

## **Appendix 'B'**

### **Directorate for Children and Young People Financial Recovery Strategy**

#### **1. Introduction**

In response to a projected overspend of £3.6m, the Directorate for Children and Young People implemented a financial recovery strategy in September 2009 with the aim of delivering a balanced budget for the 2009/10 financial year.

Although some elements of the causes of the overspend were clearly one-off and could be properly met from accumulated balances, others pointed to continued underlying pressures in the Directorate's budget. In the context of the forward forecasts for the County Council's budget position, it was considered to be essential for the long term stability of the Directorate and the ability to ensure that resources are directed to priorities that this position was stabilised.

The purpose of the strategy was to set out the stages that the Directorate is taking to secure a stable and balanced budget position for the start of the 2010/11 financial year.

#### **2. Overview**

The financial recovery plan falls into five broad stages:

- a. Reducing current expenditure
- b. Expediting service reviews
- c. Delivering the current efficiency programme
- d. Implementing long term change projects
- e. Agreeing the next phase of the efficiency programme

This strategy document focuses on the first four stages of this strategic approach. The final element will be delivered through the 2010/11 corporate budget process.

#### **3. Stage 1: Reducing Current Expenditure - Immediate**

The first stage in the recovery plan is for the Directorate to enhance its existing controls over the commitment of expenditure, and to ensure that the benefits from grant (and other third party) funding streams are maximised.

Specific actions which have been agreed by Directorate Leadership Team include:

- Holding open 1 in 4 posts that are currently or become vacant for the remainder of the financial year, with the release of posts for recruitment agreed weekly by the Directorate Leadership Team.
- Limiting the use of agency staff to frontline positions and requiring the agreement of the Group Director for any recruitment and terminating any current agency arrangements that do not meet this standard.
- Restricting supplies and service expenditure to items that are essential for Health and Safety reasons or critical to service delivery
- Reviewing the opportunities to meet expenditure commitments from grant or other alternative sources of funding.
- Centralising in a Directorate Funding Reserve the budgets for all the savings that accrue from the measures above.

#### **4. Stage 2 – Expediting Service Reviews – Autumn 2009**

As part of its Management restructure, the Directorate has identified a number of opportunities to reduce expenditure through the centralisation of back office functions and removal of duplication and non value adding functions. Reviews have already been commissioned on Administration, Capital Development, Finance, Information Services, Policy, and Workforce Development with a requirement to report in September. All of the reviews have been set a target to reduce costs by 10%. The Directorate will expedite the implementation of these reviews with a target to have new arrangements in place for 1 January 2010 with savings equivalent to 2.5% of the Directorate budgets for these functions accruing in the current financial year.

#### **5. Stage 3 – Delivering the Current Efficiency Programme – Autumn 2009**

The Directorate has an existing efficiency programme which is monitored monthly through our efficiency board. The programme includes some significant process reviews of key service processes including child protection, fostering and admissions, using resources from the corporate business analysis team. Good progress has been made on a number of the reviews, but a number are challenged by a lack of implementation capacity, particularly to deliver cashable savings.

The Directorate Efficiency Board has identified the following key opportunities for cashable efficiencies from this programme and has prioritised work from other elements of the programme to achieve the development of redesign proposals of these reviews by 1 January 2010.

- Child Protection – including the development of options to front load more contact activity through the Customer Service Centre
- Recruitment of Foster Carers – including the development of proposals to streamline existing business processes

- School Admissions – including consideration of options to reconfigure existing area based approaches.

## **6. Stage 4 – Long Term Change Projects – Spring 2010**

The key area of cost and cost pressure in the Directorate is the placement of children looked after. Expenditure on Residential Homes, In-House Fostering and Agency Placements accounts for £48m (27%) of the Directorate's net budget of £183m. The costs of placements is also one of the major causes of the forecast overspend in the current financial year.

The Directorate has put in place two long term projects focussed on reducing the costs of these placements:

- Investment in in-house fostering services
- Improvements to the procurement of agency placements

Both projects are at an early stage at the moment but it would be reasonable to expect outcomes from the work to be available in Spring 2010 and for any actions to be implemented from April 2010.

## **7. Stage 5 – Efficiency Programme 2010/11 – April 2010 onwards**

The Directorate has already identified a number of options for long term service improvements consistent with the "more for less" approach. These will form the basis for the Directorate's contribution to the corporate budget process for 2010/11.

## **8. Progress To Date**

Since its implementation the Directorate's recovery strategy has achieved savings in the region of £2m. These have arisen mainly through the management of vacancies and a stringent 'spend less' type approach which has been adopted across the whole of the Directorate. At the same time as achieving a significant level of saving, the Directorate has also been experiencing increased demand for services, in particularly social care type activities. These demands have been significant and costly and have almost offset the benefit achieved through the additional savings. The Directorate is continuing to monitor the financial position closely and is hoping to reduce the overall level of overspend by the end of the year.