POLICY AND RESOURCES CABINET COMMITTEE

Thursday, 20th June, 2013

10.00 am

Darent Room, Sessions House, County Hall, Maidstone

AGENDA

POLICY AND RESOURCES CABINET COMMITTEE

Thursday, 20 June 2013, at 10.00 am		Ask for:	**Ann Hunter**
Darent Room, Sessions House, County Hall, Maidstone		Telephone:	**01622 694703**

Tea/Coffee will be available 15 minutes before the start of the meeting

Membership (14)

Conservative (8):	Mr A J King, MBE (Chairman), Miss S J Carey, Mr N J D Chard, Mr J Davies, Mr R L H Long, TD, Mr S C Manion, Mr L B Ridings, MBE and Mrs P A V Stockell
UKIP (3)	Mr J Elenor, Mr C P D Hoare and Mr R A Latchford, OBE
Labour (2)	Mr D Smyth and Mr N S Thandi
Liberal Democrat (1):	Mrs T Dean

UNRESTRICTED ITEMS

(During these items the meeting is likely to be open to the public)

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 - Committee Business

A1 Introduction/Webcast announcement

A2 Substitutes

A3 Membership

To note that Mr R Long, TD has replaced Mr R A Marsh as a member of this Committee.

A4 Declarations of Interest by Members in items on the Agenda

A5 Election of Vice Chairman

A6 Minutes of the meeting held on 15 March 2013 and 23 May 2013 (Pages 1 - 10)

B - Key or significant Cabinet Member Decision(s) for recommendation or endorsement

B1 Asset Management Strategy (Pages 11 - 64)

C - Monitoring of Performance

Commercial and Trading Services

C1 Commercial Services (Pages 65 - 70)

Corporate

C2 Performance Dashboard (Pages 71 - 90)

C3 Oracle Update - Presentation

D - other items for comment/recommendation to the Leader/Cabinet Member/Cabinet or officers

D1 Use of Sprinklers in new and existing buildings (Pages 91 - 98)

D2 Welfare Reform (Pages 99 - 174)

E. FOR INFORMATION ONLY - Key or significant Cabinet Member Decision(s) - taken under the Urgency procedures.

Members are asked to note that the following decision was taken under the urgency procedures as the decision could not reasonably be deferred to the next diarised meeting of the Policy and Resources Cabinet Committee. The Chairman of the Scrutiny Committee Cabinet, Chairman of the Policy and Resources Cabinet Committee and Opposition Spokesmen were consulted prior to the decision being made in accordance with the urgency procedures in the new governance arrangements and any views expressed were taken into account by the Cabinet Member when making this decision.

E1 The Granting of a lease for the purposes of providing supported accommodation and completion of a nominations agreement - 13/00030 (Pages 175 - 180)

EXEMPT ITEMS

(At the time of preparing the agenda there were no exempt items. During any such items which may arise the meeting is likely NOT to be open to the public)

Peter Sass
Head of Democratic Services
(01622) 694002

Wednesday, 12 June 2013

KENT COUNTY COUNCIL

POLICY AND RESOURCES CABINET COMMITTEE

MINUTES of a meeting of the Policy and Resources Cabinet Committee held in the Darent Room, Sessions House, County Hall, Maidstone on Friday, 15 March 2013.

PRESENT: Mr E E C Hotson (Chairman), Mr R W Bayford, Mr A H T Bowles, Ms S J Carey, Mr G Cowan, Mrs T Dean, Mr M J Jarvis, Mr S C Manion, Mr R J Parry, Mr K H Pugh, Mr L B Ridings, MBE, Mrs P A V Stockell and Mr J N Wedgbury

ALSO PRESENT: Mr R W Gough and Mr J D Simmonds

IN ATTENDANCE: Mrs A Beer (Corporate Director of Human Resources), Mr P Bole (Head of ICT Commissioning), Mr N Brown (Asset Development and Commissioning Manager), Mr M Cheverton (Asset Management Surveyor), Mr D Cockburn (Corporate Director of Business Strategy and Support), Ms D Fitch (Assistant Democratic Services Manager), Mr R Hallett (Head of Business Intelligence), Ms J Hansen (Finance Business Partner BSS), Ms R Spore (Director of Property & Infrastructure Support), Mr D Whittle (Head of Policy and Strategic Relationships) and Mr A Wood (Corporate Director of Finance and Procurement)

UNRESTRICTED ITEMS

80. Minutes of the meeting held on 8 January 2013
(Item A4)

RESOLVED that the minutes of the meeting held on 8 January 2013 are correctly recorded and that they be signed as a correct record.

81. Minutes from the meeting of the Property Sub-Committee held on 27 February 2013
(Item A5)

RESOLVED that the minutes of the meeting of the Property Sub-Committee held on 27 February 2013 be noted.

82. Business Strategy & Support Performance Dashboard
(Item C1)

(1) Mr Gough and Mr Hallett introduced the Business Strategy & Support performance dashboard which provided members with progress against targets set in the current financial year’s business plans for key performance and activity indicators.

(2) Mr Gough, Mr Hallett and Ms Spore noted comments and answered questions from Members which included the following:

- Ms Spore explained that the customer satisfaction survey referred to in the report was the first one carried out for many years, this was a survey of internal customers and it was intended to expand this to include external customers. Ms Spore outlined the two key concerns raised by the survey which were, firstly the need for there to be an understanding across the organisation of the Corporate Landlord and the related role of Property Services. The other concern was ensuring that projects handed over to Property Services following the restructure were dealt with in a seamless way.
- In response to a question on the number of up-skilling opportunities per £m of contracts - Ms Spore confirmed that there were opportunities for two people.
- In relation to the target of 100% of Data Protection requests completed within 40 calendar days and the percentage achieved last year of 65%, Mr Gough explained that the focus of this team had been on Freedom of Information requests which had for a lot of weeks achieved their target of 100% completed within 20 days. Additional resource was being deployed to improve the performance in relation to Data Protection requests.
- Mr Gough acknowledged that the number of Freedom of Information requests had declined but it was difficult to say whether this was a sustainable downward trend. He confirmed that there had been a focus on improving a number of internal processes to assist with the processing of Freedom of Information requests.
- In response to a question on how the Enterprise Resource Planning programme could assist with improving the percentage of invoices processed within 20 days, Mr Wood explained that there needed to be a balance between the cost of procuring the system to do this and the financial benefit. In relation to the comparison between KCC and other local authorities regarding the speed of paying of invoices, Mr Wood explained that most authorities focused on paying invoices within 30 days so comparisons for 20 day payment were difficult to obtain. It was therefore suggested by a Members that in future the dashboard show the figure for payment within 30 days.

(3) RESOLVED that the comments made by Members on the Business Strategy and Support performance dashboard be noted.

83. Divisional Update - Business Strategy
(Item C2)

(1) Mr Gough, Mr Hallett and Mr Whittle presented a paper which provided an update on key issues and priorities facing the Policy & Strategic Relationships (PSR) team and the Business Intelligence, Performance & Risk (BIPR) team as part of a Business Strategy Division update to the Committee.

(2) Mr Gough, Mr Cockburn, Mr Hallett and Mr Whittle noted comments and answered questions from Members which included the following:

- Mr Whittle stated that although his unit regularly scanned new legislation and especially secondary legislation and flagged up issues to Corporate Management Team and Directorate Management Teams, in some cases due to the complexity of the legislation, for example the Children and Families Bill, it would be necessary to go to an external expert.

- Mr Cockburn explained that the work of these units in relation to performance and risk management underpinned the move away from silo working and into the one organisation ethos. A maturity in the relationship between these units and service Directors had developed and the report contained some good examples of this. Good robust data was being provided but a key role of the unit was to interpret it in terms of the organisation as a whole.
- Mr Whittle pointed out that this year had been the first year that the Business Plans had been taken through the Cabinet Committees before going to Cabinet and he expressed the view that improvements could be made in the level of engagement and feedback from Members. This was something that would be addressed during next year's business planning process.
- Members highlighted the challenge to the Council in responding to the impact of welfare reforms on its services. Mr Whittle stated that the immediate indicators suggested that there would be an increase in demand for the Councils services. There was a need to look at the best way of getting contextual evidence to assist in addressing the impact on services and presenting evidence to Government of the impact.
- Mr Whittle undertook to provide information to Members of the Committee, when available, to clarify whether there was going to be any additional funding available to Local Authorities to cover the impact of the recently announced changes to welfare reforms.
- A Member expressed concern about the possible East to West Kent migration caused by the welfare reforms. Mr Hallett confirmed that work was being carried out to establish baseline figures as quickly as possible, it was intended to report back to Members in June/July and to provide six monthly updates.
- In response to a question, Mr Hallett explained that the "middle office programme" was a pilot project which was looking at how the County Council organised its support services, the integration of services and demand management.

(3) RESOLVED that the comments made by Members on the Divisional update – Business Strategy and the report be noted.

84. Business Strategy and Support Directorate, Commercial Services (Environment, Highways & Waste Portfolio), and Public Health LINk, Local Healthwatch and Health Reform (Families and Social Care Directorate) Financial Monitoring 2012/13
(Item C3)

(1) Ms Hansen introduced an update on the third quarter's full budget monitoring report for 2012/13 which was being reported to Cabinet on 18 March 2013.

(2) Mr Simmonds paid tribute to the Directorates and the way in which they had managed their budgets.

(3) In response to a question on the challenges of generating external work and the impact this had on the budget for Legal Services, Mr Wild explained that due to the financial climate the local government market had contracted, although the number of clients was increasing the value of contracts was smaller. He stated that work was ongoing to open up new client bases in other public sector organisations

and public bodies. He emphasised that the net result for Legal Services was still a healthy return for the County Council.

