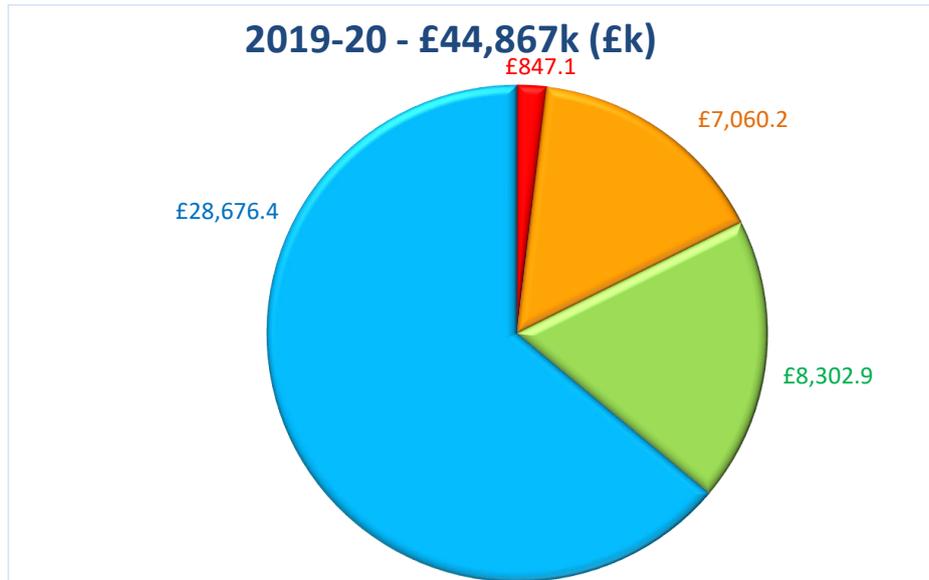
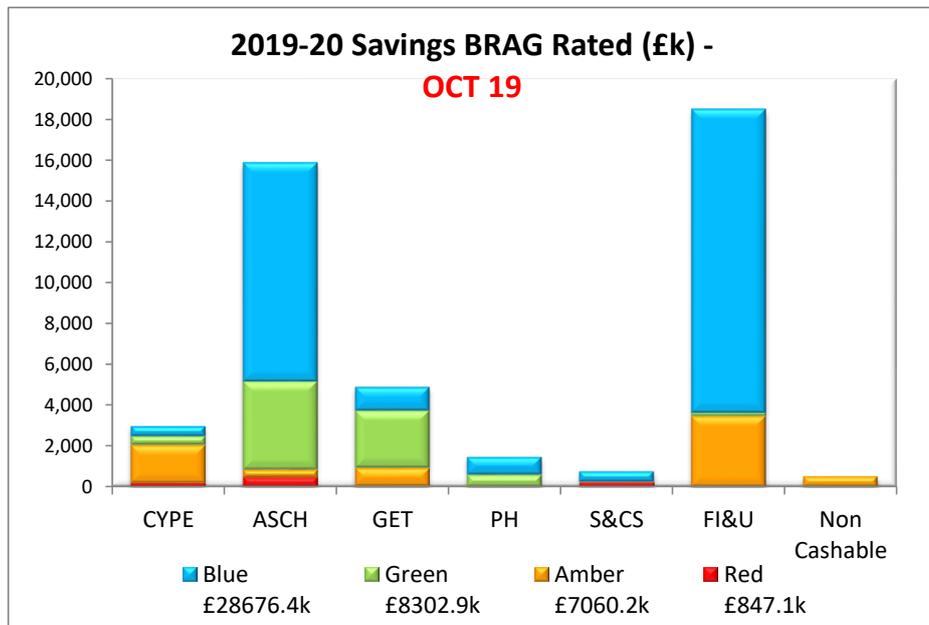


Delivery of 2019-20 Savings & Income

This appendix provides an update on the overall BRAG status of the 2019-20 budgeted savings together with a more detailed synopsis of all remaining red and amber savings by directorate.



