



# **Kent County Council - Productivity Plan**

**July 2024**

## Our Current Context

Kent County Council (KCC) is the country's largest non-metropolitan council in a two-tier arrangement and provides over 300 services to a population of 1.6 million residents, with an annual gross revenue expenditure of nearly £2.3 billion. Over half of this revenue budget is spent on adults' and children's social care. [Framing Kent's Future](#), KCC's Strategic Statement (May 2022), outlines the council's medium-term priorities until 2026. It focuses on four key areas: Levelling Up Kent, Infrastructure for Communities, Environmental Step Change, and New Models of Care and Support. The Strategic Statement asserts our ambition to enhance partner collaboration, streamline service delivery, and invest in technology for increased council efficiency and productivity.

### 1) How we have transformed the way we design and deliver services to make better use of resources

#### Financial Sustainability and Delivery of Savings

- Like many public sector organisations, KCC is experiencing an increase in service demand amidst budget constraints, global financial pressures, and more significantly rising costs due to inflation and market pressures, despite already budgeting for £883 million in savings & income between 2011-12 and 2023-24. In October 2023, KCC implemented its Budget Recovery Strategy (Securing Kent's Future) to regain financial sustainability and meet Best Value duty, in particular prioritising delivery of 'New Models of Care and Support' from our Strategic Statement.
- The savings required in 2024-25 and beyond (set out in our [Budget Book](#)) are higher than previous years due to spending growth way in excess of local government settlement, posing a unique challenge. Previously, **transformation savings** contributed a small percentage to total savings, but from 2024-25 onwards a larger proportion is expected via service improvements: 38.6% in 2024-25, 60.6.% in 2025-26, and 75.3% in 2026-27. This approach aims to achieve sustainable spending levels in adult social care and home-to-school transport, while acknowledging that children's social care transformation will take longer.
- Underpinning this, our Analytics and Finance teams are analysing factors driving spending increases in areas with significant budget pressures, including Adult Social Care, SEND transport, and Children in Care (CIC) placements, enabling services to take immediate action and develop programmes of activities to address spend.

#### Organisational Changes and Service Transformation

KCC has enacted a number of important changes to address strategic and operational needs and the following provide examples of some of the key changes:

- We have restructured our commissioning function to place control and capacity back with the service directorates to increase agility and responsiveness to service demand and the provider market, facilitating greater value for money.
- We launched our Adult Social Care Strategy, 'Making a Difference Every Day' which delivered a new locality operating model in April 2023, promoting integrated work with partners such as the NHS and focuses on individual needs through 24 Community Teams.
- The creation of our **Strategic Reset Programme** (SRP) in December 2020, born out of the Pandemic and a need to reset our organisational priorities, is now KCC's primary vehicle for critical transformational change activities, focusing on financial sustainability, return on investment, budget challenge contribution, efficiency, and optimal resource use. It currently covers programmes in adult social care, children's high-cost placements, home to school transport, SEND transformation, sustainable commissioning, and a continued estate review.

## Productivity, Performance, and Efficiency

KCC has a strong performance culture within services, with actions being taken to strengthen corporate performance management capacity across the council. We measure our progress through performance data and by engaging with Kent's residents to understand the impact of our actions:

- To support efficiency, our budget recovery strategy 'Securing Kent's Future' (SKF) mandates all services to prioritise Best Value considerations and demonstrate this in all strategic and operational decisions. Similarly, all Members should also prioritise Best Value considerations when discharging their respective roles within the council, whether executive or non-executive.
- The corporate performance framework at Kent County Council serves as a robust control mechanism for core activities, enabling the CEO to identify and address performance issues promptly. This is complemented by the Council's **Kent Analytics** function, designed to foster continuous improvement, and instil evidence-based decision-making across the organisation.
- The **Quarterly Performance Report** (QPR) is a key tool within the Council's Performance Management Framework, and informs the Corporate Management Team, Cabinet, Cabinet Committees, and the public about the authority's performance while driving improvement and promoting transparency. Visibility of the QPR by Members allows for performance issues to be discussed and addressed at the highest level, with an active role for Members in performance management.
- Two teams help drive improvement: the **Continuous Improvement Team** conducts scenario modelling and analysis to understand cost drivers and forecast service demand, while the **Evaluation Team** drives a robust council-wide evaluative culture for projects and innovations to support evidence-based decision-making and resource optimisation.
- Inspections are key mechanisms for assessing and improving productivity and effectiveness. Kent's Children's Services were rated "Outstanding" by Ofsted in May 2022, and the Adult Social Care function is due for a CQC inspection later this year. We also have a joint SEND Accelerated Progress Plan (APP) with Kent & Medway NHS to address identified weaknesses from a previous Ofsted judgement, which is demonstrating progress, and our Safety Valve agreement with the DfE is in place to lower the Dedicated Schools Grant deficit.
- Our workforce approach is driven by our [People Strategy](#), informed by an annual staff survey to better understand how to support our workforce, and supported by access to tools to boost productivity and efficiency, e.g., the Microsoft suite of applications and KCC's Communities of Practice in areas such as Project and Change Management.

