



Summons to and
Agenda for a
Meeting on
**Thursday, 14th February,
2013**
at **9.30 am**



DEMOCRATIC SERVICES
SESSIONS HOUSE
MAIDSTONE

Tuesday, 5 February 2013

To: All Members of the County Council

Please attend the meeting of the County Council in the Council Chamber, Sessions House, County Hall, Maidstone on Thursday, 14 February 2013 at **9.30 am** to deal with the following business. **The meeting is scheduled to end by 5.00 pm.**

Webcasting Notice

Please note: this meeting may be filmed for live or subsequent broadcast via the Council's internet site – at the start of the meeting the Chairman will confirm if all or part of the meeting is being filmed.

By entering the meeting room you are consenting to being filmed and to the possible use of those images and sound recordings for webcasting and/or training purposes. If you do not wish to have your image captured then you should make the Clerk of the meeting aware.

A G E N D A

1. Apologies for Absence
2. Declarations of Disclosable Pecuniary Interests or Other Significant Interests
3. Minutes of the meetings held on 13 December 2012 and, if in order, to be approved as a correct record **(Pages 1 - 12)**
4. Chairman's Announcements
5. Questions **(Pages 13 - 20)**
6. Budget 2013/14 and Medium Term Financial Plan 2013/15 **(Pages 21 - 46)**
(including Council Tax setting for 2013/14)

Peter Sass
Head of Democratic Services
01622 694002

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KENT COUNTY COUNCIL

MINUTES of a meeting of the Kent County Council held in the Council Chamber, Sessions House, County Hall, Maidstone on Thursday, 13 December 2012.

PRESENT:

Mr R E King (Chairman)

Mr E E C Hotson (Vice-Chairman)

Mrs A D Allen, Mr M J Angell, Mr R W Bayford, Mr R H Bird, Mr A H T Bowles, Mr D L Brazier, Mr J R Bullock, MBE, Mr R B Burgess, Mr C J Capon, MBE, Ms S J Carey, Mr P B Carter, Mr N J D Chard, Mr A R Chell, Mr I S Chittenden, Mr L Christie, Mrs P T Cole, Mr N J Collor, Mr G Cooke, Mr B R Cope, Mr G Cowan, Mr H J Craske, Mr A D Crowther, Mr J M Cubitt, Mrs V J Dagger, Mr M C Dance, Mr J A Davies, Mrs T Dean, Mr K A Ferrin, MBE, Mr T Gates, Mr G K Gibbens, Mr R W Gough, Mrs E Green, Mr M J Harrison, Mr W A Hayton, Mr P M Hill, OBE, Mr D A Hirst, Ms A Hohler, Mrs S V Hohler, Mr M J Jarvis, Mr A J King, MBE, Mr J D Kirby, Mr J A Kite, MBE, Mr S J G Koowaree, Mr P W A Lake, Mrs J P Law, Mr R J Lees, Mr J F London, Mr R L H Long, TD, Mr S C Manion, Mr R F Manning, Mr R A Marsh, Mr M J Northey, Mr J M Ozog, Mr R J Parry, Mr R A Pascoe, Mr T Prater, Mr K H Pugh, Mr L B Ridings, MBE, Mrs J A Rook, Mr A Sandhu, MBE, Mr J E Scholes, Mr J D Simmonds, Mr C P Smith, Mr K Smith, Mrs P A V Stockell, Mr B J Sweetland, Mr R Tolputt, Mrs E M Tweed, Mr M J Vye, Mrs C J Waters, Mr J N Wedgbury, Mr M J Whiting, Mrs J Whittle, Mr M A Wickham and Mr A T Willicombe

IN ATTENDANCE: Geoff Wild (Director of Governance and Law) and Peter Sass (Head of Democratic Services)

UNRESTRICTED ITEMS

175. Apologies for Absence

The Director of Governance and Law reported apologies for absence from the following Members:

Mr Robert Brookbank
Mr Dan Daley
Mr Charles Hibberd
Mr Peter Homewood
Mr Chris Wells

176. Declarations of Disclosable Pecuniary Interests or Other Significant Interests

(1) Mr Cowan declared an interest as a foster carer with his wife in any item on the agenda relating to Children's Services.

(2) Mrs Law made a declaration of interest in Item 10 (Appointment of Independent Remuneration Panel Members from 1 November 2012) in that one of the individuals was known to her.

(3) Mrs Whittle declared an interest in Item 8 (Bold Steps for Kent; Progress to Date and Next Steps) in that her husband had been the officer lead for Bold Steps and, as he was still an employee of Kent County Council, she declared an interest in Item 11 (Proposed Amendments to the Constitution) Appendix 2 Part 2 given that it related to personnel conditions.

(4) Mr Lake declared an interest as a Trustee of the Kent Community Foundation.

(5) Mr Wedgbury declared an interest in a question on the papers about the emergency services as the only serving member of the emergency services in the Chamber and the union representative for his branch from the trade union.

177. Minutes of the meeting held on 25 October 2012 and, if in order, to be approved as a correct record

(1) Mr Christie highlighted a typing error in paragraph 9 of the Leader's report Minute, which should read "misled" not "mislead".

(2) RESOLVED that, subject to the above typing error being corrected, the minutes of the meeting held on Thursday, 25 October 2012, be approved as a correct record and signed by the Chairman.

178. Chairman's Announcements

(1) The Chairman announced that it was with much regret that he had to inform Members of the sad death of Frank Marven, Conservative Member for Tollgate, on Friday 30 November 2012.

(2) Mr Marven was elected to KCC in 1985 and served until 1993. He was also a long standing Gravesend and Gravesham Councillor where he served for 37 years. Mr Marven was Mayor of Gravesham from 1982 to 1983 and he was vice president of the Gravesend Scouts Association, having been a lifelong member of the Scouts which he joined at the age of 11.

(3) The Chairman had been advised that the funeral service for Mr Marven would take place on Monday, 17 December 2012 at Medway Crematorium for family members only. All who knew Mr Marven were welcome to attend a Remembrance Service at 11am in St George's Church, Church Street, Gravesend, followed by a reception at 12.30pm in the Council Chamber at the Civic Centre, Civic Centre, Windmill Street, Gravesend, DA12 1AU. The family had requested no flowers but tributes could be made via donations to the Ellenor Lions Hospice. The donations should be sent via Lewis Solomon, Funeral Directors in Gravesend.

(4) Mr Sweetland, Mrs Dean and Mr Christie gave tributes to Mr Marven.

(5) At the end of the tributes, all Members stood in silence in memory of Mr Marven.

(6) After the silence, it was moved by the Chairman, seconded by the Vice Chairman and:

(7) RESOLVED unanimously that this Council desires to record the sense of loss it feels on the sad passing of Mr Marven and extends to his family and friends our heartfelt sympathy to them in their sad bereavement.

(b) Achievements for KCC Legal Services

(8) The Chairman stated that he was pleased to announce that the work of KCC's legal services team had been recognised with two major awards during the last couple of months.

(9) In October, Geoff Wild picked up the Legal Industry Pioneers Award at the Financial Times Innovative Lawyers Awards on behalf of Legal Services. These were highly prestigious awards researched by the Financial Times and which covered the entire legal profession in the UK and across Europe.

(10) In November, Geoff also picked up the General Counsel of the Year Award at the British Legal Awards 2012.

(11) Neither of these awards had previously been won by an organisation in the public sector.

(12) In winning these awards, Kent County Council had been recognised ahead of major law firms and multinational companies, transforming the perception of public sector lawyers and the work of the Council. The Chairman stated that it was tremendous that the FT and the panel of judges recognised the real innovation and talent that existed and thrived in the public sector. This was a great achievement for KCC Legal Services and for Geoff personally, something which he, the Chairman, thought should be applauded.

(c) Olympics 2012 DVD

(13) The Chairman had agreed to show a short DVD telling the story of the year 2012 in Kent in relation to the London 2012 Olympic and Paralympic Games.

(14) He stated that this DVD would remind the Council of the enormous commitment and energy shown by so many people in Kent, and the impact that the Games had in Kent. He stated that there were of course key projects and programmes being put in place to drive the Games' legacy in terms of volunteering, sport, tourism, schools, the arts and other sectors but above all, one of the most significant outcomes in Kent had been the forging of new and stronger partnerships created as a consequence of the Games. This would be the real lasting legacy of 2012.

(d) Honorary Alderman

(15) The Chairman announced that he would adjourn the meeting sometime between 12.30pm and 12.45pm to enable the additional meeting for the Honorary Alderman to take place immediately before the lunch interval.

(e) Chairman's lunch

(16) The Chairman announced that he had extended an invitation to all staff to join him for a festive reception in the Atrium at Invicta House at 1pm. He hoped that all Members would assist him in wishing staff a Merry Christmas, and thank them for all their efforts on our behalf in 2012.

179. Questions

Under Procedure Rule 1.17 (4), 7 questions were asked and responses given.

180. Report by Leader of the Council (Oral)

(1) The Leader stated that Bold Steps for Kent set out the objectives for the county at length and the report later on the agenda detailed the substantive progress made in stormy, challenging times and particularly the enormous ask from central government placed upon local government in removing 30% of the county's base funding.

