

2.1.1 *Departmental efficiencies*

The Cultural and Community Services Department's share of corporate budget efficiencies in 2009/10 is £230,000. This saving will be achieved as follows:

Completion of stock unit restructuring begun 2008/9	£ 31,800
Trading Standards staffing efficiencies	£ 83,000
Rationalisation of departmental administration	£ 62,600
Review of business support senior management	£ 10,600
Home Library Service car hire	£ 5,000
Binding	£ 7,200
Miscellaneous	£ 1,000
b/f from 2008/9	£ 33,400
Total savings	£234,600

Further detail is shown in Appendix 1.

2.2 Impact on services of efficiency savings in 2009/10

2.2.1 Stock Unit

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. The programme began in 2008/9 and the balance of the saving was achieved in 2009/10.

The necessary reductions in staffing were achieved through natural wastage.

2.2.2 Trading Standards staffing efficiencies

The increased use of targeted, intelligence-led enforcement has enabled the deletion of some Enforcement Officer posts. The allowance for incremental drift in senior management posts which was made as part of the service restructuring in 2004/5 created an ongoing underspend which has now been largely eliminated.

2.2.3 Rationalisation of departmental administration and review of business support senior management

Retirement of a senior member of staff offered the opportunity to review finance and administration functions across the department and to create a more appropriate business support, with revised grades delivering a saving of over £10,000 per year. The creation of this unit has led to the merging of administrative units in the Libraries and Heritage and Trading Standards Divisions. Again, normal staff turnover has been managed in order to avoid redundancies.

The department is on course to achieve its savings target for 2009/10.

2.3 Budget pressures

Other budget pressures arise from

- the rising cost of fuel for the mobile library fleet was highlighted in last year's report; in the first six months of 2008 costs rose by 15%, from £15,900 to £18,300, and the same period of 2009 have risen again to over £19,200;
- potential loss of income from audio visual services: it has already been necessary to cease lending of computer games and the market for CDs continues to decline. DVD collections are still generating a surplus, although less than the income target, which increases with inflation each year, but there is increasing pressure from other competitors such as on-line lenders and supermarkets;
- the need to provide additional posts 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;
- the end of the Trading Standards metering contract with Severn Trent Water following that organisation's closure of its Chesterfield factory in October will result in a loss of approximately £26,000;
- under recent changes to legislation many companies are now able to undertake their own verification of weighing and measuring equipment, and this is leading to a continuing reduction in income to the Trading Standards Division.

The projected efficiency targets up to 2014 will provide a stiff challenge for the department, given that most of the revenue budget goes directly to the provision of front-line services.

2.4 Invest to save projects

Preparation of tender documentation is at an advanced stage for two projects which will deliver staffing efficiencies in 2010/11, while at the same time improving service to library users. Self service issuing and return of books is to be introduced in twelve libraries, with a saving in staff costs of around £93,000. The system will mean that queuing is reduced at busy times and most users will be encouraged to issue and discharge their own items without staff intervention. Counter staff will be released to offer greater support and assistance to users on the floor of the library. The department has already put in place vacancy control measures which will minimise the impact of the changes on individual members of staff.

At the same time, the Library Service is tendering for a self service PC booking system which will enable library users to book a computer in a library while they are on the Internet, or by telephoning Call Derbyshire. With annual session bookings approaching 700,000, this will result in some staffing efficiencies. The system functionality will also enable users to exercise more control over printing, resulting in less waste and reduced cost.

Martin Molloy OBE
Strategic Director
Cultural and Community Services

Cultural and Community Services – Budget Savings, 2009/10

In 2008/9 the department exceeded its efficiency target by £33,400 and this sum has been brought forward with the agreement of the Director of Corporate Finance.