## 2) How we plan to take advantage of technology and make better use of data to improve decision-making, service design and use of resources

KCC has a robust approach to how it **manages and uses data** through our **Kent Analytics function**, which carries out data driven analyses for services through scenario modelling, cost driver analysis and other products to improve intelligence and support evidence-based decision making.

To maximise the value of data and ensure it can provide the necessary information to improve decision-making and efficiencies, KCC is implementing its **Data Strategy** to move away from data silos to a collective council approach to information sharing and management through five capabilities of Insight, Governance, Data Platform, Leadership, and Skills. KCC is also a member of the [Kent & Medway Information Partnership](#) which has a comprehensive information sharing agreement across a wide range of public sector organisations in Kent and Medway.

Examples of current initiatives involving using technology to improve data sharing across partners and outcomes for residents include **ReferKent**, a secure online referral system that allows the referrer to proactively send an individual's basic details to another service from which they might

benefit, to save time and resources in providing timely help to people in need, and a project between KCC, district councils and **Xantura** to enable better use of Xantura systems to identify Kent residents with risk factors that may make them vulnerable to financial hardship to better identify and support those at risk.

In terms of how KCC is using **technology** to its full potential in service planning and delivery, current initiatives include:

- The creation of the **Microsoft Power Platform™ Centre of Excellence** team which assesses and supports the delivery of automation projects using the suite of apps within Microsoft Power Platform to help the council address inefficient processes and systems.
- **KCC's Digital Strategy 2024-2027**, launched this year, guides future service digital initiatives so that they are coordinated and aligned. It emphasises the secure and ethical use of technology to enhance services, increase efficiency, reduce costs, and improve the experience for Kent residents and businesses.
- The implementation of the **Artificial Intelligence (AI) Policy** in September 2023 to provide the framework for staff to use AI technology safely and ethically while complying with relevant equalities, data protection and information governance legislation.
- The pilot use of the **Microsoft CoPilot** AI platform across the council with robust evaluation underway to determine how and where this technology can be used to help improve productivity and service delivery whilst respecting our AI policy.
- The implementation of the **Digital Workplace Programme** replacing outdated laptops to ensure staff have access to the right technology to carry out their jobs effectively.
- The implementation of the **Enterprise Resource Planning** platform, which, as part of the Strategic Reset Programme (SRP), will enable KCC to update its business capabilities, including HR, finance, and procurement systems. This will streamline tasks like payroll, improve payment timeliness, and enhance service spending forecasts.
- Two Adult Social Care projects are leveraging technology to improve residents' lives and independence: the **Digital Front Door & Self-Serve** project aims to create digital pathways for timely information access and community connection, helping to manage demand. The **Technology Enhanced Lives Service (TELS)** promotes safety and independence at home, offering adults and carers choices and reducing reliance on traditional, costlier care.
- KCC membership to [Kent Connects](#), a pan Kent and Medway strategic ICT partnership with a focus on the delivery of IT shared services and training opportunities for its members.

### 3) Our activities and plans to support productivity within our organisation and systems

KCC integrates **Equality, Diversity, and Inclusion (EDI)** into its management functions rather than having specific EDI teams. This approach is supported by a robust Equality Impact Assessment (EqIA) Policy and dedicated application, managed by one policy officer who also oversees annual progress reports towards the Council's equality objectives which are reported to our Members for oversight, and therefore enabling KCC to discharge its Public Sector Equality Duty requirements. All officers and senior managers involved in EqIAs must complete an e-learning module to ensure compliance with EDI-related statutory duties.