(2) He stated that it was the Council's intention to freeze council tax next year again despite less government money and rising demand for the third consecutive year. He stated that this was dependant on the Government not playing games on formula grant allocation, LACSEG (Local Authority Central Spend Equivalent Grant) and the Early Intervention Grant. In relation to finance he added finally that the finance team had negotiated the return to date of £38m of the Icelandic money with total recovery expected in the medium term.

(3) Returning to Bold Steps the Leader stated that the Council had certainly delivered on the four 'P's – productivity, procurement, partnership and prevention. He stated that the whole organisation has responded magnificently to the challenge of increasing productivity with fewer staff. Staffing numbers had been reduced by 1,500 and saved council tax payers some £50m every year, and the procurement unit had just reported savings of £6.5m.

(4) The Leader stated that the property unit was well on its way to reducing property holding costs by some £10m and to delivering capital receipts over the medium term of £80-90m which would keep the corporate overheads and costs down enabling the delivery of quality front line services against rising demand and freeze council tax for households in Kent.

(5) In relation to front line services, starting with the Administration's top priority, Children's Services, the Leader stated that he eagerly awaited the report from OFSTED who in the weeks leading up to the Council meeting had conducted a rigorous ten day, unannounced inspection of Children's Safeguarding in Kent. Massive efforts had been made to transform and enhance safeguarding practices in Kent.

(6) The Leader stated that in education the county's young people had delivered the best ever results for 16 years. He said that it was enormously significant and important that Foundation and Key Stage 1 attainment had exceeded the national average for the first time, and it was also significant that the attainment gap for

young people on the Free School Meal register was narrowing. He stated that Key Stage 4 results continued to significantly outstrip the national average.

(7) Turning to another of the Council's top priorities, Supporting Kent Business, the Leader stated that there had been enormous success in delivery as the activity report in Bold Steps for Kent portrayed with the £55m Regional Growth Fund to support the economy in the Thames Gateway and East Kent making KCC the envy of authorities up and down the country. He stated that securing the future of Discovery Park and creating 1000 jobs to date was another example; that setting an environment conducive to business growth had been the Council's aim and that massive progress had been made towards achieving this.

(8) The Leader stated that in the Highways function improvements had been made, not just in pothole repair but substantial road maintenance going on across the county. The new contractor, Enterprise, was delivering an excellent value for money service and they were well prepared for the winter ahead.

(9) In summing up the Leader said that he would focus on adult social care, public health communities when he talked about progress on Bold Steps for Kent, under the 'prevention and partnership' badge. He thanked the staff and wished them all a happy Christmas and peaceful and fruitful new year.

(10) Mrs Dean added her congratulations to the senior management team for the solid progress report on Bold Steps for Kent. She also paid tribute to the staff who she said were exceeding targets against an extremely difficult background and in a situation where, for obvious reasons, morale was not at its best, that staff had paid for the success of the Council with wage freezes and staff cuts.

(11) She said she was rather disappointed Mr Carter had not started his report by congratulating Ann Barnes on her appointment as the new Police and Crime Commissioner who she wished well in a very demanding post, as she was sure all Members did.

(12) In terms of Bold Steps for Kent Mrs Dean said she had reviewed the original and the three major issues and themes of its purpose. The first theme was Rebuilding the Economy, some of the successes of which Mr Carter had raised. Mrs Dean wanted to return to the basics, those of creating jobs. She stated that indicators showed that job creation by the Council was actually running at 2000 less than in the 12 months previous to May this year. This seemed to indicate that although the Council was doing well in terms of recruiting apprenticeships in terms of jobs in the market it was not doing so well.

(13) The second theme was that of Reducing Disadvantage. Mrs Dean stated that although progress had been made in some respects there were many indicators that were actually working in the opposite direction, Members had heard earlier in the meeting of the underperformance of Kent schools for the fourth year in succession. She said that this was accompanied by the issuing of SEN statements within 26 weeks, the indicator for which was red; Children's Social Services, 4 of the 6 indicators were currently red; and the achievement gap for free school meals at Key Stage 4 was red. Mrs Dean listed several other indicators that were also still red and stated that many of our achievements were still underachieved

(14) Mr Cowan congratulated the Chairman on the DVD shown earlier in the meeting. He said that it was right to take on board the greatness of the Games and the Paralympics but that he was not so sure about the legacy and how much the county would get out of it; the Open Golf at Sandwich had left little in its wake and he hoped this would not be the case with the Olympics.

(15) He also offered his congratulations to all staff, from the bottom to the top, for the services they provided and the warm welcome and the help they give Members to fulfil their role despite the cuts across the Council.

(16) Mr Cowan turned to the budget consultation and expressed his thanks to those who had taken the time to respond. He said that he thought it was the most important budget the Council would debate for many a year. He said that to cut £18m from the adult social care budget due to a growing population who are living longer and the need to reduce budgets while still providing a sustainable service through transformation was a big decision and if these cuts could not be made to work, and Mr Cowan did not believe it could, the Council would pay dearly for this mistake. He spoke of the cuts to the Looked After Children's (LAC) budget of £5.3m and the Children's Services budget of £3m and said that cuts like this were hitting the most vulnerable the hardest.

(17) Finally Mr Cowan spoke about education stating that the Leader always focussed on the good news and refused to admit when there was anything bad to report. The Scrutiny Committee had congratulated everybody on the achievements that had been made but that no one could escape that 140th out of 150 was not good.

(18) In his response the Leader stated that he was glad that Mrs Dean had recognised many of the successes he had mentioned in his speech and he was sure she would be interested to know he had sent a personal letter to Ms Barnes congratulating her on her appointment and how he looked forward to the County Council working with her.

(19) He stated that, in response to job creation, he looked forward to assessing the new unemployment figures that had just been published and what it would mean for Kent. He also touched on partnership working on the troubled families agenda, something he wanted to dwell more on in the Bold Steps for Kent item on the agenda. The Leader stated that in relation to education there was no complacency. He said there was a need to reflect again, looking at disadvantage, on the enormous challenge our schools faced, particularly in the east of the county.

(20) In response to Mr Cowan the Leader stated that everybody recognised that the pound in everybody's pocket was shrinking and the Council would do everything it could to give a third continuous year of council tax freeze.

181. New Governance Arrangements for Kent County Council - 8 Months Review

(1) Mr A King proposed that the views expressed by the County Council in the interactive voting session would help with the continuing development and refinement

of the new governance arrangements. Mr Bowles seconded and reserved his right to speak.

(2) The interactive voting system did not work as intended and so voting was suspended. A debate followed and although the general consensus was that the new governance arrangements were working well and were a move in the right direction, there was still room for improvement.

(3) Following the debate, it was:-

RESOLVED: that the Selection and Member Services Committee be asked to consider any further changes to the new governance arrangements that might be required and make recommendations as appropriate to the County Council.

182. Bold Steps for Kent: Progress to Date and Next Steps

(1) Mr Carter moved, Mr A King seconded that the County Council note Bold Steps for Kent: Progress to Date and Next Steps.

(2) Following a debate it was:-

RESOLVED that the report be noted.

183. Select Committee: Preventing and Responding to Domestic Violence and Abuse in Kent

(1) Mr Hill proposed, Mr Kirby seconded that the Select Committee be thanked for its work and for producing a relevant and balanced document; that the witnesses and others who provided evidence and made valuable contributions to the Select Committee be thanked; and that the County Council approve the recommendations of the Select Committee.

(2) Ms Luscombe, Chief Executive of K-DASH (Kent Domestic Abuse Supported Help) made a short presentation to Members.

(3) Following a debate it was:-

RESOLVED that these recommendations be agreed.

184. Appointment of Independent Remuneration Panel Members from 1 November 2012

(1) Mr A King proposed, Mr Bowles seconded that the County Council appoint Mrs Sharon Addis, Mr John Ogden and Mr Stephen Wiggett as the new members of the new Independent Remuneration Panel for a four year term, from 1 November 2012 to 31 October 2016.

(2) RESOLVED that this recommendation be approved and the new Members be appointed.

185. Proposed Amendments to the Constitution

(1) Mr Carter proposed, Mr A King seconded that the County Council approve the proposed changes to the Property Management Protocol and Personnel Management Rules as appended to this report.

(2) RESOLVED that this recommendation be approved.

186. Dissolution of the East Kent Joint Scrutiny Committee

(1) Mr A King proposed, Mr Bowles seconded that the County Council agree that the East Kent Joint Scrutiny Committee be dissolved with immediate effect.

(2) RESOLVED that this recommendation be agreed.

187. Motion for Time Limited Debate

(1) Mr Prater proposed, Mr Chittenden seconded that:

This Council is alarmed at some of the proposals put forward for streetlight removals or permanent disconnections across the County, and equally alarmed that the removals or permanent disconnections are being reported to Joint Transportation Boards for noting, rather than for agreement or rejection.

This Council agrees:

- to halt the proposed removal programme until meaningful consultation on each individual scheme is held;
- any streetlights proposed to be removed or permanently disconnected as part of an energy reduction programme should be subject to consultation with District, Borough, City, Town and/or Parish Councils as appropriate in advance; and
- each removal scheme should proceed only with agreement of the appropriate areas Joint Transportation Board or equivalent.

(2) Mr Sweetland proposed, Mr Brazier seconded the following amendment:

Delete the words after "This Council in the first line and substitute the following:

"supports the Environment, Highways and Waste Policy and Overview Scrutiny Committee Member recommendations (agreed by all members including the Liberal Democrat spokesman) held on 22 November 2011, that part night lighting should be introduced in Kent and up to 5000 of the 118,000 street columns should be removed.

