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| | | AGENDA ITEM 5 |
| | | CPSC/07/19 |
| Committee: | Corporate Policy and Scrutiny Committee | |
| Date: | 26 March 2019 | |
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Delivery Risk Assessment process for ECC Savings

Summary

To note the rigour of processes applied to assure delivery of savings required to balance Essex County Council's (ECC) budget.

Background

ECC has a solid history of successful project and saving delivery over the last 10 years delivering between £50m and £120m every year since 2012. The pressure on our budget continues due to several factors most notably:

- Reduction in central government support (RSG)
- Inflation, including National Living Wage
- Demographic Changes
- Impact of pay and grading.

To address the pressure Full Council agreed a budget in February with £60m savings to be delivered in 2019/20, including an assumption that 100% of these savings would be delivered. In 2020/21 the pressure increases to a further £72m.

In order to secure these savings ECC has a series of processes in place including

- Fully professional project and programme delivery team
- Comprehensive project health assessment process
- Detailed Delivery Risk Assessment process reported to CLT and Investment Board
- Embedded Budget Management processes
- Strong working relationships between Delivery team (project management) and Finance professionals working with services across ECC.

Since the implementation of the 'Delivery Risk Assessment' process in October 2018

there has been great clarity at an individual project/initiative level of any risks to savings delivery. The honesty and promptness of reporting enables ECC to:

- Enter into more ambitious or new projects and manage the risk associated with leading edge ideas
- Quickly identify risks to on-time delivery so that mitigations or alternative approaches can be identified in time
- Escalate requests for support to any level of the organisation including CEO and Leader (via Investment Board)

Current status

As the financial year 2018/19 draws to a close we have shown great rigour in the delivery of savings and at Period 11 £51m of savings are delivered or showing high confidence of being delivered by the original method, compared to an original baseline saving of £58.5m. A further £11m has been delivered via mitigation or over delivery of particular projects. In this period £0.9m savings are still carrying some risk. We are on schedule to deliver between £61.8m and £64.4m against a baseline target of £58.5m. The overall budget of ECC is on schedule to show a marginal underspend.

As we enter 2019/20 £60m savings have been planned to balance the budget. These have been segmented into initiatives that can be delivered directly by budget holders (such as managing vacancy factors or controlling spend), Service choices selected by Cabinet and projects and programmes in need of professional project management. Currently (before the start of the year) we are showing:

- **53% Green** – benefits have been quantified, means to deliver (including resources) and path to delivery are known / on target, and no significant current issues exist.
- **28% Amber** - Evidence exists that valid benefits can be measured, and delivery plans are in place, though some risks to progress exists that could or are causing problems.
- **19% Red** - Unable to quantify or validate means to realise the proposed benefit, e.g. Plans are not realistic, and/or an event has rendered savings undeliverable at this point and/or unresolved risk(s), that benefit will not be delivered unless resolution(s) can be identified & implemented.

Over the next few months concerted effort is targeted at driving certainty into the initiatives.

The report describes the process that is followed throughout the year to assure delivery.

Conclusions

ECC has a mature project profession working closely with finance colleagues and services across the organisation. There is a strong track record of delivery and a robust process in place to quickly identify and rectify issues. 2019/20 and beyond show continued pressure on the budget and this process will continue to be very important.