Initiative	2008/9 £	Notes
Stock Unit restructuring	31,800	This completes the restructuring carried out in 2008/9, with a full-year saving of £144,000. Move to direct delivery to libraries from book suppliers enabled closure of Blagreaves Sub-Unit in Derby with a part-year saving in 2008-9. Full year saving achieved 2009-10. Staffing was also reduced in the Stock Unit at Bank Road, Matlock: 3.59 fte posts deleted in 2008-9. Saving is shown net of the recharge to Derby City of £11,000.
Trading Standards staffing efficiencies	83,000	Delete 1xf/t and 1xp/t Enforcement Officer; reduce allowance for incremental drift in senior management posts
Rationalisation of departmental administration	62,600	Trading Standards and Libraries and Heritage admin functions have been merged, with a reduction of 2xf/t and 2xp/t posts
Review of business support senior management	10,600	DS5 post replaced by POG; POJ post deleted, replaced by POK
Home Library Service car hire	5000	Hire cars are used by Home Library Service staff to deliver books to housebound clients. The contract has been transferred from Enterprise to Northgate, at

		lower cost.
Binding	7200	Redundant budget line identified through detailed budget review
Miscellaneous	1000	Redundant budget lines identified through detailed budget review
Over-achievement 2008/9	33,400	
TOTAL SAVING	234,600	

Derbyshire County Council

Finance, Management and Regeneration Improvement and Scrutiny Committee – Budget Working Group

Friday 9 October 2009

Report of the Strategic Director - Environmental Services

Environmental Services – Budget and Service Efficiencies

(1) Purpose of Report To inform the Improvement and Scrutiny Working Group of the Department's budget and service efficiencies for 2009/10 and their impact on service effectiveness; and to identify invest to save projects and areas of good practice.

(2) Information and Analysis

- Performance in Relation to Revenue and Capital Budgets**

Budget Monitoring 2009/10: At week 20 of the 2009/10 financial year the Department is currently showing a predicted underspend of £1.365 million, as illustrated in the table below. A significant element of this underspend is due to strict vacancy control during the Planning, Highways and Transport, and Business Support Reviews in order to manage the outcomes of the reviews effectively. This has resulted in the Department operating with a large percentage of vacancies, which cannot be sustained further. Work is currently being undertaken to recruit into the technical Planning and Highways function areas.

	Budget	Profile	Actual Week 20	Projection At Week 20
Total Controllable	£76,603,461	£18,799,276	£18,205,932	- £1,365,345

- Progress against Efficiency Targets for 2009/10**

The Government's Comprehensive Spending Review 2007 (CSR07) requires the County Council to make efficiency savings of almost £27 million on its budget by 2009/10; Environmental Services Department's

share of this target for the period to 2009/10 is £6.967 million. Environmental Services has, to date, identified £5.458 million of efficiencies towards this target, as highlighted in the table below.

Total Savings		2009/10 Target	2009/10 Projection
Efficiency Projects (CSR07)	Revenue	£4.322 m	£4.514 m
	Capital	£2.645 m	£0.944 m
	Total	£6.967 m	£5.458 m

Departmental efficiencies projects include:

Schedule of Rates: This revenue saving currently predicted at £350,000 is achieved by the ALLRoads Direct Labour Organisation working more efficiently and holding the rates charged for scheduled work below the nationally approved index; the ROADCON index. This index, issued by the National Highways Efficiency Liaison Group, currently stands at 5%, the inflationary rate applicable to the highway construction industry. This rate has also been applied to street lighting works and capital road schemes.

Countryside Volunteers: This is currently predicted to outturn at £694,395 for 2009/10. The savings are being achieved by volunteers working to improve access to the Rights of Way Network such as step, style and gate repairs; collect accessibility data; undertake conservation activities; and land and vegetation management in the County Council's country parks, on local trails and canals. There are approximately 60 diverse community volunteer groups operating in the County offering enthusiasts a range of development opportunities, including people with learning difficulties. The value of savings is calculated from recorded hours for the volunteer groups at an agreed nominal rate.

Community Payback Project: These are savings achieved by partnership working with the Probation Service for the removal of racist and other offensive graffiti from infrastructure, fly posting and litter within the highway. This successful pilot project being undertaken in targeted areas of Chesterfield aims to reduce fear of crime and is anticipated to realise £20,000 this year. It is hoped this project will be implemented across Derbyshire.