This Council will note the assurance given by the EHW Cabinet Member at that meeting, that Kent Highways and Transportation engineers will only proceed with the recommendations after discussions with District and Parish Council representatives at the relevant Joint Transportation Boards and that part night lighting or column removal will only be introduced if it is clear that safety will not be compromised."

(3) The Chairman then put the Amendment to the vote, whereupon the number of votes cast was as follows:-

For (47)

Mrs A Allen, Mr M Angell, Mr R Bayford, Mr A Bowles, Mr D Brazier, Mr R Bullock, Miss S Carey, Mr P Carter, Mr N Collor, Mr G Cooke, Mr B Cope, Mr A Crowther, Mr J Cubitt, Mrs V Dagger, Mr M Dance, Mr J Davies, Mr K Ferrin, Mr G Gibbens, Mr R Gough, Mr M Harrison, Mr W Hayton, Mr M Hill, Mr D Hirst, Ms A Hohler, Mr E Hotson, Mr M Jarvis, Mr A King, Mr J Kirby, Mr J Kite, Mr R Manning, Mr M Northey, Mr J Ozog, Mr K Pugh, Mr L Ridings, Mr A Sandhu, Mr J Scholes, Mr J Simmonds, Mr C Smith, Mr K Smith, Mrs P Stockell, Mr B Sweetland, Mrs E Tweed, Mrs C Waters, Mr J Wedgbury, Mr M Whiting, Mrs J Whittle, Mr A Willicombe

Abstain (3)

Mr R Bird, Mr G Koowaree, Mr T Prater

Against (5)

Mr I Chittenden, Mr L Christie, Mr G Cowan, Mrs T Dean, Mr M Vye

Carried

(4) There being no further amendments to the motion, the Chairman then put the substantive motion to the vote, whereupon the number of votes cast was as follows:-

For (47)

Mrs A Allen, Mr M Angell, Mr R Bayford, Mr A Bowles, Mr D Brazier, Mr R Bullock, Miss S Carey, Mr P Carter, Mr N Collor, Mr G Cooke, Mr B Cope, Mr A Crowther, Mr J Cubitt, Mrs V Dagger, Mr M Dance, Mr J Davies, Mr K Ferrin, Mr G Gibbens, Mr R Gough, Mr M Harrison, Mr W Hayton, Mr M Hill, Mr D Hirst, Ms A Hohler, Mr E Hotson, Mr M Jarvis, Mr A King, Mr J Kirby, Mr J Kite, Mr R Manning, Mr M Northey, Mr J Ozog, Mr K Pugh, Mr L Ridings, Mr A Sandhu, Mr J Scholes, Mr J Simmonds, Mr C Smith, Mr K Smith, Mrs P Stockell, Mr B Sweetland, Mrs E Tweed, Mrs C Waters, Mr J Wedgbury, Mr M Whiting, Mrs J Whittle, Mr A Willicombe

Against (8)

Mr R Bird, Mr I Chittenden, Mr L Christie, Mr G Cowan, Mrs T Dean, Mr G Koowaree, Mr T Prater, Mr M Vye

Carried

(5) RESOLVED that:

- (a) The Council supports the Environment, Highways and Waste Policy and Overview Scrutiny Committee Member recommendations (agreed by all members including the Liberal Democrat spokesman) held on 22 November 2011, that part night lighting should be introduced in Kent and up to 5000 of the 118,000 street columns should be removed.

- (b) The Council notes the assurance given by the EHW Cabinet Member at that meeting, that Kent Highways and Transportation engineers will only proceed with the recommendations after discussions with District and Parish Council representatives at the relevant Joint Transportation Boards and that part night lighting or column removal will only be introduced if it is clear that safety will not be compromised.

188. Minutes for Information

Pursuant to Procedure Rule 1.10(8) and 1.23(4), the minutes of the Planning Applications Committee meeting held on 6 November 2012 and the Superannuation Fund Committee meetings held 31 August and 16 November 2012, were noted.

KENT COUNTY COUNCIL

MINUTES of a meeting of the Kent County Council held in the Council Chamber, Sessions House, County Hall, Maidstone on Thursday, 13 December 2012.

PRESENT:

Mr R E King (Chairman)
Mr E E C Hotson (Vice-Chairman)

Mrs A D Allen, Mr M J Angell, Mr R W Bayford, Mr A H T Bowles, Mr D L Brazier, Mr J R Bullock, MBE, Mr R B Burgess, Mr C J Capon, MBE, Ms S J Carey, Mr P B Carter, Mr N J D Chard, Mr A R Chell, Mr I S Chittenden, Mr L Christie, Mrs P T Cole, Mr N J Collor, Mr G Cooke, Mr B R Cope, Mr G Cowan, Mr H J Craske, Mr A D Crowther, Mr J M Cubitt, Mrs V J Dagger, Mr M C Dance, Mr J A Davies, Mrs T Dean, Mr K A Ferrin, MBE, Mr T Gates, Mr G K Gibbens, Mr R W Gough, Mrs E Green, Mr M J Harrison, Mr W A Hayton, Mr P M Hill, OBE, Mr D A Hirst, Ms A Hohler, Mrs S V Hohler, Mr M J Jarvis, Mr A J King, MBE, Mr J D Kirby, Mr J A Kite, MBE, Mr S J G Koowaree, Mr P W A Lake, Mrs J P Law, Mr R J Lees, Mr J F London, Mr R L H Long, TD, Mr S C Manion, Mr R F Manning, Mr R A Marsh, Mr M J Northey, Mr J M Ozog, Mr R J Parry, Mr R A Pascoe, Mr T Prater, Mr K H Pugh, Mr L B Ridings, MBE, Mrs J A Rook, Mr A Sandhu, MBE, Mr J E Scholes, Mr J D Simmonds, Mr C P Smith, Mr K Smith, Mrs P A V Stockell, Mr B J Sweetland, Mr R Tolputt, Mrs E M Tweed, Mr M J Vye, Mrs C J Waters, Mr J N Wedgbury, Mr M J Whiting, Mrs J Whittle, Mr M A Wickham and Mr A T Willicombe

IN ATTENDANCE: Geoff Wild (Director of Governance and Law) and Peter Sass (Head of Democratic Services)

UNRESTRICTED ITEMS

189. Apologies for Absence

The Director of Governance and Law reported apologies for absence from the following Members:

Mr Robert Brookbank
Mr Dan Daley
Mr Charles Hibberd
Mr Peter Homewood
Mr Chris Wells

190. Declarations of Disclosable Pecuniary Interests or Other Significant Interests

There were no declarations of interest by any Member on the item contained in this agenda.

191. Appointment of Honorary Alderman

(1) The Chairman invited Mr A King to introduce Mr Kent Tucker, MBE, one of the Council's most distinguished former Members, who had been judged to have provided eminent service both to Kent County Council and the people of Kent, to receive the award of Honorary Alderman.

(2) RESOLVED unanimously that Mr Kent Tucker, MBE, be awarded the status of Honorary Alderman.

(3) The Chairman said that he personally had learned a great deal from watching Mr Tucker chair Planning Applications Committee and County Council. The Chairman presented Mr Tucker with his scroll and the Honorary Alderman's bar which had been added to his Past Chairman's ribbon and invited him to address the meeting.

(4) Mr Tucker offered his sincere gratitude for the honour bestowed upon him by the County Council and congratulated Members on the very good job that the Council was doing.

Question 1

COUNTY COUNCIL MEETING

Thursday 14 February 2013

Question by Mike Harrison to
Mike Hill, Cabinet Member for Customer and Communities

My question is directed to Mike Hill, Cabinet Member for Communities and it concerns KCC's wonderful White Horse Wood. It is now some time since the late Lord Sandy Bruce Lockhart instigated the purchase of a plot of land at the top of Detling Hill to lay out a brand new area of indigenous trees to create a new woodland. Can Mr Hill give a progress report and up date as to the present state of this new wood?

Answer

The new woodland is doing well under the management of the KCC Country Parks service. Working with the Forestry Commission, tree-guards have now been removed as the trees continue to thrive. The management of the woodland will continue for many years with a thinning process taking place over the next 10 years to ensure the strongest trees have the best opportunity to flourish. There is every expectation that this approach will ensure a well established woodland into the long term future."

White Horse Woods is one of 16 sites managed by KCC Country Parks service, which overall, generates a total of 1.6 million visits annually. The great appreciation of the public to KCC's commitment to this service is evidenced by comments, letters and discussions with staff of the parks across the County. Kent Country Parks service continues to offer very good value for money to residents and visitors and is doing all it can to reduce its reliance on KCC funding in these challenging economic times.

COUNTY COUNCIL MEETING14 February 2013

Question by George Koowaree to
Bryan Sweetland, Cabinet Member for Environment, Highways and Waste

Would the Cabinet Member for Environment, Highways and Waste inform the Council of the management and delivery of the Kent roundabout sponsorship programme by way of completing the following table and providing detail of how the income generated has been spent?

Answer

The table provided by Mr Koowaree has a number of horizontal and vertical columns which make it virtually impossible for me to read out in the Chamber. However it has been duly completed as Mr Koowaree has requested, and hard copies will be available in the normal way on the table outside.