Directorate	Red £847.1k	Amber £7060.2k	Green £8302.9k	Blue £28676.4k	Total £m
CYPE	171.1	1,850.0	436.7	500.0	2,957.8
ASCH	443.0	379.0	4,311.6	10,741.6	15,875.2
GET	25.0	893.0	2,785.2	1,168.9	4,872.1
PH	0.0	0.0	583.4	865.1	1,448.5
S&CS	208.0	0.0	30.0	498.0	736.0
FI&U	0.0	3,438.2	156.0	14,902.8	18,497.0
Non Cashable	0.0	500.0	0.0	0.0	500.0
Total	847.1	7,060.2	8,302.9	28,676.4	44,886.6
	1.9%	15.7%	18.5%	63.9%	100.0%



Blue	the saving is effectively already delivered to at least 90% of the sum planned
Green	the saving already has a plan, the quantum and timescale is realistic, and any necessary consultation has started
Amber	the saving is deliverable but the quantum is uncertain and there are currently no agreed delivery plans, and/or any necessary consultation has not yet commenced.
Red	something has changed recently that makes this saving highly doubtful.

CYPE DIRECTORATE SYNOPSIS OF REMAINING RED AND AMBER SAVINGS

Directorate	Savings Category	Description	£k	Reason
RED SAVINGS				
CYPE	Income	Increased income from traded services with schools, academies, other local authorities and public bodies	83.1	To move the Duke of Edinburgh Award to fully chargeable basis - National changes to the funding of this award mean it is unlikely this service will move to be fully self-funded in 2019-20. Further work will be undertaken during 2019-20 to embed and review changes initiated in 2018-19 and this will inform the future of this service.
CYPE	Income	Increased income from traded services with schools, academies, other local authorities and public bodies	88.0	Additional income from trading new products with both KCC schools & OLA neighbour schools & academies, specifically emergency planning products. Work is underway to further develop these products but demand to date is lower than expected. It has now been recognised that this increased income target will only be achieved if the DfE endorse the product or there is a local emergency.
			171.1	
AMBER SAVINGS				
CYPE	Transformation	Moving to different service delivery model following integration of Children's Services across the Children, Young People and Education Directorate	1,250.0	This needs to be considered in conjunction with the £2m CYPE saving in the 2018-21 MTFP making a total of £3.25m. The Change for Kent Children Programme is progressing. The structure changes proposed will not generate the whole saving without risking front line delivery. Further savings options have been considered. Additional funding has been secured through the Council's transformation fund to pump prime a variety of savings initiatives, however the associated savings are not anticipated to be achieved until 2020-21 and beyond. The Directorate continues to look at short term options for compensating savings to meet the target for 2019-20.
CYPE	Efficiency - Contracts & Procurement	Review of Early Help & Preventative Children's Services including Children's Centres, matching reduction in funding transfer from Public Health	200.0	Plans are still being developed. However, it is likely any saving will be a part year effect and the full saving will not be achieved until 2020-21.
CYPE	Efficiency - other	One-off review of contract and project spend within Children, Young People and Education services	400.0	The Directorate is currently looking at short term options for compensating savings to meet the target for 2019-20.
			1,850.0	

Explanation of how this relates to the directorate forecast position reflected in the monitoring report:

The forecast for Children Young People and Education included in this report assumes that all of these amber savings will be delivered during 2019-20. The 2 red savings have been shown as overspends:

- the £83k shortfall in Duke of Edinburgh income contributes towards the Youth Services overspend;
- the £88k shortfall in emergency planning products forms part of the "Education Services & Planning Resources Management & Division Support key service line" variance. This overspend is currently being offset by higher than expected income generated by the academy conversions.

ASCH DIRECTORATE SYNOPSIS OF REMAINING RED AND AMBER SAVINGS

Directorate	Savings Category	Description	£k	Reason
RED SAVINGS				
ASCH	Efficiency (contracts & procurement)	Transition of Housing Related Support (HRS) services into Supporting Independence Service - Mental Health	443.0	Savings were achieved in 2018-19 by reviewing the old HRS contract. However, following the procurement exercise, the provider is now also charging a management fee to run this contract so is unable to provide 50 beds within the approved budget. Negotiations are still underway and it is anticipated that some savings will be achieved in the longer term in 2020-21 onwards, but it is not now anticipated to be the full £500k. Some savings of £57k have been achieved this year and rated as green.
			443.0	
AMBER SAVINGS				
ASCH	Efficiency - other	Review of project activity within adult social care	379.0	Total saving is £520k with £141k rated as green. The remaining £379k will hopefully be achieved from the commencement of some of the projects that are currently being scoped, and for which business cases are being pulled together. It is felt prudent to leave them as amber until the full analysis has been completed.
			379.0	

Explanation of how this relates to the directorate forecast position reflected in the monitoring report:

The £443k of Housing Related Support Red Savings are not assumed to be achieved within the current forecast, but the £379k of amber project activity savings are assumed to still be achieved.