(4) RESOLVED that the revenue and capital forecast variances from budget for 2012/13 for the Finance and Business Support, Business Strategy Performance and Health Reform, Democracy and Partnerships and Environment, Highways Waste Portfolios based on the third quarter's full monitoring to Cabinet and the subsequent exception report, be noted.

85. Draft Asset Management Strategy - Update
(Item D1)

(1) Mr Gough, Ms Spore and Mr Brown introduce the County Council's draft Asset Management Strategy which aimed to set the high-level strategic framework for managing the County Councils property portfolio effectively over the next 3 years. It would guide future strategic property decisions to ensure that the property portfolio was managed sustainably and efficiently so that it could adapt to remain fit for the future.

(2) Mr Gough, Ms Spore and Mr Brown noted comments and answered questions from Members which included the following:

- In response to a question on whether it would be more cost effective for the County Council to use a property company to manage its assets, Ms Spore explained that one of the issues with using a property company would be the loss of control and flexibility in relation to the asset. There was a tension between the savings that the County Council could potentially make by using this method and the control of assets over time. It would be more difficult to maximise disposals to fund capital if the asset was tied up in a company. It was not a one size fits all. The County Council did partner with property companies when the risk profile showed that it was right to do so in order to drive best value. She stated that she was conscious that when the county council disposed of its property it did so in the right way and there were certain processes that had to be gone through. She stated that with every property that they disposed of they looked at the appropriate costs against the risks and decided upon the best way to dispose of the asset.

- A Member emphasised the importance of working collaboratively across the public sector for the benefit of all tax payers, Mr Gough confirmed that this was the intention.
- Mr Brown undertook to discuss with Mrs Dean outside of the meeting the policy in relation to local groups using KCC premising continuing to benefit from the County Council's VAT free status.
- In relation to questions on energy efficient and environmental impact officers confirmed that they worked with the Director of Planning and Environment to make sure that KCC properties were energy efficient. Reference was also made to KCC Environmental policy. There had also been investment in LED lighting throughout Sessions House and also solar panels had been installed on Invicta House. Officers confirmed that they tapped into external funding for such projects wherever possible.

- Mr Brown undertook to supply members of the Committee with details of the asset collaboration pilots in Sevenoaks and Dartford when this work was finished.

- The Chairman emphasised the importance of keeping local Members informed of major projects within their Electoral Divisions.

(4) RESOLVED That the:

(a) progress to date on the development of the draft Asset Management Strategy be noted

(b) proposed approach, including the indicative timescale and engagement approach be endorsed

(c) that the comments made by Members on the early draft strategy, as part of their pre-scrutiny role to help shape policy development, ahead of the proposed Cabinet Member decision to approve the strategy in May 2013 be noted.

86. Procurement Update and Plans for 2013/14
(Item D2)

(1) Mr Simmonds and Mr Swan presented a report which provided information for the Committee on the progress that had been made in improving procurement and the plans for 2013/14.

(2) Mr Simmonds and Mr Swan noted comments and answered questions from Members which included the following:

- Mr Swan confirmed that he tried to draw value out of contracts and wanted to be seen by contractors as fair and reasonable.
- Mr Swan confirmed that when going out to tender opportunities were maximised for Kent businesses, for example in relation to the coroners transport contract this was tendered in 12 lots on a District basis, and the trade bodies were made aware, this made it more likely that the contracts would go to Kent businesses rather than a national body.
- In relation to contracts management, Mr Swan stated that it did not matter how good a contract was if it was not managed properly, contracts were being made as simple as possible and managers were being training as contract managers as part of Kent Manager.

(3) RESOLVED that the improvements achieved in Procurement be noted and the continued change that will be necessary to deliver better control of procurement and plans for next year be supported.

87. Lean Review of Human Resources
(Item D3)

(1) Mr Gough and Mrs Beer introduced a report which provided background to the lean review of Human Resources, a summary of its outcomes and details of the

actions taken as a result which had been requested at the January meeting of the Committee.

(2) Mr Gough and Mrs Beer noted comments and answered questions from Members which included the following:

- In relation to officers on the Graduate Programme obtaining employment within the County Council before they had completed the two year programme, Mrs Beer explained that it was not the intention to prohibit them from securing a permanent job within the authority during the two year programme. She reassured Members that the Graduates from the programme continued to receive management training and to be involved in broader cross cutting projects after they had secured a permanent job.
- Mrs Beer confirmed that in Learning and Development there had been the amalgamation of three teams under one manager, the team structures had been flattened, including at the administrative level but still allowing for career progression.
- Mrs Beer referred to the improvements that had been made to recording and use of management information relating to training.
- Mrs Beer confirmed that the majority of savings had come from the restructuring of the Learning and Development unit.

(3) RESOLVED that the report on the Lean style review of Human Resources and the comments made by Members be noted.

88. Information and Communication Technology Enhancements
(Item D4)

(1) Mr Bole and Mr Gough introduced a report which advised Members of current technology provision, investment or upgrade programmes and further proposed changes to the council's technical architecture to support the transformation and efficiency programmes shaping future operations.

(2) Mr Bole and Mr Gough noted comments and answered questions from Members which included the following:

- It was noted that a number of Members were using the modern.gov app on ipads/tablets for their meeting papers. Members particularly commended the use of the app on the ipad.
- A Member expressed concern about the proposed IT offer to Members after the Elections, rather than having the option of a Blackberry, a laptop or a tablet/ipad, it was suggested that Members should be able to have all of these or a combination. If it was a question of cost he suggested that maybe Members could have the option of paying for additional equipment out of their Members Allowance.
- Mr Bole undertook to check the new phone contract from Members and confirm with officers what the implications were for Members in relation to logging private/business calls on phone enabled blackberry's.

(3) RESOLVED that the report and comments made by Members be noted.

89. EXCLUSION OF PRESS AND PUBLIC

RESOLVED that under Section 100A of the Local Government Act 1972 the public be excluded from the meeting for the following business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act.

90. New Ways of Working (West Kent Key Hub Solution) - Decision no 13/000020

(Item E1)

(1) Mr Gough and Ms Spore introduced a report which sought approval to negotiate and agree heads of terms for the acquisition of the freehold or long leasehold interest of the West Kent Key Hub solution for New Ways of Working (formerly Work Place Transformation and New Work Spaces) ,

(2) Ms Spore undertook to provide an answer from Education colleagues to Mrs Dean’s question regarding the third primary school on the Kings Hill site and the relationship between this and the extension of the Discovery School.

(3) RESOLVED that the Policy and Resources Cabinet Committee endorse the proposed decision by the Cabinet Member for Business Strategy and Support to progress and implement the West Kent Key Hub solution.

91. Last meeting of the Committee

Mr Gough and Mr Simmonds paid tribute to the way in which Mr Hotson had chaired this Cabinet Committee, and prior to that the Corporate Policy Overview and Scrutiny Committee. They wished him well with his forthcoming Chairmanship of the County Council.

This page is intentionally left blank

POLICY AND RESOURCES CABINET COMMITTEE

MINUTES of a meeting of the Policy and Resources Cabinet Committee held in the Council Chamber, Sessions House, County Hall, Maidstone on Thursday, 23 May 2013.

PRESENT: Mrs A D Allen (Substitute for Mr R A Marsh), Miss S J Carey, Mr N J D Chard, Mr J Davies, Mrs T Dean, Mr J Elenor, Mr C P D Hoare, Mr A J King, MBE, Mr R A Latchford, OBE, Mr S C Manion, Mr L B Ridings, MBE, Mr D Smyth, Mrs P A V Stockell and Mr N S Thandi

IN ATTENDANCE: Mr P Sass (Head of Democratic Services)

UNRESTRICTED ITEMS

1. Membership
(Item 1)

The Committee noted its Membership as set out above.

2. Election of Chairman
(Item 3)

RESOLVED that Mr A J King, MBE be elected Chairman.

This page is intentionally left blank

From: Gary Cooke, Cabinet Member for Corporate and Democratic Services

David Cockburn, Corporate Director of Business Strategy & Support

To: Policy and Resources Committee – 20 June 2013

Decision No: 13/00050

Subject: Asset Management Strategy

Classification: Unrestricted

Past Pathway of Paper: Policy and Resources Committee – 15 March 2013

Future Pathway of Paper: N/A

Electoral Division: All divisions

Summary: This paper provides the updated draft of the Asset Management Strategy.

Recommendation(s):

The Cabinet Committee is asked to consider and endorse or make recommendations to the Cabinet Member for Corporate and Democratic Services on the proposed decision to approve and adopt the Asset Management Strategy as attached at appendix A.

1. Introduction

1.1 The current Asset Management Plan (AMP) was adopted in 2002 and is no longer reflective of how the Council operates and the changing environment in which it works. A new draft plan was discussed at the 15 March 2013 Policy & Resources Cabinet Committee. The attached strategy has been collated following a series of workshops with service directorates and feedback from internal stakeholders.

2. Financial Implications

2.1 The proposed strategy sets out how we will achieve and drive efficiencies to meet key financial targets.

3. Bold Steps for Kent and Policy Framework

3.1 Kent County Council's Medium Term Plan sets out three clear ambitions for radical public service reform - to help the Kent economy to grow; to put the citizen in control; and to tackle disadvantage. It urges a push towards greater localism and citizen empowerment which requires KCC to rethink how services are designed and delivered. This approach is core to how the Asset Management Strategy has been drawn together and is reflected in the five themes in the strategy. One of the fundamental design principles is to utilise all the council's assets strategically to support our changing frontline service model, and rationalise back office functions.