The annual income generated by Commercial Services from the roundabout sponsorship programme is returned to KCC as part of the annual dividend paid back to the authority's bottom line, and this income is not ring fenced. I am therefore unable to provide detail on how this income is spent once returned from Commercial Services.

	2008-09	2009-10	2010-11	2011- 12	2012 - current
The number of roundabout sponsorships available	71	56	63	82	92
How many sponsorships have been 'sold' annually	53	42	43	51	63
Income generated for KCC	£26,841	£64,254	£74,213	£53,780	£42,000 (6 months) **Full year estimate - £70,000**
Costs incurred	£21,848	£36,764	£42,369	£24,477	£19,429 **This relates to the first 6 months only**

COUNTY COUNCIL MEETING

Thursday, 14 February 2013

Question by Martin Vye to
Jenny Whittle, Cabinet Member for Specialist Children's Services

"Will the Cabinet Member for Specialist Children's Services inform the Council of the total value of grants made by her department to the voluntary and community sector in the year 2011/12*; and the total value of Specialist Children's Services work she is planning to commission from the voluntary and community sector for 2013/14?

* year '2011/12', as there has been changeover from grants to commissioning during the current financial year 2012/13."

Answer

As Mr Vye notes, the basis that the council supports the voluntary and community sector is changing. This is because we are moving away from providing grants to organisations and towards commissioning services. This not only provides more opportunity for a range of organisations to bid to provide services and greater transparency on what were are spending the money on but, crucially, allows the council to more closely specify and monitor what is being delivered. This will achieve both better outcomes for the people who use these services and better value for council tax payers.

To answer Mr Vye's question, in 11/12, Specialist Children's Services gave grants totalling £718k and commissioned services worth £16.7m from the community and voluntary sector, a total of £17.4m. In 13/14, the division predicts it will give grants totalling £616k and commission services worth £20.1m, a total of £20.7m.

COUNTY COUNCIL MEETING

14 February 2013

Question by Rob Bird to

John Simmonds, Cabinet Member for Finance and Business Support

I am sure all Members would agree that the prompt payment of outstanding invoices is crucial for the survival of many businesses, particularly small Kent companies.

Would the Cabinet Member for Finance and Business Support confirm that Kent County Council pays all suppliers on time by settling all undisputed invoices within a maximum of 30 days*, that KCC will sign up to the Prompt Payment Code** following the lead of many local authorities who have signed up to the Code, including a quarter of Kent (District/City & Borough) Councils – Shepway, Tonbridge & Malling and Tunbridge Wells Councils, as well as our neighbours at East Sussex and Surrey County Councils, and that he will insist that all KCC contractors sign up to the Code and themselves encourage adoption of the code through their own supply chains; thus ensuring the certainty of cash flow which is critical for many firms but especially for small businesses based in Kent?

* Local Authorities are expected to settle undisputed invoices within 30 days. This will be reinforced by the European Directive on combating late payment in commercial transactions which will shortly be enacted.

** The [Prompt Payment Code](#) is a voluntary agreement to promote good payment practices. Signatories to the Code are expected to:

- pay suppliers on time and in line with the agreed terms,
- to have clear processes in place for reimbursing suppliers,
- to manage and resolve disputes as quickly as possible and
- to encourage their customers and suppliers to sign up to the Code.

Michael Fallon, Sevenoaks MP and Business and Enterprise Minister, wrote to companies last November asking them to sign up to the Prompt Payment Code.

Answer

I believe we have moved much further forward than the original prompt payments' code envisaged. In 2009, we launched our "Back Kent Businesses Campaign" and moved forward our standard payment terms to 20 days and this is still the case.

This was a major commitment for an organisation which handles up to 300,000 invoices in a year, more than 1,200 per working day. We have invested considerably in technology with the introduction of electronic invoicing using a central point for receipt and scanning of invoices and consistent with the restructuring of our procurement

operation, the introduction of I procurement as we go out to tender for our requirements.

The Corporate Director of Finance and Procurement recently spent several days looking at how we deal with invoices and there is still room for improvement which we believe E invoicing and I procurement will largely solve in ensuring the smooth transition of invoices from directorates to finance. Also our suppliers need to ensure they quote the correct reference/or indeed sometimes any reference which is essential in an organisation our size.

January's figures indicate 93% of invoices were paid within 30 days and 83% within 20 days so we know that progress can still be made as a result of our increasingly automated processes. We are also looking through our procurement processes to see how we can require our major suppliers to subscribe to a commitment to paying smaller companies in the supply chain more quickly.

Kent is a county of small businesses and with quick payment and a variety of other initiatives we have shown our commitment to this highly important sector of business. Not only have we met the requirements of the code, we have exceeded it.

COUNTY COUNCIL

Thursday 14 February 2013

Question by Leslie Christie to
Mike Hill, Cabinet Member for Customer and Communities

Of the £3m Big Society Fund how much has been made available for loans and grants to the Kent Community Foundation? How much was available to them during this current year 2012/2013 and how much has been spent, shown separately for Loans and Grants, during this year, 2012/2013?

Answer

To date, KCC has made one donation of £1million to the Kent Community Foundation for the Kent Big Society Fund. This payment was made in the last quarter of 2011-2012 in order to finance the Fund during 2012-2013. A further £1million is due to be paid by the end of this financial year subject to conditions being met in line with the funding agreement.

The total spend to date against the Fund is £170,000.

£139,000 has been paid as loans and £31,000 has been paid as grants.

Kent Community Foundation expect to submit proposals in March for between £200,000 and £250,000 and for 2013/14 there are enquiries still in the pipeline valuing £750,000 which could potentially progress to successful loans. The Foundation anticipates receiving new applications at the same sort of level at least during 2013/14 which could result in £750,000 to £1 million of loans.

COUNTY COUNCIL MEETING

14 February 2013

Question by Ian Chittenden to
Bryan Sweetland, Cabinet Member for Environment, Highways and Waste

A programme to remove 3,000 street lights in Kent due to start 7 January 2013 was postponed in part due to a motion by the Lib Dems in December 2012 which resulted in a halt to the proposed removal until meaningful discussions could be held. The Medium Term Plan 2013/15 on p.87 states *'Street Light Energy saving through the Part Night approach or removal – This would be achieved through selective turning off streetlights between midnight and 5 am'*

Will the Cabinet Member for Environment, Highways and Waste confirm that it is still his intention that up to 5000 streetlights will be removed by 2015, if so, that all streetlight removals will only proceed following a 12month disconnection trial which clearly proves safety will not be compromised, and that he will endorse either the Local Member or the District Joint Transport Board recommendations that designated streetlights should be retained and not turned off?

Answer

My decision was informed by the Environment, Highways and Waste Policy and Overview Scrutiny Committee Member recommendations (agreed by all POSC members including the Liberal Democrat spokesman) held on 22 November 2011. That committee agreed that part night lighting should be introduced in Kent and up to 5000 of the 118,000 street columns should be removed. This will result in a reduction in CO2 emissions by approximately 5,000 tonnes, reduce light pollution and save Kent County Council tax payers just under £1m a year from reduced electricity costs.

As I have said on many occasions, Kent Highways engineers will only proceed with the proposals after discussions with Kent Police and District/Parish Council representatives at the relevant Joint Transportation Boards. Part night lighting or column switch off/removal will not be implemented where it is proved that road or community safety could be compromised. I can confirm that under these proposals, no street columns will be removed for at least twelve months.

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By: Paul Carter, Leader of the Council
John Simmonds, Cabinet Member for Finance and Business Support

To: County Council – 14 February 2013

Subject: Budget 2013/14 and Medium Term Financial Plan 2013/15 (including Council Tax setting for 2013/14)

Classification: Unrestricted

Summary: The report has been prepared so that Kent County Council can formally set its budget and Council Tax levels for 2013/14 in accordance with relevant legislation.

The report briefly provides an update on the 2012/13 financial position and makes detailed proposals for the 2013/14 revenue and capital budgets, as set out in the Budget Book and Medium Term Financial Plan (MTFP) “for County Council approval”. These revised versions (white-combed) include the final tax base notifications and collection fund balances.

The report does not include the impact of any changes in final grant settlement figures announced on 4 February but does include changes to the provisional grant settlement announced since the final “draft for Cabinet” was produced, including the Public Health grant announcement.

The report also details any significant changes to the 2013/14 Budget and MTFP from the original final draft including those reported to Cabinet on 23 January 2013.

The report seeks formal approval to the recommendation from Personnel Committee in relation to staff pay and the changes to terms and conditions within the Kent scheme. These are separate decisions and not interrelated or inter-dependent.

Members are reminded to bring the **white comb-bound** Budget Book 2013/14 and Medium Term Financial Plan 2013/15 “for County Council approval” to this meeting. Please note these supersede the **black comb-bound** original draft version “for cabinet” launched on 16th January, which is now obsolete.

Members are reminded that Section 106 of the Local Government Finance Act 1992 applies to any meeting where consideration is given to matters relating to, or which might affect, the calculation of Council Tax.

Any Member of a Local Authority, who is liable to pay Council Tax, and who has any unpaid Council Tax amount overdue for at least two months, even if there is an arrangement to pay off the arrears, must declare the fact that he/she is in arrears and must not cast their vote on anything related to KCC's Budget or Council Tax.