Green Organic Waste: Savings continue to be made from organic waste being diverted from landfill. This value is measured by

calculating the price difference per tonne of organic waste disposed of by diversion from the landfill contract.

Waste Management Procurement: In addition, the partnership project with Derby City Council is achieving savings through sharing costs (75/25%) for the procurement of a joint waste management contract for the treatment and disposal of residual waste in Derbyshire. To date it is predicted that combined savings of £793,981 will be achieved.

Other Projects: Energy continues to be directed to seeking additional savings projects, with particular attention focussed on identifying capital monies. A number of potential projects are being investigated throughout the Department that will contribute to meeting the 2009/10 year-end target.

- **Impact on Service Delivery of the Established Budget and Efficiency Targets**

The Department has made every effort to identify savings for 2009/10 and beyond that will not impact significantly on direct service delivery, for example, by undertaking a thorough review of spending patterns. There may, however, be some impact on services but, through monitoring the effects on performance through the departmental performance management framework, it is anticipated that these will be kept to a minimum.

- **Assessment of the Departmental and Corporate Service Pressures and the Financial Impact**

Budget Savings 2009/10: As part of the corporate budget savings of £6 million, Environmental Services has been allocated a target of £1.138 million for 2009/10, which has been achieved.

Total Savings:	2009/10 Target	2009/10 Projection
Budget Savings	£1.138m	£1.138m

- **Examples of Good Practice**

Partnerships: The Department plays an active and leading role in a number of partnerships covering a range of issues. Partnership activity through the 3 Counties Alliance Partnership and Midlands Highway Alliance has enabled the Department to achieve savings through joint working and joint procurement. As part of the ongoing partnership

working, it is anticipated that further savings will be realised in future years.

- **Performance of Invest to Save Projects**

Location Independent Working: The pilot project is taking place in the Planning and Environment Division of Environmental Services. The purpose of the pilot is to test the processes and potential for rolling out the approach 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 savings, particularly in terms of accommodation requirements.

Investigations are also being undertaken into the feasibility of two further invest to save projects within Environmental Services:-

- ***Street Lighting:*** To achieve energy and environmental savings through investment in the County's street lighting infrastructure.
- ***Countryside Parking:*** To implement pay and display parking at Countryside locations throughout the County.

- **Any Additional Budgetary Pressures**

The Department continues to undertake analysis of the costs of services and supplies in order to plan for potential future budgetary pressures, particularly expenditure associated with:

- Energy
- Waste management and landfill
- Passenger transport
- Construction materials
- Carbon trading

- **Performance Monitoring**

The achievement of the departmental budget and efficiency targets for 2009/10 will continue to be closely 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, Head of Performance and senior service managers from throughout the Department.

This form will also monitor the impact on departmental performance and service delivery to ensure that the priorities of the Service Plan are met and the impact on the quality of services is minimised.

(3) Background Papers None

(4) Officer Recommendation That the Working Group:-

- notes the work undertaken to achieve departmental budget and efficiency savings targets for 2009/10;
- notes the work undertaken to manage the 2009/10 departmental budgets.

Ian Stephenson
Strategic Director - Environmental Services

DERBYSHIRE COUNTY COUNCIL

**IMPROVEMENT AND SCRUTINY – FINANCE, MANAGEMENT AND
REGENERATION**

BUDGET WORKING GROUP

6 October 2009

Report of the Strategic Director (Policy and Community Safety)

POLICY, REGENERATION AND COMMUNITY SAFETY

Purpose of the Report

To advise members of budget and performance issues.

Information and Analysis

The report covers:-

- Community Safety
- Youth Offending Service
- Drug and Alcohol Action Team (DAAT)
- Regeneration, including the Derbyshire Economic Partnership
- Policy, Research and Scrutiny

Budgets

The budgets for 2009/10 are set out in the Appendix. The county council element of these budgets forms part of the overall Chief Executive's Office budget.