3.2 KCC's Capital Strategy is based on the key principle that capital investment should be deployed where it can have the greatest impact for the benefit of the people of Kent and deliver improvements in essential services. It sets the strategic direction for KCC's capital investment plans and projects within the Capital Programme. Our capital strategy is inherently interlinked with our approach to asset rationalisation and disposals and the Asset Management Strategy aligns to the Capital Strategy, Bold Steps and Medium Term Plan.

4. The Report

4.1 The strategy is based on practice set by the Royal Institution of Chartered Surveyors Asset Management Guidelines.

4.2 In January 2013, Property worked with Policy & Strategic Relations unit to shape the asset management framework taking into account national and regional policies and understanding Kent's context on key asset management themes. A review of service directorate plans occurred in March 2013 that helped shape workshops to seek views on how Asset Management Strategy should include transformational programmes.

4.3 An Equality Impact Assessment is currently being undertaken and will be completed prior to the adoption of the Asset Management Strategy.

5. Next Steps

5.1 Following the completion of the Asset Management Strategy, detailed action plans will be developed alongside further engagement with internal stakeholders to outline the key themes and to pursue the priorities in the plan over the coming months.

6. Conclusions

6.1 The draft Asset Management Strategy has been developed over a number of months. The strategy is submitted for endorsement by the Policy & Resources Committee. The key themes of the Asset Management Strategy will be promoted throughout the Council.

6. Recommendation(s)

Recommendation(s):

The Policy and Resources Cabinet Committee is asked to consider and endorse, or make recommendations to the Cabinet Member for Corporate and Democratic Services on the proposed decision to endorse and approve the Asset Management Plan as attached at appendix A.

7. Background Documents

7.1 15 March 2013 - Policy & Resources Cabinet Committee

8. Contact details

Report Author

- Nigel Brown, Asset Development and Commissioning Manager
- 01622 696970
- Nigel.brown@kent.gov.uk

Relevant Director:

- Rebecca Spore, Director of Property & Infrastructure Support
- 01622 221151
- Rebecca.Spore@kent.gov.uk

This page is intentionally left blank

Asset Management Strategy (2013 – 2017)

"Doing things Differently" – A New Approach for a sustainable future

Contents

PRODUCTIVITY – PREVENTION – PROCUREMENT – PARTNERSHIP

Foreword

Introduction

KCC's Asset Management Strategy sets the high-level strategic framework for managing our property portfolio effectively over the next 3 to 5 years. It will guide our future strategic property decisions to ensure we manage our property portfolio sustainably and efficiently so that it can adapt to remain fit for the future and support frontline delivery.

Since the last Asset Management Plan in 2007 the environment in which the Council operates has changed considerably. This presents both a number of challenges and opportunities, to drive change in how we deliver our services and the infrastructure needed to support this.

Our property assets are an important part of supporting and enabling us to transform the way we deliver public services with our partners and it is therefore essential that we have an innovative and forward thinking strategy in place.

"Strategic Property Asset Management is the process which aligns business and property asset strategies, ensuring the optimisation of an organisation's property assets in a way which best supports its key business goals and objectives"

RICS Public Sector Asset Management Guidelines 2nd Edition

As outlined in the RICS Public Sector Asset Management Guidelines, there are three core elements to the Asset Management document. These are:

- The Property Asset Management Strategy
- The Property Asset Management Policy
- The Property Asset Management Action Plan

The document gives context to the national and regional position in terms of policy and the current composition of the portfolio, as well as outlining key projects currently taking place.

The strategy and policy will remain in place until 2017, while the Action Plan will be updated annually and form part of the Property and Infrastructure Business plan for each year.

Our Role:

In Kent County Council our properties, and spending on them, are managed centrally by the Property and Infrastructure Support division who act as the '**corporate landlord**'. This enables our resources to be prioritised and directed where they are most needed, and ensures that the property portfolio is aligned with KCC's strategic objectives. We work with elected members, services and partners to develop innovative solutions for adapting our property portfolio to better support the changing business needs of our services.

It is our role to manage the Council's portfolio effectively, providing best value for our services and the people of Kent. Managing the portfolio includes:

- Overseeing day to day building management including maintaining and repairing existing properties;
- Developing new buildings that are well designed and fully meet service needs
- Identifying and disposing of surplus properties
- Capital Project Delivery
- Effective management of leases and licences
- Ensuring that the estate is used as effectively as possible

Why is the Asset Management Strategy important for Kent?

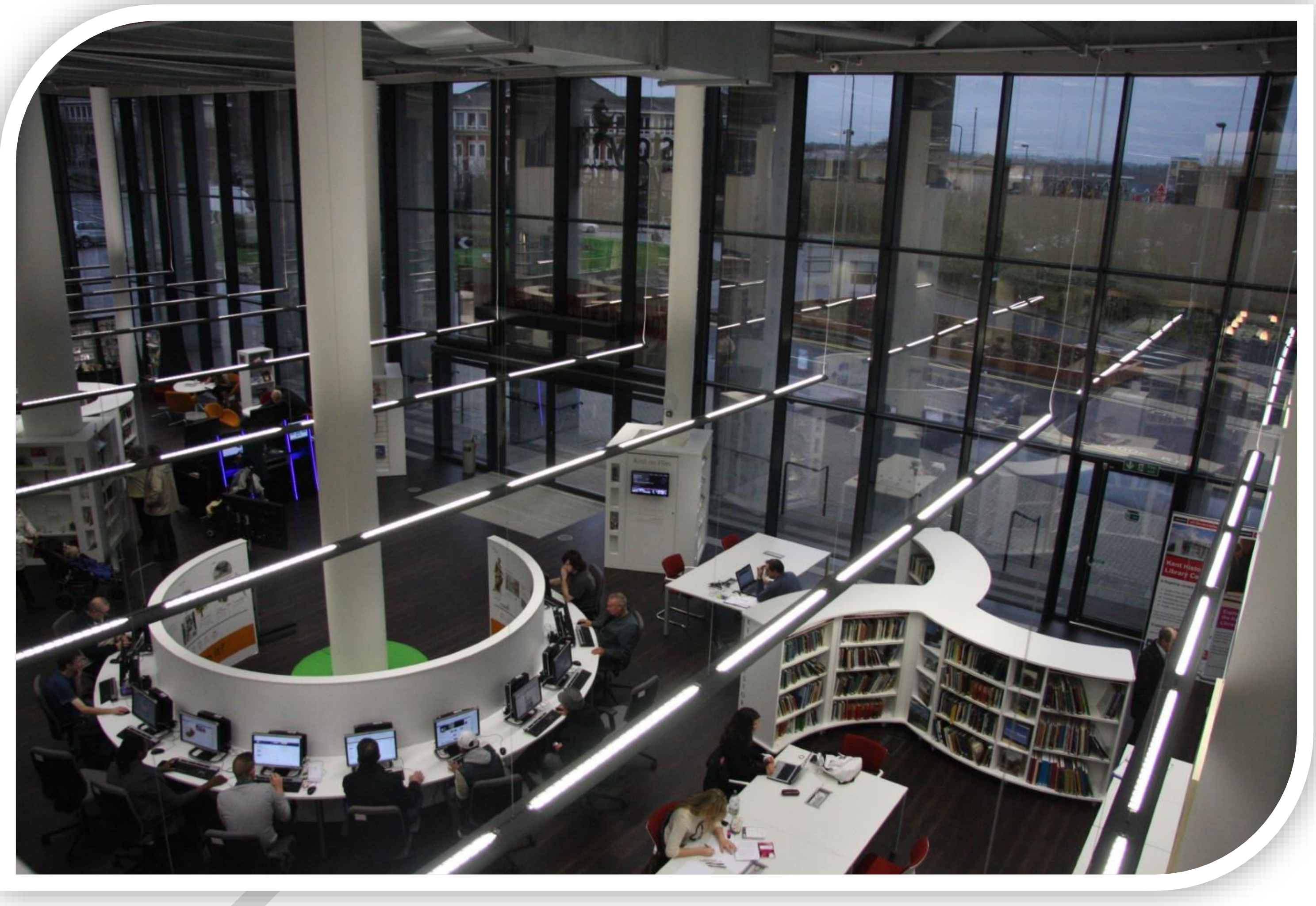
Our property portfolio is a valuable resource for Kent County Council. Valued at **£1.87Bn**[1] property is a huge investment for Kent. It costs a significant amount of money to manage and maintain each year c. £90m in 2012[2] and, on average we have spent £290m pa on capital projects with a set Capital Programme of £695m for the next 3 years.

We have a duty to deliver '**best value**' in how we manage our estate to ensure that we can achieve the best social, economic and environmental benefit for the people of Kent. This means managing our limited resources in an intelligent and integrated way to provide value for money for Kent taxpayers.

How the Council uses its property portfolio can play a significant role to stimulate regeneration and growth for the Kent economy. Public services, and the needs and demands of our customers, are evolving and changing rapidly. It is important that our approach to asset management remains relevant, innovative and flexible enough respond to changing needs and priorities of our services. This strategy sets out how we will achieve this.

[1] 2013 – Based on most recent valuations – Current Use Value
[2] Including schools portfolio

The Asset Management Vision, Policy Statement & Strategic Themes



The Asset Management Vision 2017

"an efficient and effective estate which supports and responds to enable the delivery of the Councils services across Kent.