To ensure financial sustainability, KCC's Budget Recovery Plan has implemented **spending controls** and provided staff guidance to minimise non-essential spending. This includes approval requirements for recruitment, pausing/stopping non-committed spend, and a policy for all meetings to be held via MS Teams or KCC sites with external venues as last resort. Efforts are underway to **reduce agency and consultancy costs**, with necessary controls in place. Spending on consultants has been reducing in recent years from £5.2m in 2021-22 to £3.9m in 2022-23 to £3.0m in 2023-24. This compares to a peak of spending of £16.8m ten years ago. Proposals for

long-term agency hires require approval from KCC's Director of HR & OD. And a new [Independent Construction Consultancy Services Framework](#) is being created to replace time consuming and resource intensive processes with a more efficient system to support KCC's capital and minor works programmes.

KCC works with Kent's district and borough councils to enhance Council Tax collection and eligibility screening for discounts, improving our approach to combat fraud and errors. A memorandum of understanding with collection authorities outlines expectations and cost funding arrangements for delivering above targets. These schemes yield a return on investment exceeding 400%.

Since the Covid-19 pandemic, KCC has been working to reduce its estate through the **Future Assets Programme**, with unprecedented public support for this approach (89% support following consultation). This programme aims to ensure community buildings are fit for purpose, enable needs-driven service delivery in the right location, and contribute to net-zero targets. For example, our network of 56 **Family Hubs** is taking a whole family approach to providing targeted support for vulnerable children and young people across a range of co-located services delivered by KCC and its partners. Through our **Office Strategy**, we are reassessing our office estate with the intention of reducing the number of office buildings we own or rent and optimise their use, facilitated by a new hybrid working policy. The **Shared Workspaces** scheme, launched through the Kent Connects Partnership, promotes collaboration and efficiency as a range of public sector organisations in Kent allow working in each other's buildings.

## **Governance and Monitoring**

KCC's Constitution and Code of Corporate Governance outline how the Council operates, its decision-making processes, and accountability procedures. Members are responsible for the overall strategic direction of the council through the budget, MTFP and policy framework, ensuring all decisions of the authority receive the appropriate level of scrutiny through the Scrutiny Committee which oversees the Executive's actions and decisions, along with other Cabinet Committees for specific functions. The Cabinet Committees, made up of elected members, also advise the Executive and review key decisions on matters affecting Kent and its residents.

The Annual Governance Statement (AGS) supports the continuous improvement of governance by offering Members and officers a platform for reflection on decision-making processes and activities. Our robust Treasury Management Strategy and MRP (Minimum Reserve Position) policy, is supported by a transparent governance process, an effective Governance & Audit Committee, a risk-based internal Audit Plan, and comprehensive risk management. Other governance structures which ensure financial accountability include the SRP Board which oversees transformation programmes. Lastly, KCC's Operating Standards, integral to the County Council's effective operation, support a uniform approach and robust organisational assurance.

## **4) The barriers preventing progress that the Government can help to reduce or move**

### ***Kent-specific Barriers:***

**National Transfer Scheme (NTS)** – The National Transfer Scheme (NTS), established in 2016, allows for Unaccompanied Asylum-Seeking Children (UASC) arriving in Kent to be transferred to other UK local authorities once Kent reaches its limit of 346 (or 0.1% of its under 18 population). The Scheme's aim is to ensure equitable distribution of the care of UAS Children across the UK and to prevent Kent's services from being overwhelmed. However, the Scheme was deemed inadequate and at times unlawful by a High Court ruling following a judicial review requested by

KCC. The Home Office needs to rectify these issues urgently to ensure the scheme operates fairly and sustainably, benefiting all arriving UAS children, and allowing Kent to fulfil its statutory duties. The court ruling and the NTS have meant a significant rise in the need for children's placements in Kent and outside of the county in other local authorities. The judgement has led to independent providers seeking cost increases from KCC, potentially reducing the number of providers in an already reduced market.