GET DIRECTORATE SYNOPSIS OF REMAINING RED AND AMBER SAVINGS

Directorate	Savings Category	Description	£k	Reason
RED SAVINGS				
GET	Efficiency (other)	Other minor efficiency savings	25.0	Reduction in Coroners travel/court fees as a result of phase 2 co-location project - a shift from co-location in Cantium to the wider Oakwood House development means that this saving will not be achievable in 2019-20.
			25.0	
AMBER SAVINGS				
GET	Income	Review of Charges for Service Users - existing service income streams & inflationary increases	14.0	Additional income delivered from KCC capital investment in lab space to expand toxicology services within Kent Scientific Services - the capital works have been undertaken but awaiting confirmation of contracts/income
GET	Efficiency - Contracts & Procurement	Other minor contracts and procurement savings	28.0	Review of new ways of working and capital investment within the Environment, Planning & Enforcement Division - awaiting final plan from outcomes group as to how all of this will be delivered. Part of a longer term strategy.
GET	Efficiency - Contracts & Procurement	Implementation of South West Kent Waste Partnership	271.0	Contract does not commence until November - all elements are in place & decision taken but is dependent on waste volumes and price (total 2019-20 saving is £406k with £135k rated as green), so still an Amber rating as uncertainty as to whether the full quantum can be achieved.
GET	Policy	Young Person's Travel Pass - Increase the charge for a full price pass to £350, and introduce a flexible payment scheme of 8 equal monthly instalments from August to March which includes an additional administration fee	80.0	The total 2019-20 saving is £1m, £920k rated as green & £80k as amber, and is made up of two parts: (i) £800k from increasing the price of the pass, now all rated as green. This was predicated on the sale of 20,000 full price passes. Pass numbers are now at a similar level to the prior year hence why all now rated green. (ii) £200k from passing on the admin fee for the flexible payment option, currently rated £120k green & £80k amber. This saving is predicated on 20,000 users taking up the flexible payments scheme (across both the Kent Saver and Kent Saver 16+ schemes). Take up has been less than modelled, and with fixed costs of setting up the payment scheme to cover, there will be a shortfall against this income target. The net combined budget reduction of £1m could still broadly be achieved from a mixture of income (£920k forecast to date), as well as from fixed price deals meaning that inflation costs were partially mitigated. Going forward, the costs of the scheme are intended to be lower than the current £200k budget as the online solution should provide efficiencies compared to the manual system currently in operation. There will still be a net shortfall which will need to be addressed in the MTFP pressures review.

Directorate	Savings Category	Description	£k	Reason
GET	Policy	Charging for Waste - estimated income from introducing charging for the disposal of soil, rubble, hardcore and plasterboard at KCC household waste and recycling centres (HWRCs)	500.0	<p>Of the £1m total saving, currently £500k is rated green & £500k amber pending further evaluation of the impact of the new policy on income and tonnage. This reflects a £100k shift from amber to green this month, as waste diverted to other disposal methods (skip hire, trade waste etc) has increased giving confidence that waste is being disposed of appropriately. The original £1m net saving was predicated on £1m of income from charging, £1m of reduced tonnage costs (mainly non-household waste but some household waste reduction also), offset by £1m of site staffing & infrastructure costs e.g. the added costs of operators. The final mix of income/reduced tonnage will determine whether the full £1m saving will be delivered in-year. Income is slightly lower than initially modelled but has been offset by a reduction in site staffing payments made. Tonnages have reduced significantly, which in turn releases capacity at HWRCs to help address future anticipated growth and potentially reduces the need for additional infrastructure in the near future. For Biffa-run sites, there has also been a significant reduction in tonnages (KCC do not have title to this waste and there is a fixed management fee). This contract is due for re-let in November 2020 . There is an expected market uplift but the reduction in tonnages could/should have a positive effect in reducing this uplift.</p> <p>A small reduction to household waste was included in the net £1m tonnage saving but a larger reduction has been experienced and this "additional saving" will be reflected in the draft 2020-21 budget as each year the budget is realigned accordingly to reflect actual waste levels.</p>
			893.0	

Explanation of how this relates to the directorate forecast position reflected in the monitoring report:

The red saving is declared as a pressure/overspend in the Public Protection key service line but all other savings are effectively being forecast to cash limit e.g. they are currently being reflected that the savings will be delivered in full, either as modelled or by linked savings. As the activity comes through for the waste tonnages/ charging and the Kent Saver pass applications/instalment options etc, the BRAG and monitoring position will be updated accordingly.