The Asset Management Mission

"To be the leading Public Sector Organisation for Asset Management, working together to surpass efficiency targets across the Public sector estate whilst delivering an enhanced and sustainable service experience to the people of Kent"

The Asset Management Targets

- ***30% Reduction** in the number of non-school properties;*
- *Generate **£100m Capital Receipts***
- *Achieve a **37% reduction in property asset revenue costs (£10m reduction from 2011);***
- ***Increase the utilisation of the estate to ensure that accommodation fits the purpose and meets the needs of our services;***
- ***Deliver the Corporate Capital Programme effectively;***

The Asset Management Policy

We are committed to managing Kent's Property Assets in a way that provides Best Value to the people of Kent on a sustainable basis, supporting the delivery of services in the right place and in the appropriate environment.

We will embed a culture of innovation that delivers new ways of working and provides the efficiencies required whilst protecting the value of the estate for future generations. At all times through the process of transformation we will adhere to the values and behaviours and respect all staff and service users.

This policy is endorsed by the Executive Management Team. It is the responsibility of all Kent County Council employees to ensure its implementation. The Director of Property & Infrastructure Support has overall accountability for this policy and ensuring it is regularly reviewed.

We will:

- **Manage the Estate Differently** by transforming the portfolio of property assets to meet the changing environment, ensuring we provide the right environments, in the right place on the best terms, innovating to find the best solutions to meet customer needs whilst achieving our financial goals;
- **Manage Our Estate Effectively** through effective Asset, Project and Estate Management, using clear Policies and Action Plans to meet our strategic goals and developing clear reporting to inform Members and internal departments in decision making;
- **Keep our properties Safe, dry and warm** through the implementation of clear maintenance plans and efficient Facilities Management;
- **Maximise Regeneration & Growth** through effective procurement and linking Public Sector requirements with regeneration opportunities;
- **Protect the Environment** through best use of appropriate technologies, utilising available financing to support implementation and meeting the objectives of the Carbon Reduction Action Plan.

To deliver these outcomes we will:

- Promote the Asset Management Plan and Policy;
- Engage with internal departments, public sector organisations, community organisations and other stakeholders to understand needs and asset collaboration opportunities;
- Improve data management and reporting to support decision making and enable best delivery of Estate management and FM services;
- Review and Develop Key Policies and procedures to support delivery, protect the estate and ensure best practice;
- Take a holistic approach to the portfolio, understanding the whole-life costs of properties and setting clear performance targets for the operational and investment portfolios;
- Understand and balance risks between the performance of our assets and the needs of our service users and stakeholders
- Use best practise in planning processes, programme and project management tools
- Train and develop our people to support the implementation of our strategies and plans
- Assign clear roles and responsibilities to all staff in the provision and maintenance of Assets
- be Realistic in our ambitions; Clear in our advice; Innovative in approach; Effective in Delivery.

"DOING THINGS DIFFERENTLY"

KCC's Asset Management Strategy – at a glance

THEME 1 – Managing Our Estate Differently

Exploring how property assets can help to enable **innovative options for service transformation**.

Reviewing Assets across Kent to **ensure services are in the right place** to meet local needs

Analysing values and estate costs to ensure we **provide best Value for Money when holding assets**

Testing property suitability to ensure our **estate is fit for purpose**

Delivering asset collaboration with public, voluntary and community sector partners

Transforming our office estate to support new ways of working

Where possible, support options to **use our estate for the wider benefit of Kent'**

Action Plans

THEME 2 – Managing Our Estate Effectively

Targeting key expenditure in the portfolio to reduce costs, delivering £10m property revenue savings to help protect frontline services.

Through review rationalise the Leasehold portfolio to reduce costs and **rebalance the portfolio**.

Delivering on Capital Targets – driving receipts through **Asset Rationalisation**

Delivering a new **Lean Total Facilities** Management approach across the estate.

Delivering out Capital programme with **Smart Procurement and best practice in project management**

Action Plans

THEME 3 – Keeping Out Estate Safe, Warm & Dry

Ensuring that we have Warm, Safe & Dry properties – **protecting all occupants and users**

Ensuring the portfolio is **accessible to all**, reviewing properties to meet current regulations

Raising awareness of Health and Safety requirements across the Council

Delivering the appropriate modernisation and maintenance of Assets through the Capital Programme

Ensuring we **deliver the right Assets** for the growing communities by delivering new enlarged schools under the basic needs programme

Supporting Academies, delivering advice and services to **enable best practise and delivery**

Action Plans

THEME 4 – Maximising Regeneration & Growth

Ensuring our Capital Programme delivers **transformational schemes** that will promote growth and regeneration in Kent's communities.

Creative use of Assets to drive new Housing Supply under Kent's Housing Strategy

Working with partners to assist regeneration projects and programmes across Kent

Working In partnership with the private sector on key projects

Offering the **best opportunities for local Kent suppliers** and apprenticeships in property contracts

Action Plans

THEME 5 – Protecting the Environment

Target Green Investment in retained properties to maximise their efficiency and sustainability

Reduce the running costs of the portfolio by **improving energy and water efficiency**

Embed ISO 140001 and implement the Environmental system into all projects - **Plan; Do; Check; Act**

Actively **support and meet the targets** set out in Kent's Environmental Policy and Carbon Reduction Action Plan

Action Plans

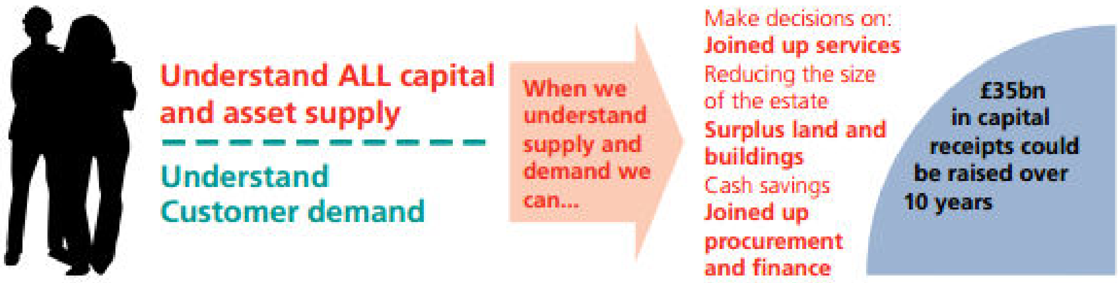
Part A – Context

The National economic environment

Kent is well placed to respond to the national property context and to drive efficiency through commissioning its property estate whilst ensuring that our property portfolio is fit for purpose and can respond to the Council's changing needs.

Kent was selected as one of 11 Councils to drive the Department for Local Government's '**Capital & Assets Pathfinder Programme**' finding innovative ways to better use public sector land and buildings to improve services and generate savings. At its heart is co-location of both public and private sector to offer significant reductions in capital and running costs to re-invest into the local community. Kent with its Public Sector partners has established a series of joint programmes to deliver a more efficient, effective and appropriate service to the people of Kent.

The diagram below shows the principles of the pathfinder programme and the projected capital receipts available across England in the long term.



[3]

---

[3] Diagram part of principles of Pathfinder – taken from https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/5949/19535881.pdf

The Localism Agenda

The '*Localism Act*' (2011) aims to shift power from central government back into the hands of individuals, communities and local authorities, giving local communities a greater say about what happens in services in their area. Three important aspects of the Act which most influence asset management are new powers surrounding the Community Rights, Neighbourhood Planning and Housing reforms. The Act places the emphasis on local authorities to radically reconsider service delivery and this means that we will have to re-think how our property assets support this rapidly changing environment.

In particular, the Community Rights mean that increasingly services may not be directly provided by local authorities, but by a mixed economy of providers including voluntary & community groups, parish councils, social enterprises and mutuals.

The localism agenda also means that people have more choice and control about what happens in their local community. The **Community Right to Buy** enables public and private local amenities and buildings –such as town halls, community halls, (or even the last village shop or pub) to be nominated for listing by the local planning authority as 'assets of community value'. If the local authority has made the decision to sell the asset, communities will have extra time to prepare a bid to take over the running of the building (not the service).

Where appropriate, we will support communities to keep assets in public use as an important and vibrant part of the social capital of local life. We have to be mindful of balancing this with our 'best value' duty and financial obligations to ensure that we drive value for money.

A Changing Education Landscape

The implementation of the '*Education Act*' (2010) and subsequent reform has prompted fundamental change in the education landscape and the role of the Local Education Authority. To support these changes Kent is developing new policies and processes to ensure that support for schools is maintained where needed through EduKent.

Health & Social Care Integration

The significant reforms put in place by the '*Health & Social Care Act*' (2012) have prompted one of the most extensive reorganisations in the history of the National Health Service. As local authorities take on new responsibilities for public health from April 2013, and as health services are commissioned at a local level by GP Clinical Commissioning Groups, health and social care services will need to work radically differently together. This is rapidly changing the local geography of providing local services and as frontline community health and social care practitioners integrate they will need co-location and asset collaboration solutions to share space effectively together to transform the way they deliver community and outreach work.

The '*Care and Support White Paper*' (2012) advocates that local authorities and parish councils, together with their local communities, should maximise the potential for spaces and buildings in a community to act as meeting places or centres for activity that is open, welcoming and accessible to all. Leisure centres, libraries, day centres and community centres should be open, inclusive and culturally sensitive venues.

As part of our transformation programmes Kent is promoting the innovative use of venues in communities that will help to reduce social isolation of the most needy and increase connections for social care service users, their families and carers. Kent is at the forefront of delivering high quality design and asset collaboration options and will drive changes to transform existing spaces into vibrant community facilities.