**European Entry/Exit System (EES)** – Kent, as the UK's gateway to Europe, is crucial for border fluidity and security. The incoming EU entry/exit system will cause immense traffic congestion and disruption, which KCC has limited means to manage. This will have real economic impact for the whole of the UK, not just our county. KCC wants to continue our active and positive collaboration with the Government to mitigate these issues and minimise disruption to traffic and service delivery.

### ***Financial Barriers:***

**Council tax, accounting for 65.5% of the net revenue requirement for 2024-25, is the primary funding source for local authority services**, but the current arrangements are not fit for purpose and are long overdue reform. The system's regressive banding, out of date valuations (where property values have risen the most), and the previous grant funding system have led to significant disparities in charges and a greater burden on low/middle income households. The referendum arrangements limit local democratic choices, and in two-tier areas, decisions on discounts are made by lower-tier councils, impacting upper-tier councils.

**The way LAs access government funding requires a different approach.** The current 'competitive bidding' approach for funding is unhelpful for LAs and creates unnecessary pressure on resources, whereas a system that emphasises problem-solving and outcome-oriented funding settlements would greatly support productivity. In addition, more notice on funding opportunities is needed to enable local authorities to effectively allocate funding and to deliver timely activities where they are needed to avoid resource-intensive short-term actions; the last-minute extensions to the Household Support Fund rounds are a good example of this.

**Should the Government intend to reintroduce multi-year funding settlements for councils**, any such arrangement should have flexibility built in to allow LAs to respond to any pressures in later years, such as unexpected spending growth or requirements not foreseen at the time the multi-year settlement was set. It is essential that multi-year settlements are based on up-to-date parameters, such as population.

**Financial implications of national policies for LAs and providers:** the increase in the national living wage has created funding pressures for providers who can pass costs on to LAs within existing contracts, affecting market stability and sustainability. Government must consider how to mitigate such policy changes where it affects funding, else LAs bear the financial burden to fill the gap.

**The way the capital investment is financed is not sufficiently flexible** forcing KCC to borrow at high interest rates, as it cannot earmark future tax income for investments.

Another potential barrier linked to this is the previous Government's proposals to extend capital flexibilities for borrowing to fund revenue costs including general cost pressures, invest to save programmes and proceeds from selling investment assets. Whilst KCC supports a flexible funding approach, if these previous proposals were to be progressed, we are concerned that they are contrary to the balanced budget requirement which could delay difficult decisions on making savings/generating alternative income to balance revenue spending. This could lead to imprudent

borrowing and higher future debt, making LAs even more vulnerable. Allowing additional borrowing should not replace a realistic settlement aligning central funding, local taxation, and spending demands.

### ***Legislative and Policy Barriers:***

**Outdated legislation needs to be reviewed** as this leads to increased operational costs and to inefficient processes and procedures, hindering the ability of LAs to deliver services effectively. This should include a review of the Care Act 2014 and the Children and Social Work Act 2017 (driving up demand as KCC does not have the right tools to manage costs), as well as the Public Libraries and Museums Act 1964 which sets out an ambiguous requirement for local authorities ‘to provide a comprehensive and efficient library service for all persons’.

**Home-to-School transport entitlement needs to be reformed to ensure it is proportionate and affordable.** A national policy review and more LA funding are needed to meet growing student transport needs. The post-Covid demand surge strains the fragile transport market, with fewer taxi providers, inflation, wage and fuel cost increases, and net zero policy. These challenges limit KCC’s provision, pricing, and contract flexibility.

**Securing suitable care placements for children, especially those with complex needs, is increasingly challenging due to diminishing availability and rising costs** The current placement system needs to be reformed with a need of oversight of care providers as the cost of placements has surged beyond inflation, straining budgets. National policy changes such as the new regulations by Ofsted to inspect ‘supported provision’ providers have led to further changes in the market and rising prices in Independent and Semi-Independent placements. The placement of out of county children into Kent, including Unaccompanied Asylum Seeking (UAS) Children, by other LAs further exacerbate these issues, increasing pressures on social care and school placements.

**SEND challenges must be addressed as a matter of priority** as Government needs to consider either increasing funding to meet eligibility criteria or reducing the eligibility criteria to match available funding.