INTRODUCTION

1. The Local Government Finance Act 1992 requires the Council to formally consult on and ultimately set a budget and Council Tax for the next financial year, 2013/14. This report sets out the required calculations and recommendations. The proposed Budget 2013/14 and MTFP strategy enable the Corporate Director of Finance & Procurement to satisfy Section 25 of the Local Government Act 2003 which requires the statutory officer to give an opinion on the robustness of the budget estimates and the level of reserves held by the Council.
2. The Council's budget is set within the framework of its policy priorities and in particular the proposed 2013/14 revenue budget, 2013/16 capital programme and MTFP strategy builds on the vision set out in Bold Steps for Kent. The proposed budget and MTFP strategy also takes into account a range of external factors including national local government funding (and in particular the new arrangements introduced under The Local Government Finance Act 2012), the economic situation and the legislative programme.
3. We were able to publish the initial draft revenue budget much earlier than previous years allowing longer for consultation and consideration of the authority's response to feedback. The late announcement of the provisional local government finance settlement has meant that we could not publish the revised final draft budget following the consultation feedback until later than we had originally intended (published 16 January). This only allowed a short period for comment prior to publication of County Council papers. We have made government aware of the difficulties with this year's timescales in our response to the provisional settlement.
4. The new local authority funding arrangements with the replacement of Formula Grant, Early Intervention Grant, Learning Disability Grant (and other grants) and the localisation of Council Tax Support have made for a very complex settlement. The changes mean comparison with the current year is difficult to follow. We have included additional analysis of both Council Tax and the changes to government grants in the Budget Book and MTFP. We have described the changes at both the national level (section 2 of MTFP) and local impact (section 3 of MTFP).
5. The net effect of the changes to the grants transferring into the new business rates model and other grants means we have £13m less than we anticipated when we launched the consultation. Council Tax will deliver £3.5m more than we anticipated for the consultation (through a combination of increases in the number of tax payers, and changes to discounts/exemptions and collection rates) without increasing the main Band D rate. We have additional spending demands of £5.3m compared to the estimates included in the consultation (some higher and some lower) and the phasing/deliverability of some savings has changed. The net effect is that the final budget proposals require an additional £14.8m of savings compared to the consultation on a like for like basis. Appendix 1 shows the comparison between the proposed budget for County Council approval and consultation on a like for like basis in the same format as presented in the consultation document.

6. The proposed Budget Book and MTFP for County Council approval (white combed) set out in detail the main issues that have been taken into account in setting the revenue budget and Council Tax for 2013/14, summarised as follows:
- Net funding reduction of £37.8m compared to the adjusted 2012/13 approved budget.
 - Additional spending demands of £145.1m
 - Savings, income and grant increases of £182.9m to balance the combination of funding reductions and additional spending demands
7. Of the £182.9m, £87.5m relates to grant funding from NHS towards social care, Public Health grant, Social Fund grant and Dedicated Schools Grant (DSG) to fund early years' places for 2 year olds. Excluding these leaves a net savings requirement of £95.4m. The MTFP strategy identifies that savings of a similar magnitude are likely to be needed in 2014/15 due to the combination of one-off measures proposed for 2013/14, further anticipated reductions in government funding and additional spending demands.
8. We have also developed an enhanced capital strategy. The new strategy is set out in section 4 of the MTFP and focuses on achieving maximum effect from capital investment with a sharper focus on the council's strategic priorities and to obtain maximum value from our assets. The new strategy reinforces the commitment to a fiscal indicator to limit the cost of borrowing to 15% of overall spend. This will require us to come up with innovative solutions to funding investment and we need to explore other financing options such as bonds, infrastructure levies and tax increment financing (TIF). The proposed capital programme shows an investment of £695m over three years from 2013/14, with £107.8m funded from borrowing.
9. We are proposing some further changes in the proposed budget for County Council approval (white combed) compared to the final draft version reported to Cabinet. These include income from the grants for Public Health and the Social Fund, and the balance on local Council Tax collection funds, all of which were confirmed too late to include in the original final draft. The proposed budget includes the spending from the additional grants and collection fund balance, the latter has been used to fund additional demand and price pressures in adult social care and to increase the reserves against potential losses on Council Tax Support and Council Tax collection.

BUDGET 2012/13

10. The final draft budget was based on the second quarter's monitoring reported to Cabinet in December. In particular the budget proposals include revisions to the base budgets for waste disposal, home to school transport and capital financing to reflect under spends in the current year which would otherwise be repeated in future years without making the necessary adjustments. The reverse is the case for looked after children where demands for additional placements which arose since the budget was set have resulted in an over spend which requires us to increase the base budget for 2013/14 to ensure the budget is sufficient to meet the cost of the placements for those currently in the care system.

11. The final draft budget also proposes to use £5m of the £5.125m forecast under spend identified in the 2nd quarter's monitoring to balance the 2013/14 budget. This represents an increase of £3.85m on the £1.15m assumed from earlier monitoring and included in the draft for consultation. The latest exception report to Cabinet on 23 January identified that the forecast under spend on the 2012/13 revenue budget had increased to £7.153m, although this includes £1.93 of committed roll forward leaving £5.223m available for other purposes. The revised additional spending demands included in the budget "for County Council approval" takes account of the very latest forecast.
12. We expect to close the 2012/13 accounts with £31.725m of general reserves and £117.782m in earmarked reserves. The general reserve is available as a contingency against unforeseen eventualities during the year and represents just over 3% of the council's net revenue spending. We have concluded that 3% is a reasonable compromise which avoids the need to hold contingencies within individual budgets. As set out in Appendix F of the MTFP the Council's budget is becoming more challenging as the savings targets become more challenging and the general reserve should not be reduced.
13. The 2013/14 budget for County Council approval proposes to utilise £9m of the earmarked reserves, particularly those where the contingent circumstance is unlikely to occur or the impact is less than previously envisaged. This is a departure from previous years where we have borrowed from long term reserves with the intention of paying them back at a later date. This is a £3m increase in the use of reserves compared to the amount included in the consultation. Using reserves was identified as one of the most popular ways to meet the savings target from those responding to the consultation. We are also proposing to implement the planned drawdown from the Council Tax Equalisation Reserve (the balance of the one-off grant to support Council Tax freeze in 2012/13) and the use of the unallocated under spend from 2011/12.
14. Schools started 2012/13 with revenue reserves of £59.1m and capital reserves of £1.6m. At this stage we forecasting schools will draw down £2.3m of revenue reserves during the year based on the latest monitoring report. This position could change before year-end.
15. We are forecasting a net £18.5m "under spend" against the approved three year capital programme of £629.4m, due to variances on a number of projects. The variances include some overspends/unfunded variances, some new projects with approved funding, some under spends compared to the original plan and some re-phasing of spending beyond the three years. These variances are reflected in the proposed revised three year plan for 2013/16. The revised plan has also had some planned schemes removed/reshaped in line with the proposed new capital strategy.
16. This is a very concise summary of the overall financial position for 2012/13. We continue to provide detailed quarterly reports to Cabinet setting out the latest spending on each budget heading and exception reports in the intervening months highlighting any significant issues since the last full report. The third quarterly report will be presented to Cabinet on 18 March 2013.

FINAL DRAFT 2013/14 BUDGET PROPOSALS PRESENTED TO CABINET

17. As outlined in the introduction there have been a number of changes to the draft budget since the consultation was launched. These mainly relate to the unexpected changes in Government Grant under the new business rates arrangements, although we have also had to revise some of the additional spending pressures and phasing/amounts for some of the planned savings. Appendix 1 shows a like for like comparison of the final budget proposals with those outlined in the consultation. It also included a reconciliation to the figures included in the final proposed MTFP and the final budget has to account for all changes, some of which it was not appropriate to consult upon as they relate to previous decisions or the implication of changes in specific grants or are simply a *fait accompli*.
18. The revised proposals in the final draft budget presented to Cabinet were put forward in light of the feedback received from consultation and response agreed by Cabinet on 3 December. This ensures there is no requirement to embark upon a re-consultation exercise, although the final draft was issued with a two week window for comment. Comments received are included in appendix 2. The equality impact assessments (EqIA) for the original proposals have been reviewed and new assessments made for new savings proposals.
19. The transformation proposals (particularly adult social care) are aimed at improving the outcomes for older people and adults with learning and physical disabilities, nonetheless, many of the proposals will impact on particular age groups due to the age related nature of many services. Overall we have sought to protect services for the very old and very young and the most vulnerable groups. Analysis of the equality impact assessments shows that some of the other savings proposals could impact disproportionately on women, this will be addressed in fuller assessment of detailed proposals. We have also concluded that some of the budget proposals could impact disproportionately on disabled and will include fuller assessment in detailed proposals to ensure this addressed. Generally the proposals don't disproportionately affect other equalities protected characteristics.
20. As in previous years detailed consultation and EqIA of specific proposals within individual portfolios will be undertaken once the overall budget has been approved and prior to implementation. County Council approval of the budget includes granting delegated power to portfolio holders to make changes to the proposals in light of detailed consultation and findings from analysis of equality impact assessments.
21. The proposed 2013/14 budget needs to be compared to an adjusted 2012/13 budget to ensure like for like comparison. This adjustment increases the 2012/13 net budget from £904.321m to £991.818m to take account of the transfer of Early Intervention Grant and Learning Disability and Health Reform Grant into the new local government funding settlement, and the transfer of funding for the early years places for 2 year olds into DSG. Details of these base adjustments are included in the relevant A to Z variation statements shown in the Budget book for County Council approval.