Efficiencies

The 2009/10 efficiency saving target required from the Chief Executive's Office budget totalled £86,000 which was met from management restructuring (£75,000) and the scrutiny consultancy budget (£11,000). These changes have had no impact on front line service delivery.

Within my role as the chief officer for the Safer Derbyshire Partnership, I am also responsible for drugs and alcohol budgets which are held by the Primary Care Trust on behalf of the Partnership. Funding is complex with contributions from numerous sources, including the National Treatment Agency Pooled Treatment Budget which is distributed according to a grant formula and has strict spending rules attached. The

2009/10 DAAT budgets total £7.5million with an underlying budget deficit of £250,000.

Performance Headlines

Community Safety

- Overall crime has fallen by 20.9% from 62,923 in 2003/4 to 49,340 in 2008/9.
- Serious acquisitive crime (domestic burglary and vehicle crime) has reduced by 44% over the last six years. However, over recent months there have been increases in serious acquisitive crime in most districts.
- Assault causing injury reduced by 21.6% in 2008/9 against the LAA target. However again, there appears to be a recent upturn.
- The 2008 Place Survey results put the county below the national and regional scores in terms of local people feeling that the council and police understand local concerns about anti-social behaviour and crime.

Youth Offending

- The number of first time entrants to the Youth Justice System has fallen significantly from 1,204 in 2007/8 to 838 in 2008/9.
- The number of custodial sentences reduced from 89 in 2007/8 to 71 in 2008/9 which is now significantly better performance than the England and East Midlands averages.
- The number of looked after children offending fell for the first time in three years from 40 to 25. It will be challenging to maintain this low figure.
- The number of young offenders in education, training or employment has improved but remains an area to address.

Drugs and Alcohol

- Derbyshire has included a local target in the LAA on all adult drug users in effective treatment. Figures indicate that we are on target but that our improvement is less than the England average and this poses a threat to treatment funding.
- Primary Care Trust rates of hospital admissions for alcohol related harm are significantly better than the England average but Derbyshire is not meeting the LAA target. Bolsover and Chesterfield Districts had significantly worse rates.
- Alcohol related hospital admissions for young people under 18, although small, are relatively high.
- Wait times for drug and alcohol treatment services are below the regional average.

Regeneration

- In August 2009 there were 17,586 people in Derbyshire claiming unemployment related benefits, over 85% more than at the same time last year (9,414). The annual rate of increase in Derbyshire was 86.8%, much higher than the national average (74.1%) and the figure for the East Midlands as a whole (78.5%). This suggests that the current recession is having a greater impact in the County than in many other areas. However, there are signs that the situation may be easing slightly – since April the annual increase each month has been less than it was in the previous month.
- The LAA target is to reduce worklessness in disadvantaged communities and performance is good. The initial 26 worst performing neighbourhoods has now reduced to only 15.
- The working age population qualified to at least level 2 was 69.3% in 2008/9 and is improving year on year.
- The new business registration rate is on target
- Percentage of small businesses showing employment growth has exceeded the target and outperformed the region.

Policy, Research and Scrutiny

- Derbyshire is one of only three county councils in the country to have maintained the “excellent” four star rating throughout the CPA and the Division has successfully coordinated work leading to this judgement by the Audit Commission.
- The Division has led the work leading to the council recently achieving level 3 of the Equality Standard for Local Government. This enables the authority to move to the new Equality Framework as an “achieving” authority.
- Over 1000 local people were involved in face to face consultation which has fed into the development of the third Derbyshire Sustainable Community Strategy.
- “Area profiles” have been further developed and were highlighted by the Audit Commission as best practice. The profiles are one part of evidence based research undertaken to inform and assist the council and its partners in policy formulation and prioritisation

Issues

Community Safety

The Panel should note that of the 198 National Indicator Set over one quarter relate to community safety and this split is mirrored in the LAA.

We principally work through the Safer Communities Board to target our collective effort to achieve results. Our jointly funded Partnership Analyst team produce an annual Strategic Intelligence Assessment at

district and county level. This provides the evidence to enable the Safer Communities Board to give strategic leadership and direction to tackle crime, disorder and substance misuse and for the 8 district crime and disorder partnerships and our individual partners to target activity.