Planning Reform

The Government has introduced a new National Planning Policy Framework to enhance local democratic accountability, and ensure that, whenever possible, planning decisions should be made at the local level. There have been significant changes in the planning system to encourage more local control and flexibility over planning decisions made through a faster and leaner planning system. This agenda aims to put councils and communities at the heart of the planning system, with core aims to deliver more homes and economic growth whilst ensuring that communities benefit from development, and new homes are matched with new jobs and investment.

Our strategic asset management approach considers how these changes impact on planning proposals for new schemes in the capital programme to enable growth and regeneration.

Growth & Regeneration

The Government sees these planning reforms as a key driver for growth, a significant priority at both national and local level. The *Growth and Infrastructure Bill* (2012/13) is aimed at stimulating jobs, development and infrastructure. The draft legislation provides for a relaxation on orders granting development consent which authorise compulsory acquisition of land belonging to a local authority – enabling local authorities to have more choice to dispose of surplus land in the manner they choose – this is particularly aimed at getting more brownfield sites back into productive use to stimulate local regeneration.

The *Infrastructure (Financial Assistance) Bill* (2012/13) paves the way for the Government to underwrite £40bn of private sector investment in nationally significant housing and road infrastructure projects that are ready to progress but may have stalled due to lack of investment. It provides for £10bn for national housing projects, including £300m to fund 15,000 affordable homes at no cost to developers, bringing 5,000 empty homes back into use – an issue which also remains a key regeneration priority in Kent. Stimulating the local housing market is also a priority, supporting in the Bill by extending the ‘First Buy’ mortgage support scheme for first time buyers – complemented by the ‘Lend a Hand’ scheme in Kent supported by Kent County Council, Tunbridge Wells Borough Council and TSB.

The Government’s *Autumn Statement* (2012) focused on maximising growth and supporting local business. It contained a commitment to a revised version of PFI scheme, with the first PF2 project being a £1.7bn scheme to rebuild and renovate 219 schools. There is also money allocated for Capital Projects for investment in roads, broadband, higher education and new schools, Kent has successfully bid for the first round of the £350m Regional Growth Fund, to provide a further stimulus for jobs and growth.

Lord Heseltine proposed, a range of growth measures in his report '*No Stone Unturned: In pursuit of growth'* (2012), setting out a key role for Local Economic Partnerships (LEPs) to lead the development of new 'Strategic Plans for Local Growth'. The Government will devolve a greater proportion of growth-related spending on the basis of these plans by creating a single funding pot for local areas from April 2015, a significant opportunity for Kent. Lord Heseltine has also proposed that the Government Property Unit should work with Local Authorities to identify and publish details of all surplus and derelict public land, so that LEPs and Local Authorities can collaborate to bring this land back into reuse in support of the local economic strategy. This builds on the existing move to create a 'One Public Estate' of central and local assets which would require each participating local authority to produce a plan for growth and how they would reduce expenditure for publicly owned assets.

This complements Kent's direction of travel to strategically manage our asset portfolio and drive options for asset collaboration with national, regional and local partners.

Kent Context

The asset management strategy is designed to complement Kent County Council’s strategic policy direction, which directly influences frontline service delivery. As key strategies expire in 2015 there will be a review of this document at that point to cater for any potential changes in direction.

How we use our assets is critical to supporting our key policy drivers. The asset management plan seeks to compliment and embed the key drivers of the following policies:

Vision for Kent is Kent’s countywide Sustainable Community Strategy which sets a 10 year partnership vision for the social, economic, and environmental wellbeing of Kent’s communities. The vision requires partners to pull together in a shared approach to asset collaboration and rationalisation to better meet future service needs.

Bold Steps for Kent is Kent County Council’s Medium Term Plan to 2015 which sets out three clear ambitions for radical public service reform - to help the Kent economy to grow; to put the citizen in control; and to tackle disadvantage. It urges a push towards greater localism and citizen empowerment which will require us to rethink how services are designed and delivered. One of the fundamental design principles is to utilise all the council’s assets strategically to support our changing frontline service model, and rationalise back office functions – people, money, contracts and buildings – to deliver as one organisation.

KCC’s **Medium Term Financial Plan** specifies how we will deliver the strategic priorities in ‘Bold Steps’ within financial limits and budgetary constraints. It sets out the national and local context of the current challenging financial period. KCC has made more than £250m savings over the last three years, but there are more challenging financial pressures to come in 2015-17, with an addition £15m additional pressures to fund in 2013/14 in light of the recent local government funding settlement, which was more challenging than expected. The plan identifies £10m of property revenue savings which will need to be achieved by 2015.

KCC’s **Capital Strategy** is based on the key principle that capital investment should be deployed where it can have the greatest impact for the benefit of the people of Kent and deliver improvements in essential services. It sets the strategic direction for KCC’s capital investment plans and projects within the Capital Programme. The strategy has a transformational stance to promote growth, but within the context of reduced borrowing and ensuring that all new bids to the Capital Programme align with the ‘Bold Steps’ priorities and have a robust business case for how they will provide more effective value for money – with ‘invest to save’ bids encouraged. Our capital strategy is inherently interlinked with our approach to asset rationalisation and disposals.

Our medium term strategic planning is underpinned by a suite of specific strategies and programmes which drive the detailed delivery of 'Bold Steps for Kent'.

Unlocking Kent's Potential is Kent County Council's long term partnership framework for regeneration and economic growth. It sets a vision for transformation in education and skills, the culture renaissance in the county and an efficient transport system that supports both the economy and residents. It is about improved housing conditions, particularly for the most vulnerable both young and old. The framework sets out how Kent is looking ahead to plan now for what will be needed in the future. Our strategic asset management approach will help to ensure we target our capital investment effectively to focus on investments that will stimulate and maximise economic growth and regeneration for Kent's communities.

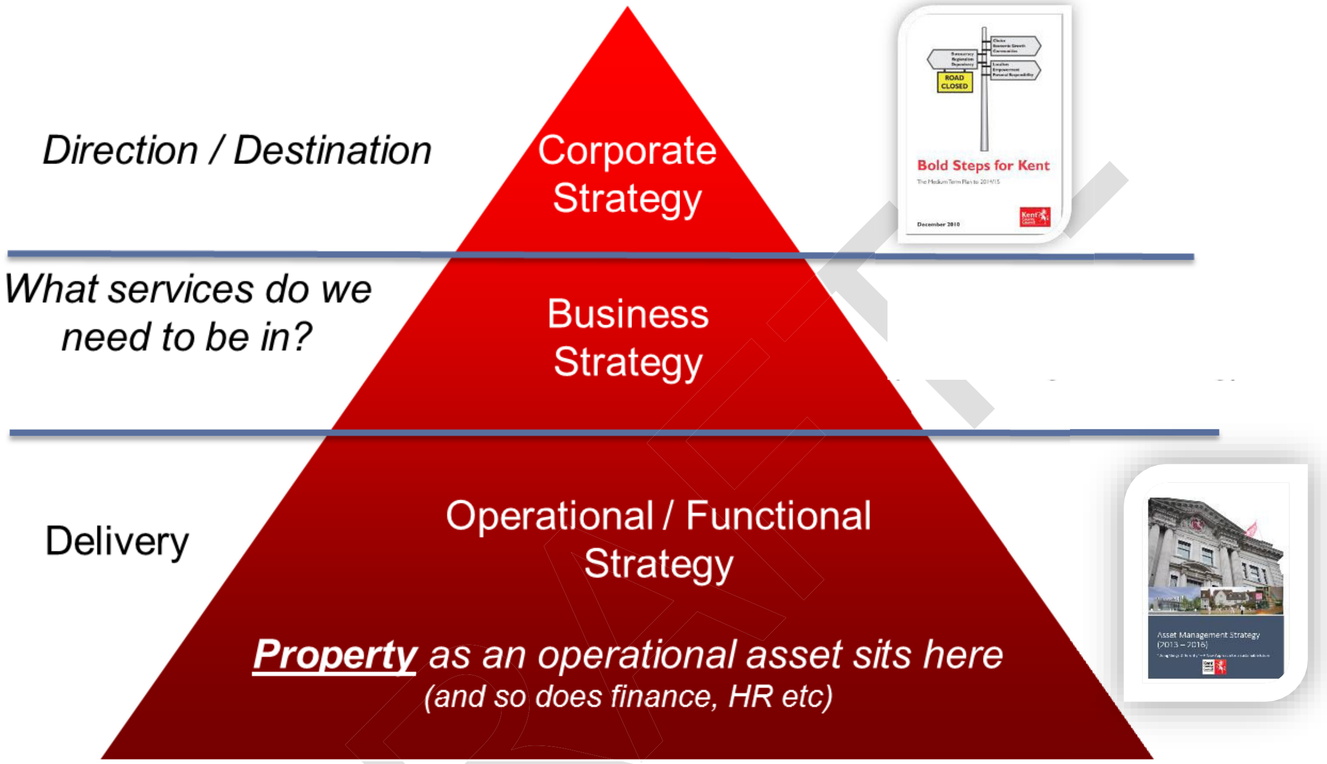
The **Environment Strategy** underpins our Regeneration Framework, setting out KCC's approach to reducing its carbon footprint. An efficient and sustainable approach to designing buildings, and maintaining and managing our estate, is essential to helping to tackle the climate change agenda. This will also help to realise financial savings, by reducing running costs through improved energy and water efficiency within our buildings.

Kent & Medway's Housing Strategy sets a shared ambition for development and managed growth in Kent and Medway that facilitates economic growth and regeneration. Effective housing partnerships between local authorities in Kent continuously review land and property holdings to identify opportunities to release land for new market or affordable housing. Through joint working arrangements between local authorities, developers and private registered landlords, the strategic housing capacity will be enhanced to seize opportunities presented by the recession that offer the best prospect of achieving strategic housing objectives and good value for money. This includes enabling innovative housing projects that promote long term growth (such as 'Live Margate') and town centre regeneration schemes.