22. The 2013/14 funding in the final proposed budget includes the Revenue Support Grant (RSG) and Business Rates Top-up announced in the provisional local government settlement. It also includes Council Tax Freeze Grant (assuming proposed Council Tax freeze is agreed), New Homes Bonus Grant, estimated Education Services Grant (ESG) from Department for Education (DfE) and other un-ring-fenced grants. The overall picture is that the County Council faces a £39m reduction in government grants (9.5%) on the best like for like comparison we can make. This equates to approx 4% of net spending. Ring-fenced grants and other payments from central government made under section 31 of the Local Government Act 2003 are included as grant income and thus net down relevant expenditure.
23. The 2013/14 funding also includes the estimated 9% share of the business rate yield due from district councils. This estimate for 2013/14 has been calculated on the same basis as that used by central government for the new funding arrangements. As with Council Tax there will have to be adjustment in future years for any over/under recovery through local collection funds. The funding also includes the Council Tax precept after taking account of changes to the tax base notified by districts, changes to discounts and exemptions agreed with districts, the impact of the localisation of Council Tax support, and the proposed freeze in the tax rates.
24. The additional spending demands presented to Cabinet include the following:
- pay/terms & conditions changes/performance reward (£3.7m)
 - price increases (£4.3m)
 - legislative pressures (£24.6m)
 - demand/demographic changes (£23.8m)
 - service strategies & improvements (£8.4m)
 - reversal of one-off savings agreed as part of 2012/13 budget (£23.5m)

More detail of the reasons for this additional spending is set out in the final MTFP. This includes a single page high level summary on page 69 (an “at a glance” version), a more detailed whole council summary on pages 71 to 74, and individual portfolio summaries on pages 75 to 91.

25. The additional pressures in the final draft MTFP presented to Cabinet include spending of £22.1m of income from health for social care improvements, £9.1m on the expansion of early years’ places for 2 year olds funded out of DSG and £23.5m impact of reversal of one-off savings from 2012/13. These issues were not included in the consultation, as referred to in paragraph 17 above as they cannot be changed regardless of views/comments received and so it would have been a false consultation if they had been included.
26. The savings and income proposals presented to Cabinet include the following:
- income generation (£3.3m)
 - removal of one-off spending in 2012/13 (£9.7m)
 - efficiency savings (£23.6m)
 - service transformation (£28.2m)
 - one-off savings from release of reserves (£29.4m)

More detail of these proposals is set out in pages 69 to 91 of the final MTFP. The impact on individual service activities is set out in the final Budget Book. Section 5 of the Budget Book has been produced in A to Z service format adopted two years ago (appendix A separates the A to Z entries for each portfolio to aid discussion at the council meeting). The time constraints due to the late settlement meant it was not possible to produce the individual line by line variation statements to accompany the Budget Book for the publication on 16 January. These have now been included in the version for County Council approval.

27. The removal of one-off spending (£9.7m) and planned use of reserves and uncommitted under spend (£13.7m) were not included in the consultation as they relate to previous decisions. This reduces the total saving for comparison to the consultation to £70.9m. However, we also need to add back the £3m found from the base budget adjustments towards the transfer of grant funding under the new arrangements, so the true comparison is savings of £73.9m i.e. a net increase of £13.6m on the £60.3m identified in the consultation.
28. Within the additional net savings we have to re-phase/remove some of the original savings/income proposals e.g. anticipated additional grant income, reductions in number of looked after children, premises, etc. These changes to savings mean that overall we have had to identify an additional £21m of new/increased savings since the consultation as outlined in appendix 1.

CHANGES TO THE BUDGET FOR COUNTY COUNCIL APPROVAL

29. Some changes have been necessary to the final draft Budget Book and MTFP published on 16 January, and presented to Cabinet on 23 January. These changes arise from late grant announcements, very latest estimates of additional spending demands and inclusion of the balance on districts' council tax collection funds. These were verbally reported to Cabinet on 23 January 2013. These late changes include the following:

Public Health Grant

30. The grant allocations for Public Health were announced on 10 January. This was too late to include in the final draft budget as referred to in paragraph 2.60. We have now incorporated estimated spending on Public Health and the grant income into the budget and MTFP for County Council approval. The timing of the announcement means we have not been able to fully integrate Public Health into our budget planning and at this stage we have shown total estimated spending as a single entry in the A to Z together with the transfer of drug and alcohol services from other services for adults.
31. It is our intention to identify the detail on spending and staffing transferring from health authorities in a similar way to the A to Z entries for other services. The detail will need to be agreed between cabinet members and directors during the year. In order to facilitate this, delegated authority needs to be granted to the Cabinet Member for Finance and Business Support to make the necessary changes to the approved budget, and to reflect the detail in budget monitoring reports during the year

Social Fund Grant

32. We were not able to include the grant to be paid to the authority under section 31 of the Local Government Act 2003 for the localisation of the Social Fund in the final draft Budget Book and MTFP. We have now included estimated spending and grant income within the Customer and Communities portfolio in the budget for County Council approval. It is proposed this will be managed as cash limited funding in order to avoid any detrimental impact on other council services. This will mean that applications can only be approved subject to the availability of unspent money within the fund during the year.

Adoption Reform Grant

33. Ministers have confirmed that the funds top-sliced from EIG will be paid as Adoption Reform Grant in 2013/14 via both a ring-fenced and un-ring-fenced allocation. The allocations for individual authorities have not yet been announced. The late announcement means delegated authority needs to be granted to the Cabinet Member for Finance and Business Support and Cabinet member for Specialist Children's services to agree the necessary changes to the approved budget, and to reflect these in budget monitoring reports during the year.

Education Services Grant

34. This grant will not be announced until March 2013 and will be adjusted on a quarterly basis to reflect academy transfers during the year. This leaves our funding in an uncertain position. We have included our best estimate in the budget for County Council approval. Delegated authority needs to be granted to the Cabinet Member for Finance and Business Support to be able to agree any necessary changes to the approved budget in light of subsequent grant announcements. These changes will be reflected in budget monitoring reports during the year.

Council Tax Base & Collection Funds

35. We have been notified of a small increase in the tax base since the final draft budget book was published. The latest/final Band D equivalent tax base notification is 486,396 giving a total tax yield of £509.636m. The marginal change to the budget (£57k) has been reflected in contribution to reserves within the Finance and Business Support portfolio.
36. We did not have sufficient information to include the Council Tax collection fund balances in the final draft budget published on 16 January. We now have confirmation of the balance from all 12 districts as per table 1 below (the table also shows previous years for comparison). The 2012/13 balance represents the audited position as at end of 2011/12 plus any known subsequent adjustments during the year. The balance of £2.239m has been incorporated into the budget and increased the net budget. We have used some of this money to offset the additional demand and price pressures outlined below.

Table 1 Collection Fund Balance	KCC Share 2010/11 £s	KCC Share 2011/12 £s	KCC Share 2012/13 £s	Total 2012/13 £s
Ashford	0	425,795	375,528	500,000
Canterbury	0	0	-303,192	-418,265
Dartford	840,915	866,537	841,739	1,160,748
Dover	0	0	181,176	254,000
Gravesham	- 45,520	-149,800	782,370	1,064,680
Maidstone	68,193	0	139,431	198,960
Sevenoaks	0	0	0	0
Shepway	0	671,611	136,275	200,000
Swale	524,950	229,090	0	0
Thanet	55,209	196,032	0	0
Tonbridge & Malling	0	0	-241,188	-338,551
Tunbridge Wells	547,554	0	327,195	450,000
Total	1,991,301	2,239,265	2,239,334	3,071,572

37. The remainder of the collection fund surplus we are proposing to add to the Council Tax equalisation reserve as an increased provision against any losses arising out of the localisation of Council Tax Support (particularly the underwriting of districts' share of Council Tax Support Grant). We have also shown the contribution to underwriting from the increase in the Council Tax precept due to changes to discounts and exemptions more clearly in the Budget Book and MTFP for County Council approval.

Demography and Prices

38. We are proposing to increase the provision within adult social care for demand led pressures by a further £0.8m compared to the £7.1m in the final draft budget and MTFP. This principally relates to a revised assessment of the potential pressure on support for adults with learning disabilities seeking assistance under "ordinary residence". We are also proposing to increase the price element of this additional spending pressure by £0.4m. The revised pressure in Adult Social Care and Public Health in the final version of the budget for County Council approval is £8.27m

Pay and Reward

39. Personnel Committee on 18 January 2013 endorsed a recommendation to the County Council for a 1% pay award for all staff in the Kent Scheme from April 2013. The estimated cost (excluding schools) was identified as circa £3m to be funded from the pay provision within the final draft budget proposals. The committee recognised that a 1% award falls short of Trade Union request and current inflation levels but considered it a reasonable response in light of the overall budget pressures the council faces and the challenging economic conditions. Council is asked to agree this award.
40. The pay provision in the final draft budget also included funding for the performance reward process through Total Contribution Pay (TCP). All TCP assessments have now been submitted and the moderation process is underway. Corporate Management Team will receive the outcome from

moderation and make recommendations on the levels of reward. We have allocated the provision for both the 1% award and TCP rewards to portfolios in the budget for County Council approval.