The £1m waste saving has been more than delivered overall as there has been a larger than expected reduction in household waste, but the £500k amber rating purely reflects the element of the £1m net saving as modelled, that cannot yet be confirmed, as we only have 2-3 months data available (the scheme only went live in the summer). Should any non-deliverability materialise, across all savings, alternative management action will be sought to cover off any potential shortfall/delay in delivery if the full impact will not be fully delivered until 2020-21.

S&CS DIRECTORATE SYNOPSIS OF REMAINING RED AND AMBER SAVINGS

Directorate	Savings Category	Description	£k	Reason
RED SAVINGS				
S&CS	Efficiency - Infrastructure	Existing savings plans arising from phase 2 of the rationalisation of the office estate - New Ways of Working	80.0	This saving relates to New Ways of Working which is all tied in with the asset utilisation savings within Corporate Landlord so is dependent on decisions being made regarding exiting buildings and/or generating income from rental opportunities. This saving is now rated red as plans to exit buildings and allow some specific short term rentals have been delayed, but as long as revised planned timings are met then this saving is expected to be fully delivered from 2020-21.
S&CS	Efficiency (staffing)	Staffing Restructures: Service re-design, integration of services and more efficient ways of working resulting in a reduction of staff and staff related costs	128.0	This saving relates to the review of provision of some Member services. It has now been confirmed that this saving is not deliverable through the original plans, however this is being covered off in 2019-20 by some other staffing changes and additional income for School appeals, which cannot be relied upon in future years.
			208.0	
AMBER SAVINGS				
			0.0	

Explanation of how this relates to the directorate forecast position reflected in the monitoring report:

The New Ways of Working Phase 2 is closely linked with the Asset Utilisation savings and are being run as one programme. The monitoring report is showing a £200k overspend which relates to the delay on exiting certain front-line properties dependent on public consultation. The £200k reflects the non-delivery in year of this £80k saving and a further £120k of savings brought forward from 2018-19.

The £128k relating to the staffing within Member services, is not being reflected in the monitoring report as management action has been taken to find mitigating in-year solutions by holding vacancies elsewhere in the Governance and Law Division and over-delivering on income from running school appeals.

FINANCING ITEMS & UNALLOCATED SYNOPSIS OF REMAINING RED AND AMBER SAVINGS

Directorate	Savings Category	Description	£k	Reason
RED SAVINGS				
			0.0	
AMBER SAVINGS				
FI&U	Transformation	Other minor savings to be achieved through transformation	500.0	This relates to savings resulting from HoldCo & other savings from outsourced companies. It is too soon to know whether the plans and efficiencies to be implemented by HoldCo will impact sufficiently on the dividends in the current financial year, as well as cover their costs, in order to deliver this saving. There is a risk that the full year saving will not be delivered in 2019-20.
FI&U	Income	Estimated increase in dividend from Cantium Business Solutions	195.2	Too early in the financial year to be confident that this will be delivered - depends on company performance throughout the year
FI&U	Financing	Increase draw-down from Kings Hill Reserve	993.0	No cash flow distribution was received in 2018-19 and a recent land sale has fallen through putting at risk a cash flow distribution in 2019-20 if this causes delays with land sales originally scheduled for December. There is insufficient funding in the reserve to cover the budgeted support to the 2019-20 budget, so the amount of the saving above the reserve balance is now shown as amber, pending confirmation of a cash flow distribution this year. To be prudent, the drawdown planned for 2020-21 has been removed from the draft 2020-21 budget and re-phased to 2021-22, but this will be reviewed in light of the most up to date intelligence prior to the draft budget being presented to County Council for approval in February.
FI&U	Efficiency - staffing	Workforce Productivity Programme - cashable and non-cashable savings to be achieved across all directorates from reviewing the use of consultants, agency staff, increased use of technology solutions, and managing staff sickness to enable the council to improve workforce productivity	1,750.0	We are still looking at reducing our reliance on consultants and agency staff but until detailed plans are agreed there is a risk that we will not achieve the full year saving in 2019-20 so some of this may move to red, but this is still to be quantified.
non cashable	Efficiency - staffing		500.0	Sickness absence is due to be reported to Personnel Committee in November which will indicate whether or not the level of absence is reducing and therefore whether this non cashable saving is being delivered and increasing capacity.
			3,938.2	

Explanation of how this relates to the directorate forecast position reflected in the monitoring report:

The forecast for Financing Items included in this report assumes that all of these amber savings will be delivered during 2019-20.