Doing Things Differently
KCC is driving cultural and workforce change through our 'Doing Things Differently' transformation programmes. Managing the Estate differently will support:

- **Our customers** (through our Customer Services Strategy)
- **Our services** (transforming the way we deliver frontline services)
- **Our people** (effective workforce planning to ensure we have the right people with the right skills through Organisational Development and People Plan)
- **Our systems and processes** (making the best use of right equipment and technology to help us work smarter, as set out in our ICT Digital Strategy)
- **Our new ways of working** *(*through ICT equipment, office environments, values and behaviours that support and empower a flexible workforce)

The Corporate Strategy ‘Bold Steps for Kent’ gives the direction and vision for the Council. The further suite of Corporate Strategies help guide how we should be delivering this vision. It is important that all Strategies are linked to ensure that there are no conflicting goals and that they support each other to meet the Corporate Vision.



Part B – The Asset Management Framework

The Asset Management Strategy Framework

Continual Asset Management Improvement

The RICS Public Sector Asset Management Guidelines have been used inform the process for the Asset management Strategy. This ensures 'best practice' in the development and implementation of the strategy.

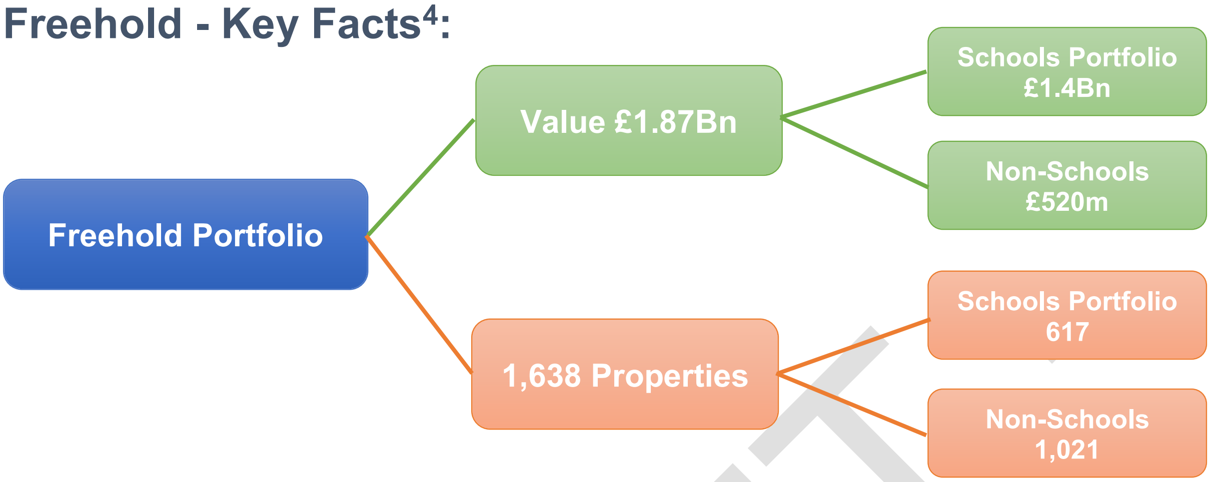
Key elements of the Asset Management Strategy review are:

- Review of the Corporate Vision & Mission
- Review Service Delivery Strategies (including current reviews);
- Asset Planning (understanding the portfolio and required changes to meet the above)
- Delivery – The Asset Management Action Plan

The corporate Vision and Mission have been discussed in the previous section with a review of the Bold Steps and the related Medium Term Financial Plan.

Where Are We Now?
Understanding Our Current Property Asset Portfolio

Freehold - Key Facts[4]:



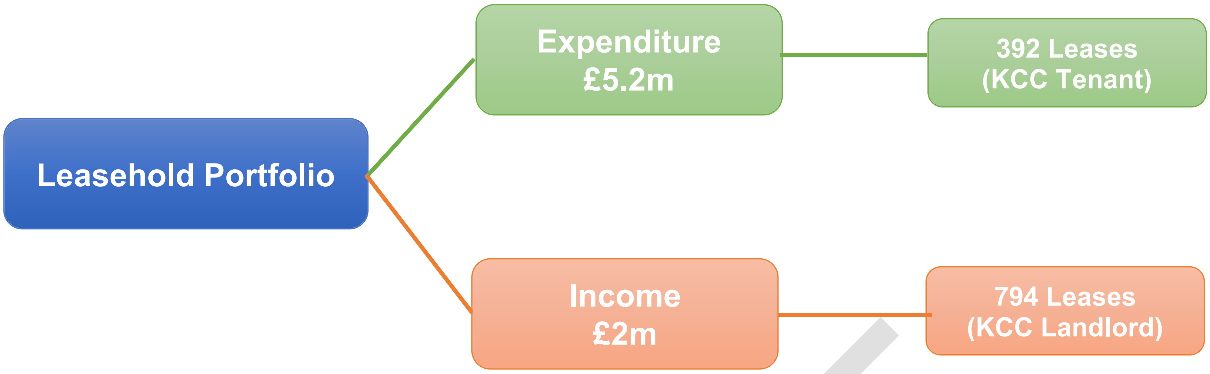
Kent County Council has an extensive and diverse property estate spread over a large geographical area. Most of our property portfolio involves direct provision of public services for which we have a statutory or discretionary responsibility.

The estate includes schools, primary and secondary and special schools; libraries; playing fields; children’s and youth and community centres; day centre and registered Care Centres; depots and waste disposal sites; adult education centres; houses and offices.

The portfolio is valued at £1.87Bn with a revenue cost of £90m pa (2012). To put this into perspective the schools portfolio is valued at £1.4Bn and the ‘operational’ non-school portfolio valuation is c. £520m. The operational portfolio costs c. £27m to run.

[4] Figures taken as of 31st March 2013

Leasehold Portfolio[5]:



We will ensure that the Council's portfolio remains 'fit for purpose', and continues to meet the changing needs and priorities of the people of Kent. This will mean that the current profile of the estate will change over time as our frontline service delivery transforms. Through this period of change we have the opportunity to innovate to deliver a better, more effective portfolio supporting services for the people of Kent.

The basic principle for the future portfolio will be to ensure there is flexibility where there is uncertainty and potential change in the short to medium term (1-5 years) and invest or commit to longer terms at premises where there is likely to be long term stability.

We will continuously review the portfolio and work with services to identify opportunities to reduce the portfolio or increase efficiencies. Where there are lease opportunities (expiries, breaks etc.) we take the principle that the lease will not be renewed unless the business case proves best value and there are no opportunities to collaborate or work flexibly without affecting the ability to deliver the front-line services.

[5] The figures include historic leases and licences which are not determinable and were given at a low, nil or peppercorn rent (KCC Landlord). Modern agreements are given on a commercial basis.

The Schools Portfolio:

Of the Schools portfolio, to date the value of those transferred to Academy status and are leased through 125 year leases accounts for over £712m of the portfolio.

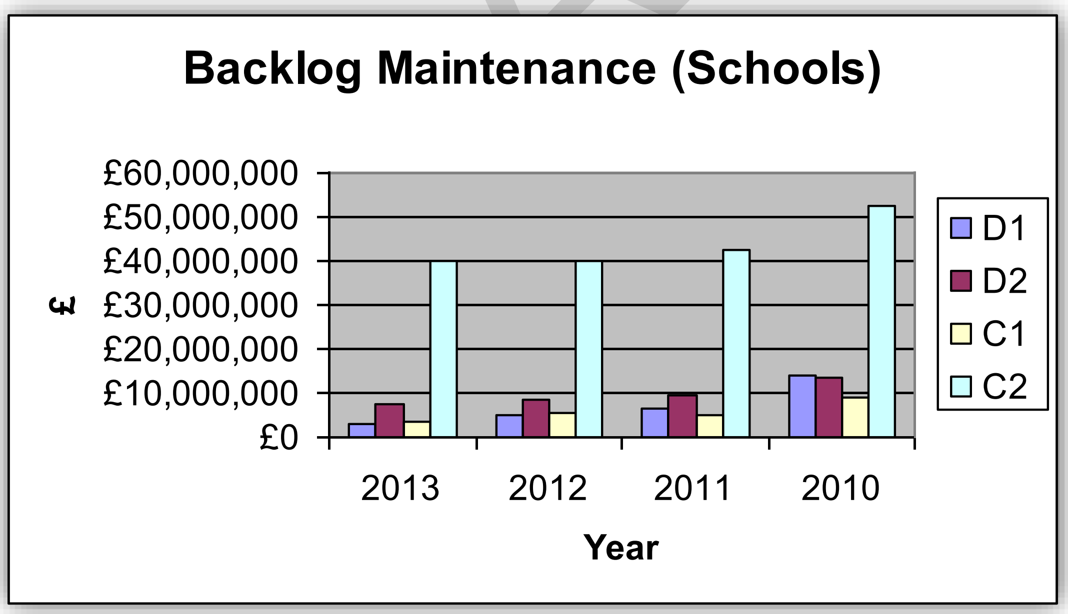
Maintenance Backlog of School Properties

The maintenance backlog has seen an overall reduction of 40% since 2010. There have been significant reductions in the high priority (D1 & D2) cases falling by 79% and 45% respectively. The scale for work priority can be seen on page 33.

The Council has delivered an ambitious Capital and Maintenance Programme to address significant backlog maintenance, and continues to have a dedicated modernisation programme.