41. Personnel Committee also received an update on the review of terms and conditions in the Kent Scheme. The Committee recommended that County Council should agree to rationalising allowances and enhancements for weekend/out of hours working and overtime. The recommendation is that pay enhancement should not be made unless it is justified for reasons of service delivery or business continuity and should be paid at time and 1/3rd (unless there are justifiable reasons to pay more or less). Staff only working weekends would be paid at standard rate, as would staff working weekends as part of their normal working week (with time off in lieu) although managers will have the same discretion to reflect individual business circumstances where this can be justified. County Council is asked to agree this change to pay enhancements and overtime.
42. Personnel committee also agreed that any future time limited pay enhancements (disturbance allowance and loss of earnings compensation) should be limited to 18 months. This reduced time limit will not be applied retrospectively to existing payments. No financial savings for these terms and conditions proposals have been allocated to portfolios in the final budget for County Council approval. The savings are being held as a single overall target figure within Finance and Business Support portfolio pending recommendations from Corporate Management Team. Delegated authority needs to be granted to the Cabinet Member for Finance and Business Support and Cabinet Member for Business Strategy, Performance and Health Reform to agree the necessary changes to the approved budget, and to reflect these in budget monitoring reports during the year.

Final Settlement

43. The final local government finance settlement was published on 4 February but was not in time for the publication of this report. The final settlement included minor changes to some grants. Delegated authority needs to be granted to the Cabinet Member for Finance and Business Support to agree any necessary changes to the approved budget to take account of the final settlement and to reflect these in budget monitoring reports during the year.

Other Changes

44. The A to Z in the Budget Book for County Council approval has been updated to reflect the most up to date information (including the allocation of pay and reward pressures for Kent scheme staff). This could mean some lines are different from the final draft launched on 16 January (black combed). Reconciliation between the adjusted 2012/13 budget and the final 2013/14 budget for County Council approval is included in the variation statements.
45. Table 2 summaries the impact on the overall budget requirement of the changes since the final draft budget was published.

TABLE 2 – CHANGES TO DRAFT REVENUE BUDGET 2013/14	Net £'000
Annual Budget as per draft issued on 16 January	951,711
Additional funding from increased Council Tax base	57
Additional funding from Collection Fund surplus	2,239
Revised Annual Budget for County Council approval	954,007

46. Table 3 summarises the changes in revenue budget portfolio totals.

TABLE 3 – CHANGES TO PORTFOLIO AMOUNTS	Final Draft Net £'000	County Council Net £'000
Adult Social Care and Public Health	332,600	334,855
Business Strategy, Performance and Health Reform	56,446	56,499
Customer and Communities	75,656	77,207
Democracy and Partnerships	7,222	7,272
Education, Learning and Skills	53,608	53,766
Environment, Highways and Waste	150,648	151,075
Finance and Business Support	123,093	119,844
Regeneration and Economic Development	3,652	3,690
Specialist Children's Services	148,786	149,799
Annual Budget 2013/14	951,711	954,007

COUNCIL TAX 2013/14

47. It is proposed to freeze the level of Council Tax in relation to the County Council precept at the same rates as 2012/13. This will be the third year the headline rate has remained frozen at the same level as 2010/11. This will result in a precept of £509.636m on district councils based on the notified Council Tax base (the Budget Book for County Council approval (white-combed) shows the amount for each district on page 7).
48. The frozen amounts for each Council Tax band are shown in table 5 below. In practice, people will pay lower amounts of tax if they are eligible for discounts (e.g. empty properties, single occupancy, etc.). Working age residents previously in receipt of Council Tax Benefit will see an increase as a result of the introduction local schemes for Council Tax Support. We estimate that over 30,000 people will be paying a proportion of their council tax (up to 8.5% of the total bill) for the first time. These tax levels exclude the charges from the separate Fire & Rescue Authority, Police Authority, District Councils and Parish Councils.

TABLE 5 – KCC COUNCIL TAX AT FROZEN LEVELS								
Band								
	A £	B £	C £	D £	E £	F £	G £	H £
Annual Charge	698.52	814.94	931.36	1,047.78	1,280.62	1,513.46	1,746.30	2,095.56

49. The Council Tax freeze is supported by a one-off government grant equivalent to a 1% Council Tax increase. Cabinet Members have considered in detail the merits and implications of accepting the grant offer. Members recognise that by not increasing Council Tax, income is not only foregone in 2013/14 but is likely not to be recovered in future Council Tax increases. Nonetheless, Members have concluded that in the current economic climate it would be inappropriate to turn down a government grant and ask Kent residents to pay more.

CAPITAL PROGRAMME 2013/16

50. There have been no changes to the proposed capital programme since the final draft budget was issued. We are still awaiting confirmation of some key capital allocations from central government e.g. basic need for schools. We have improved the presentation of the capital programme to reflect our estimated need for additional school places across 3 geographic areas rather than individual schools. Should we not get satisfactory capital allocations to cover this need we may have to revise the capital programme.

TREASURY MANAGEMENT

51. The volatility of the financial sector across the world continues to provide KCC with a significant challenge. It is important that we respond to this in a way that protects our cash deposits but also provides an income stream (or avoided borrowing cost) to the Council. The updated Treasury Management Strategy approved by Cabinet on 23rd January, and included as section 5 of the MTFP, reflects our amended limited risk approach to treasury management within the Council.

ROBUSTNESS OF ESTIMATES AND ADEQUACY OF RESERVES

52. As required by the Local Government Act 2003, the Section 151 officer (in our case the Corporate Director of Finance and Procurement) must formally give opinion as to the robustness of the budget estimates and the level of reserves held by the Council.
53. The estimates have been produced from a challenging process with Portfolio Holders and senior staff within all directorates, resulting in agreement on the level of service delivery within the identified financial resources.
54. The MTFP clearly sets out the recommended strategy for ensuring adequate reserves and in particular recommendations to release reserves where the contingent circumstance is unlikely to occur or the impact is less than previously envisaged. In making these recommendations consideration has been given to a number of key factors including; the economic and fiscal uncertainty into the future, the potential future funding reductions, the potential impact of the changes to local authority funding introduced in 2013/14 and the localisation of Council Tax support, potential unforeseen variations in spending (particularly where transformational savings require changes in the way clients access and receive services), our on-going excellent record of budgetary control, the internal financial control framework, our strong approach to risk management and the expected level of General Reserves at 31 March 2013. The level of

general reserves is in line with best practice as recommended by CIPFA and the Audit Commission.

55. To conclude, the Corporate Director of Finance and Procurement is able to formally report that the budget estimates are robust and the level of reserves adequate.

RECOMMENDATIONS

56. The Council are asked to approve the contents of the attached 2013/14 Budget Book and Medium Term Financial Plan 2013/15 (white combed) and to approve the following proposals:

- (a) the Revenue Budget proposals for 2013/14;
- (b) the Annual Revenue Budget requirement of £954.007m;
- (c) the Capital Investment proposals of £694.548m over three years, together with the necessary use of borrowing, revenue, grants, capital receipts, renewals and other earmarked capital funds, external funding and PFI, subject to approval to spend arrangements;
- (d) the Prudential Indicators as set out in Appendix B of the attached Medium Term Financial Plan;
- (e) the revised Treasury Management Strategy as per section 5 of the MTFP
- (f) the overall Revenue and Capital Budget proposals as presented in the white combed version of the Budget Book and Medium Term Financial Plan for:
 - Adult Social Care and Public Health;
 - Business Strategy, performance and Health Reform;
 - Customer and Communities;
 - Democracy and Partnerships;
 - Education, Learning and Skills;
 - Environment, Highways and Waste;
 - Finance and Business Support;
 - Regeneration and Economic Development;
 - Specialist Children's Services
 - Localism & Partnerships;

and to delegate responsibility to the portfolio holders to deliver their responsibilities within the overall resources approved by the County Council subject to the outcome of detailed consultation.

- (g) delegate authority to the Cabinet Member for Finance and Business Support to make the necessary changes to the approved budget in light of the final grant settlement

- (h) delegate authority to the Cabinet Member for Finance and Business Support to make necessary changes to the approved budget in light of fully integrating the Public Health spending into the budget
- (i) delegate authority to the Cabinet Member for Finance and Business Support and Cabinet Member for Specialist Children's Services to agree the necessary changes to the approved budget for the allocation of Adoption Reform Grant
- (j) delegate authority to the Cabinet Member for Finance and Business Support to agree the necessary changes to the approved budget following the Education Services Grant
- (k) delegate authority to the Cabinet Member for Finance and Business Support and Cabinet Member for Business Strategy, Performance and Health Reform to agree the necessary changes to the approved budget for the allocation of terms and conditions and other savings held in the Finance and Business Support portfolio based on recommendations from Corporate Management Team
- (l) 1% pay award for all Kent Scheme staff
- (m) rationalise allowances and enhancements for weekend/out of hours working and overtime to 4/3rds of normal pay subject to justifiable reasons to maintain service delivery or business continuity
- (n) a total requirement from Council Tax of £506,636,022 to be raised through precept to meet the 2013/14 budget requirement;

and

- (o) a Council Tax as set out below, for the listed property bands:

Band								
Council Tax for Band	A	B	C	D	E	F	G	H
£	698.52	814.94	931.36	1,047.78	1,280.62	1,513.46	1,746.30	2,095.56

Background documents:

Consultation "Framing our Budget" launched 6 September 2012

Response to Budget Consultation – Cabinet 3 December 2012

Provisional Local Government Finance Settlement 2013/14 – 19 December 2012

KCC response to the Provisional Local Government Finance Settlement – 15 January 2013