The Safer Communities Board aligns and co-ordinates the work of district and other partnerships tackling community safety issues and manages a budget drawn from Area Based Grant allocated to the County Council. Funding is directed to key priority areas and a Performance Management Fund is retained for allocation to partners during the year where prompt assistance is needed to tackle areas of under performance in relation to LAA targets.

Youth Offending

The Youth Offending Service is likely to be inspected by HMI Probation in 2010. Evidence to date suggests that the Inspectorate has again raised the bar. Performance continues to be strong against the National Youth Justice Board indicators.

The Service receives over half its funding from external sources. The county council has significantly increased its contribution to the budget in the last two years by providing revenue growth of £350,000 in total. A restructure of the service has been undertaken to ensure that it is able to meet the increased pressures.

Drugs and Alcohol

Tackling alcohol harm is one of the top three priorities for Derbyshire. Alcohol misuse is a significant factor in anti-social behaviour and violent assault, including domestic violence and sexual violence.

Although Primary Care Trust rates of hospital admissions for alcohol related harm are significantly better than the England average, Bolsover and Chesterfield Districts had significantly worse rates and admissions of young people aged under 18, although small, are a concern.

Derbyshire has included a local target in the LAA on all adult drug users in effective treatment. Figures indicate that we are on target but that our improvement is less than the England average and this poses a threat to treatment funding. The adult drug treatment budget has a deficit of £250,000 which has been met in the current year by underspends carried forward. This level of underspend will not be available to balance the budget in 2010/11 and the Board is planning to cut services. It is possible that cuts over this figure will be needed.

Wait times for treatment services remains a key priority for the Drug and Alcohol Partnership.

Regeneration

The economic downturn has inevitably had an impact on the county and the County Council was quick to put in action its 20 point “Downturn Plan”. The “Markham Vale” development has been hit by the unprecedented economic climate which has resulted in a lack of take-up of land for development. Enquiries remain strong and our private sector partner, Henry Boot, remains confident that this is their flagship project as the economy recovers. Budgeting for the project is complicated and detailed reports have been made to the Council’s Cabinet. There is a projected deficit in the region of £7 million and every effort is being made to secure additional grant aid for the remaining works and to maximise land values. The deficit will be financed by the County Council and is currently being met from a combination of Local Authority Business Grant Incentive (LABGI) funds (£3.5 million) with balances from corporate underspends. This project is still expected to lead to the creation of 5,000 jobs (2,000 new jobs) in the coming years.

The Local Democracy, Economic Development and Construction Bill currently going through Parliament proposes substantial changes to the way that economic development policies are delivered. The County Council’s role will be significantly strengthened. The Authority will have a statutory duty to provide an economic assessment and funding with the East Midlands Development Agency is to be devolved to the County Council to deliver economic development programmes. Staff currently working for the Derby and Derbyshire Economic Partnership will transfer into the County Council’s employment as part of the Regeneration team. The County Council will be the accountable body for the East Midland Development Agency £6.5million “Single Programme” budget to support economic development in Derbyshire” from 1 November 2009.

Policy, Research and Scrutiny

The Local Government and Public Involvement in Health Act 2007 places a new duty on local authorities to involve and ensure that local people have greater opportunities to influence decision making and get involved. The Empowerment White Paper places further expectations on local authorities to involve local people in decision making. This presents challenges in building on current consultation and engagement activities, particularly with hard to reach groups and further developing opportunities to engage communities at a local level.

The need to successfully demonstrate outcomes and show what difference both the council and its partners are making to the lives of local people continues to be a challenge.

The 2007 Act also enhances and increases the role and remit of overview and scrutiny as a vehicle for scrutinising and challenging public services within local areas.

Appendix

Budgets 2009/10

Community Safety	£2,116,448
Youth Offending	£3,774,912
Drug and Alcohol Partnership	£7,502,928
Regeneration	£1,435,066
Derbyshire Economic Partnership	£6,564,903
Policy and Research	£1,946,015