	2013	2012	2011	2010
D1	£3,001,890	£5,037,729	£6,268,239	£14,164,261
D2	£7,530,033	£8,703,590	£9,468,607	£13,659,615
C1	£3,681,162	£5,476,066	£4,934,932	£9,244,779
C2	£39,892,847	£40,135,233	£42,568,438	£52,550,310

*(**Note:** Backlog Maintenance for which KCC is responsible)*



The Council continues to support our schools through 'Class Care' which gives our schools access to the knowledge and expertise to manage their buildings effectively and aims to keep schools 'Warm, Safe and Dry'. This enables schools to focus on the provision of education whilst KCC manages the maintenance and statutory monitoring programmes. This scheme is also available to Academies

Through this service KCC's vision is to keep schools 'Warm, Safe and Dry' for the future generations learning in Kent.

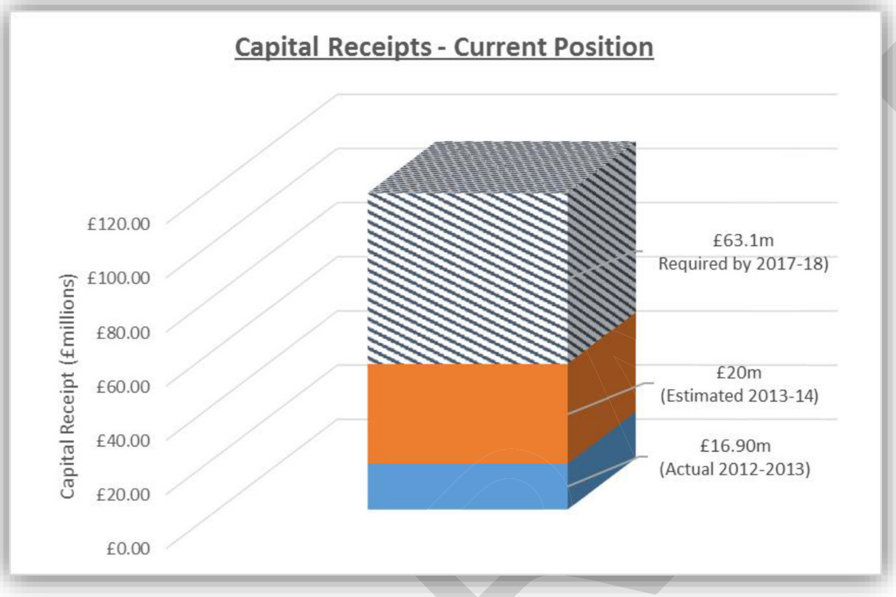
KCC Property Asset Distribution across Kent

Page 38

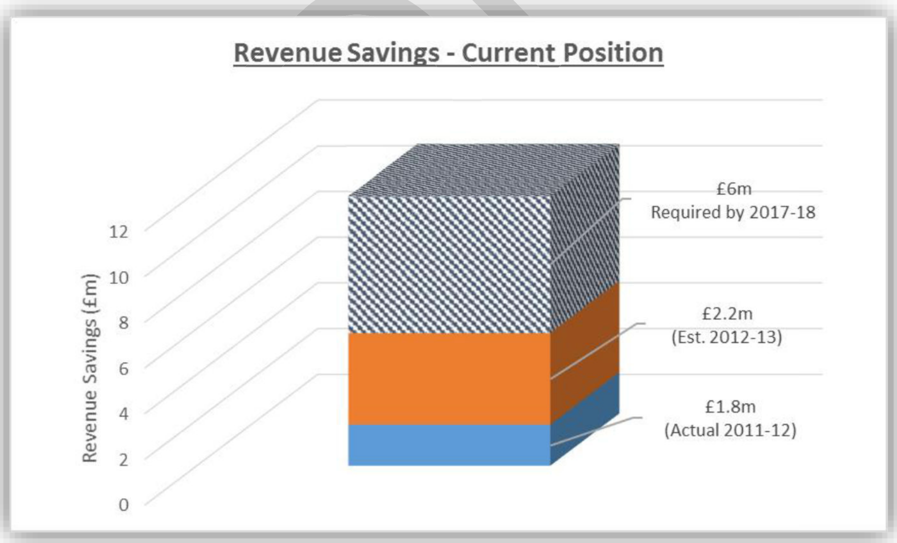
Driving Value through Our Estate:

Requirement	Amount	%	By When
Capital Receipts from Sale of non-school Assets	£100 million	19%	2017-18
Revenue Savings from efficiency savings and leasehold rationalisation	£10m	37%	2017-18

Current Position - *Medium Term Financial Plan Targets:*

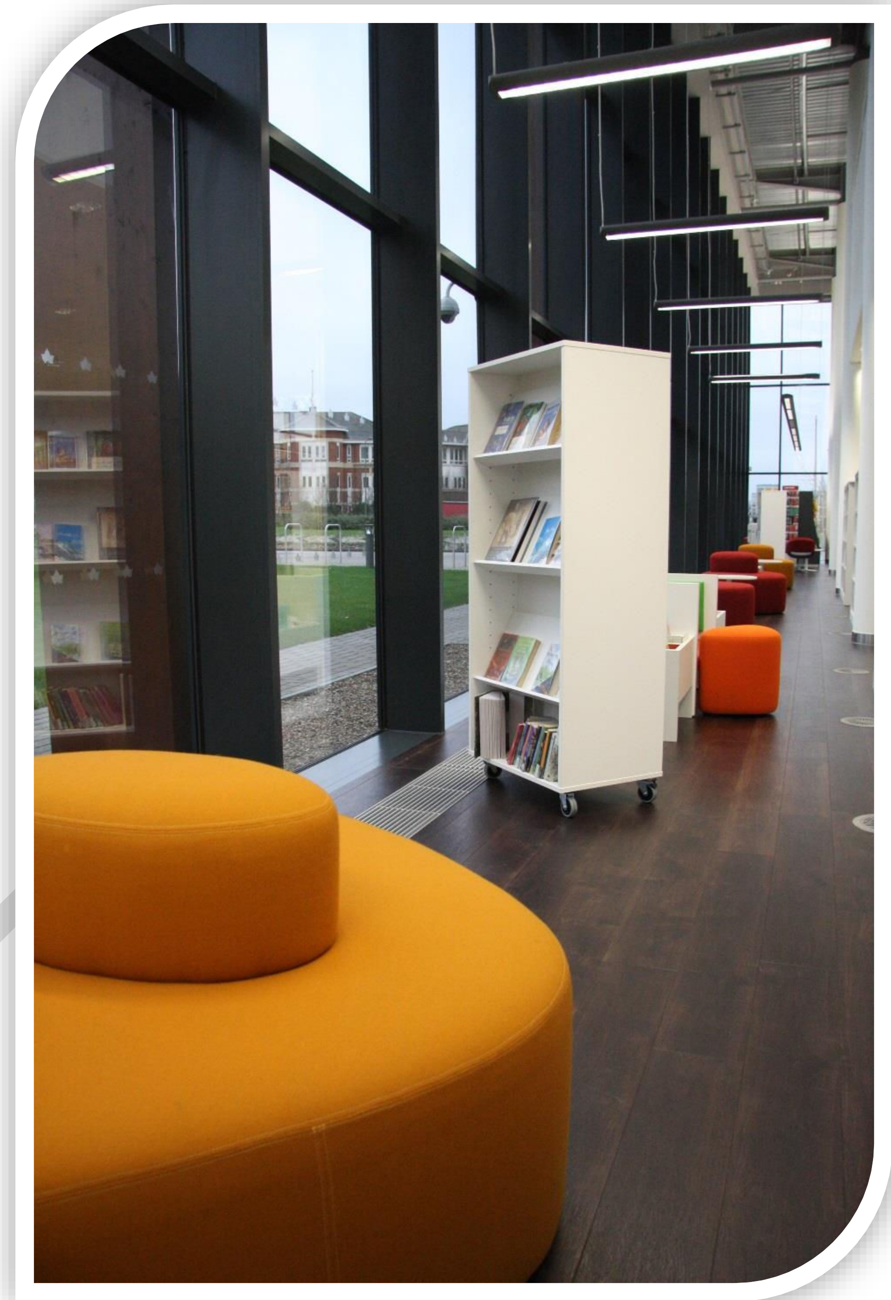


Work against the targets commenced in 2012 and are due to be met by year end 2017-18 (5 years). In 2012-13 we delivered 16.9% with estimates for 2013-14 c. £20-£24m. The pipeline continues to be developed as service transformation programmes progress alongside asset reviews.



Work progressed to drive efficiencies through a number of key programmes.

Part C
Achieving the Vision



Achieving the Vision
'Doing Things Differently

In order to achieve our vision, we will deliver a number of key programmes focussed around 5 themes:

Theme 1	Theme 2	Theme 3	Theme 4	Theme 5
Managing Our Estate Differently	**Managing Our Estate Effectively**	**Keeping Our Safe, Warm & Dry**	**Maximising Regeneration & Growth**	**Protecting the Environment**

Action Plans

To keep the strategy live and relevant it will be refreshed on an annual basis. Each theme is supported by Asset Management Action Plan with detailed work-streams, actions and performance measures which will be a working part of the document and link into the Property and Infrastructure Support Business Plan.

Detailed Property Policies & Procedures

The themes are underpinned by a suite of detailed online policies and procedures, which can be found on KNet. They are regularly updated to keep pace with changes in national policy, legislative requirements and business needs. They set out a clear set of practical guidelines for our staff and contractors on specific topics.

“DOING THINGS DIFFERENTLY”

KCC’s Asset Management Strategy – at a glance

THEME 1 – Managing Our Estate Differently

Exploring how property assets can help to enable innovative options for service transformation.