Final Draft 2013/14 Budget and Medium Term Financial Plan 2013/15 launched 16 January 2013

Cabinet Scrutiny Committee Agenda and Minutes 21 January 2012

Provisional Local Government Finance Settlement 2013/14 and KCC Draft Budget 2013/14 – Update to Cabinet 23 January 2013

Officer Contacts:

Andy Wood, Corporate Director of Finance and Procurement, Ext. 4622

Cath Head, Head of Financial Management, Ext. 1135

Dave Shipton, Head of Financial Strategy, Ext. 4597

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Comparison between Budget Consultation and Proposed Budget (white combed)

Budget Heading	Reason for change	2013/14 Projected		2013/14 Proposed Budget
		£m	£m	
Base Budget (Net)			1,776.8	
Net Budget Requirement			904.3	991.8
Base Adjustments				
Various	Adjustments to 2012/13 Base Budget to reflect reversal of one-off spending and savings in 2012/13, and use of reserves and underspends from previous years		0.2	
Additional Spending Demands <i>(things we have to spend more on)</i>				
Unavoidable				
Contractual pay & prices	We are not making any general provision for inflation on goods and services but must provide for estimated inflationary increases on staff pay/reward strategy and specific waste, social care, transport, highways and energy contracts, as well estimated increases in non-domestic business rates & rents.	11.4		9.3
EU Landfill Tax	Impact of £8 per tonne Landfill Tax escalator	1.5		1.5
Demography	Impact on a range of demand led budgets as a result in increasing number of Kent households and increasing over 65 population	5.6		15.9
SEN children	Impact of legislation removing our ability to recover costs for other			0.8

Budget Heading	Reason for change	2013/14 Projected		2013/14 Proposed Budget
		£m	£m	
	local authority SEN children taught in Kent schools			
Other	Various other local initiatives under £0.3m	0.2		0.3
			18.7	27.7
Local Policy Proposals				
Capital Financing	Financing cost of additional borrowing (interest and debt repayment) for new capital investment in schools, roads, superfast broadband, etc.	8.2		1.7
Repayment of Reserves	10 year programme to repay long term reserves used to support 2011/12 and 2012/13 budget	1.4		
Waste collection, recycling & disposal	Invest to save partnership commitment under innovative joint arrangements with local district/borough councils to unify collection methods and thereby improve recycling rates and lower disposal costs	2.3		1.4
Commercial Services	Impact on dividend paid to KCC following major restructuring	0.7		1.7
Council Tax	Transfer share of Council Tax yield to District councils to part fund increased costs of collection through Council Tax Support schemes			1.9
Council Tax	Contribution to reserves to cover underwriting of local Council Tax support schemes			1.8
Other	Various other local initiatives under £0.3m	0.5		1.0
			13.1	9.4
Total Additional Spending Demands			31.8	37.1

Budget Heading	Reason for change	2013/14 Projected		2013/14 Proposed Budget
		£m	£m	
Memo - reconciliation to MTFP				
Replace one-off Savings				23.5
Care reablement send funded by Health				22.1
2 Year old programme funded by DSG				9.1
Public Health spending funded by grant				49.8
Social Fund supported by Grant				3.5
				145.1
Savings and Income				
<i>Income Generation</i>				
Social Care charges	Increasing the amount people pay towards their care costs in line with benefit increases as required by legislation	-1.6		-1.6
Commercial Services	Increase in dividend paid to KCC from Commercial Services activities following restructuring	-0.4		
Government grants	Estimated receipts from Government in relation to outstanding claims for asylum and academies	-2.0		
Other	Increases in income from services provided to schools and increased charges to other clients under £0.3m	-0.8		-1.6
			-4.9	-3.3
<i>Savings</i>				
Staff costs	Full year impact of previous years staff restructuring of non front-line staff	-1.3		-1.3
Children's Centres	Review of support services and central functions relating to running children's centres	-1.4		-1.4
Staffing	Removal of 100 non front line posts & review of terms and conditions			-2.3
Other staffing	Transfers from transformation savings			-1.3

Budget Heading	Reason for change	2013/14 Projected		2013/14 Proposed Budget
		£m	£m	
Premises costs	Savings from the rationalisation of premises and from better procurement of property services	-1.1		-0.2
Waste contracts	Savings from improved procurement following renewal of waste recycling, haulage and disposal contracts	-0.6		
Waste contracts	Overall procurement savings from combined waste efficiency and transformation proposals			-4.3
Supporting People	Full year effect of savings negotiated on contracts in 2012/13	-0.8		-0.8
CXK	Renegotiation of contract to provide specialist careers advice and guidance to vulnerable young people, with better targeting of advice to those who need it most	-0.5		-0.5
Other contracts	Savings from improved procurement of other contracts coming up for renewal in 2013/14	-0.3		
Information and Communications Technology	Savings on ICT costs arising from development of multi agency provision with other public services	-1.3		-1.3
Specialist Children's Services	Procurement efficiencies transferred from transformation			-0.8
Street lighting	Energy contract negotiation			-0.4
Capital Financing	Savings arising from review of funding for capital projects and financing strategy - now offset against pressures	-2.0		

Budget Heading	Reason for change	2013/14 Projected		2013/14 Proposed Budget
		£m	£m	
Waste Management	Implementation of changes to operation and location of Household Waste Recycling Centres following major review	-0.6		
Waste tonnage	Reduction in base budget			-1.4
Home to school transport	Reduction in base budget			-1.0
Treasury Management	New savings from Treasury Management Strategy and more aggressive management of cashflow			-2.0
Departmental budgets	Moratorium on discretionary spending			-2.5
Highways	Reduction in reactive maintenance			-1.5
C&C	Various			-0.6
Selective and denominational transport	Transfer from income target to reduced spending			-0.3
Staff costs	Savings from new initiatives and further staff reductions and review of local terms and conditions - now offset against pressures and reclassified in other savings above	-2.1		
Reserves	Reduction in general reserves held to manage risks - now shown with other one-offs below	-6.0		
Other	Other efficiency savings under £0.3m	-0.8		-1.3
			-18.8	-24.9
Transformation				
Waste partnerships	Improved waste collection and disposal arrangements through partnerships with districts - now shown under procurement in	-2.4		

Budget Heading	Reason for change	2013/14 Projected		2013/14 Proposed Budget
		£m	£m	
	efficiencies			
Street Lighting	Energy consumption reduction and environmental improvements deriving from selective turning off of streetlights on main routes and minor roads between midnight and 5am, and removal of unnecessary lights	-0.4		-0.5
Libraries	Staff restructuring and integration of other services into libraries	-0.5		-0.5
Youth Service	Implementation of youth strategy and shift towards more locally commissioned services	-0.6		-0.6
Education services	Full year effect of restructuring into new ELS directorate to support new strategy for school improvement and respond to new education landscape	-3.5		-3.5
SEN Transport	Review of SEN transport provision through a combination of re-negotiating contracts and offering parents alternative arrangements	-0.8		-0.8
Adult Services	Transformation of Adult Social Care with greater emphasis on better procurement, increased prevention and improved partnership with the NHS, through the integration of health and social care commissioning, to deliver better outcomes for Kent residents at lower cost	-18.8		-18.8

Budget Heading	Reason for change	2013/14 Projected		2013/14 Proposed Budget
		£m	£m	
Looked After Children	Implementation of Looked After Children strategy with greater focus on preventing the need for children to come into local authority care and returning children in care to an appropriate and safe family environment as quickly as possible	-5.3		-1.0
Specialist Children's Services	Improved social care practice within Specialist Children's Services including less referrals to legal services, improved partnership working with Family Courts and improved productivity in fostering and adoption services	-3.0		-1.2
Community Safety	Transfer of commissioning responsibilities and budgets to new Police and Crime Commissioner	-0.6		-0.6
Other	Other transformation activity under £0.3m	-0.8		-0.6
			-36.7	-28.1
Additional One-offs & base budget adjustments				
Use of reserves				-9.0
Additional use of underspends				-3.9
Additional use of planned reserves (CTS Transitional Grant)				-1.9
Re-phasing Big Society Fund				-1.0
Base budget adjustments for grant transfers				-3.0
				-18.7
Total Proposed Savings and Income			-60.3	-75.1

Budget Heading	Reason for change	2013/14 Projected		2013/14 Proposed Budget
		£m	£m	
Memo reconciliation to MTFP				
Remove one-off spending				-9.7
Original one-off savings				-13.7
Base budget adjustments for grant transfers				3.0
				-20.4
Total Savings and Income				-95.4
Health grant for social care				-22.1
Public Health Grant				-49.8
Social Fund Grant				-3.5
DSG for 2 Year Olds				-12.1
Total grants, savings and Income				-182.9
Proposed Budget Requirement				954.0
Additional pupils in schools due to higher birth rate (funded by DSG)		5.4		
Transfer of schools to academies (funded out of DSG)		-43.8		
Proposed Budget (net spend)		1,710.0		

Comments received on Final Draft Budget

We received very few comments on the final draft budget and MTFP launched on 16 January 2013.

Of the comments received:

- three suggested that the County Council should increase Council Tax;
- two suggested reviewing free car parking for staff;
- two suggested the Council should avoid significant redundancy/contract termination costs for staff; and
- one questioned the funding provided to early years providers.

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