Reviewing Assets across Kent to ensure services are in the right place to meet local needs

Analysing values and estate costs to ensure we provide best Value for Money when holding assets

Testing property suitability to ensure our estate is fit for purpose

Delivering asset collaboration with public, voluntary and community sector partners

Transforming our office estate to support new ways of working

Where possible, support options to use our estate for the wider benefit of Kent’

Action Plans

THEME 2 – Managing Our Estate Effectively

Targeting key expenditure in the portfolio to reduce costs, delivering £10m property revenue savings to help protect frontline services.

Through review rationalise the Leasehold portfolio to reduce costs and rebalance the portfolio.

Delivering on Capital Targets – driving receipts through Asset Rationalisation

Delivering a new Lean Total Facilities Management approach across the estate.

Delivering out Capital programme with Smart Procurement and best practice in project management.

Action Plans

THEME 3 – Keeping Our Estate Safe, Warm & Dry

Ensuring that we have Warm, Safe & Dry properties – protecting all occupants and users

Ensuring the portfolio is accessible to all, reviewing properties to meet current regulations

Raising awareness of Health and Safety requirements across the Council

Delivering the appropriate modernisation and maintenance of Assets through the Capital Programme

Ensuring we deliver the right Assets for the growing communities by delivering new enlarged schools under the basic needs programme

Supporting Academies, delivering advice and services to enable best practise and delivery

Action Plans

THEME 4 – Maximising Regeneration & Growth

Ensuring our Capital Programme delivers transformational schemes that will promote growth and regeneration in Kent’s communities.

Creative use of Assets to drive new Housing Supply under Kent’s Housing Strategy

Working with partners to assist regeneration projects and programmes across Kent

Working In partnership with the private sector on key projects

Offering the best opportunities for local Kent suppliers and apprenticeships in property contracts

Action Plans

THEME 5 – Protecting the Environment

Target Green Investment in retained properties to maximise their efficiency and sustainability

Reduce the running costs of the portfolio by improving energy and water efficiency

Embed ISO 140001 and implement the Environmental system into all projects - Plan; Do; Check; Act

Actively support and meet the targets set out in Kent’s Environmental Policy and Carbon Reduction Action Plan

Action Plans

Theme 1
Managing Our Property Assets Differently

"to innovate and change the way we use our estate, working with others to maximise the value of the estate for the people of Kent"

The Vision - by 2017 we will have:

- A realigned portfolio enabling flexible working from core hub properties;
- Improving the efficiency and occupation of the estate, reducing our property portfolio by 30%;
- Co-locating with other Public Sector organisations;
- have reviewed and improved where necessary the structure of how we hold property;

Actions - What we will do:

- We will develop property options to enable service transformation and support best delivery of services to the people of Kent;
- We will ensure the estate is fit for the future with flexible agreements where services are subject to short to medium change and investment in long term property requirements;
- We will deliver asset collaboration solutions to share space and running costs with our partners, in order to deliver services in a more integrated way
- We will create property solutions that support and empower our staff to deliver new ways of working
- We will review different property structures to find the most effective way to deliver transformation and hold long term assets.
- Working closely with our customers to understand demand and requirements, ensuring that changes do not adversely affect delivery of front-line services.

Theme 2
Managing Our Estate Effectively

"driving Best Value from the estate, balancing costs and delivery needs to deliver a flexible and sustainable portfolio"

The Vision – By 2017 we will have:

- reduced the running costs of the portfolio by 37% - having reviewed all contracts and expenditure;
- a reduced number of leases where KCC is the tenant;
- reduced our freehold portfolio to meet the Capital Receipts £100m target;
- a new property data management system that will improve our ability to monitor and identify opportunities and provide better information for decision making;
- a new Facilities Management structure providing improved service at a reduced cost;
- a portfolio, policies and systems that are flexible and ready to deal with change quickly and effectively;

Actions - What we will do:

- Review all costs within the portfolio to drive best value in day to day management of assets;
- Negotiate all lease opportunities to deliver best value in leased occupation whilst delivering the right solution to services;
- Review data management to provide the right information to internal teams and Members and inform our property decisions as part of the implementation of a new system;
- We will continually review our portfolio to ensure it meets the needs of the Council's business, providing flexibility or long term certainty where require;
- Deliver the new FM service model

Theme 3
Keeping Our Buildings Safe, Warm & Dry

“Through good practice ensuring all buildings are appropriate and all people who use or visit our services are safe”

The Vision – By 2017 we will have:

- A new FM structure that provides improved services more efficiently, providing better information on maintenance to support continued improvement ;
- Inclusive environments that provide appropriate and safe environments for all staff and service users ;
- Lifecycle costs and use them to increase understanding and plan maintenance and financial costs of running the estate.

Actions - What we will do:

- We will continue the work on a Total Facilities Management solution to improve service and efficiency;
- Continue to develop lifecycle costing for all new properties to improve our understanding the future costs of the estate;
- We will ensure all visitors and users to our buildings are safe;
- We will ensure the estate is fit for purpose through good delivering best practice in maintenance programming;
- Where we occupy others buildings we will work with Landlords to ensure their duties are being carried out to the standards required;

Theme 4
Maximising Regeneration & Growth

"to maximise all opportunities to regenerate key areas of Kent, making best used of assets and capital for the benefit of future generations of Kent"

The Vision – By 2017 we will have:

- Supported regeneration and housing strategies by the appropriate location of new operational hubs and liaison on disposals ;
- delivered key projects in progressing Live Margate, working closely with Thanet District Council to regenerate Margate;

Actions - What we will do:

- We will work with and support the Economic Development Team to obtain best value from all assets and Capital Expenditure, focussing new buildings and developments, where possible, in areas requiring regeneration and growth across the county;
- To work with the KCC Housing team to facilitate and support delivery of the Housing Strategy;
- Support the use of local SME's and Kent business where possible in the work that we do;
- Promote the use of apprenticeships and skills/ training opportunities.

Theme 5
Protecting the Environment

“to become the lead County for carbon reduction and the sustainable use of environmental technologies in property”

The Vision – By 2017 we will have

- Maintained and improved the use of the environmental system of Plan; Do; Check; Act embedded in all projects, in line with ISO 14001 principles;
- policies to ensure environmental aspects are covered in all projects and maintenance;
- researched and made best use of sustainable solutions, making use of all incentives to reduce costs and emissions across the estate;
- met the targets set out in Kent’s Carbon Reduction Plan.

Actions - What we will do:

- Target green investment in retained properties to maximise their efficiency and sustainability;
- Reduce the running costs of individual buildings by improving energy and water efficiency programmes;
- Reduce the backlog and future burden of maintenance by investing in sustainable construction;
- Where appropriate, all new and redeveloped buildings to meet the BREEAM ‘Very Good Rating’;

Part D
Achieving the Vision
Key Programmes & Case Studies

Programme 1: Asset Collaboration across the Public Sector

Themes Covered:

Theme 1

Managing Our Estate Differently

Theme 2

Managing Our Estate Effectively

Example 1 - Asset collaboration

Managing our assets effectively is not something we can achieve in isolation. The public and voluntary & community sector are increasingly working together to achieve improved services at less cost. There is a growing trend for asset collaboration for frontline and support services to share accommodation space to share running costs of maintenance, facilities management and construction. Asset collaboration is a practical solution that will both create greater efficiencies and reduced costs for partners, and enhance local service delivery for customers.

Kent County Council should be seen as the driver amongst our partners to encourage collaboration and integration to provide the best of services for the people of Kent. With the policy direction towards Localism – creating local public services which are tailored to meet local community needs and priorities - it will be vital to ensure that we continue to break down traditional delivery 'silos' through close co-operation with partners.

In Kent we want to build on a long tradition of partnership working to collaborate with partners to ensure a more effective use of our combined assets. Sharing our property will become the norm, not the exception. We will continue to build on the work we started in 2010 with the 'Total Place' Project, where partners worked together to map and cost local assets to identify projects that create more effective service delivery whilst also realising local savings. During the lifetime of this plan, we will increase the number of short-medium term projects to be identified with District Planners and Locality Boards. Elected members from both County and Districts will play an important role in shaping these projects through Locality Boards to accelerate the progress of asset collaboration in their local areas. As part of rationalising KCC's local office facilities across the County links have been made with several District Councils to explore the opportunity of sharing office accommodation and, in some cases such as Canterbury and Sevenoaks KCC, staff now work within the District Councils Civic Centres. It is often the case that smaller collaboration projects provide vital foundations to building partnerships with our partners, they also provide the opportunity to reduce revenue costs for all parties. An example of this is the use of Sheltered Housing Accommodation in Gravesham by KCC's Good Day Programme service. Asset Collaboration worked with partners in Gravesham Borough Council to identify suitable facilities to provide the GDP with a hub integrated with other aspects of the local community. Sheltered Housing accommodation was identified and deemed as suitable, this will ultimately in have cost saving benefits for both partners as well as benefit the users of both services.

Programme 2 - New ways of working

Themes Covered:

Theme 1	Theme 2	Theme 4	Theme 5
Managing Our Estate Differently	Managing Our Estate Effectively	Maximising Regeneration & Growth	Protecting the Environment

The New Way of Working models proposed will deliver a range of benefits to improve the efficiency of operations and use of resources, whilst providing the opportunity for much more flexibility in terms of managing services, and responding to local needs. Having strong community based delivery and developing innovative solutions to deliver services to the public, will be priorities for the way services will be delivered in the future.
The work on developing alternative delivery models for KCC Services was based on the following step changes that have taken place over the past two years:

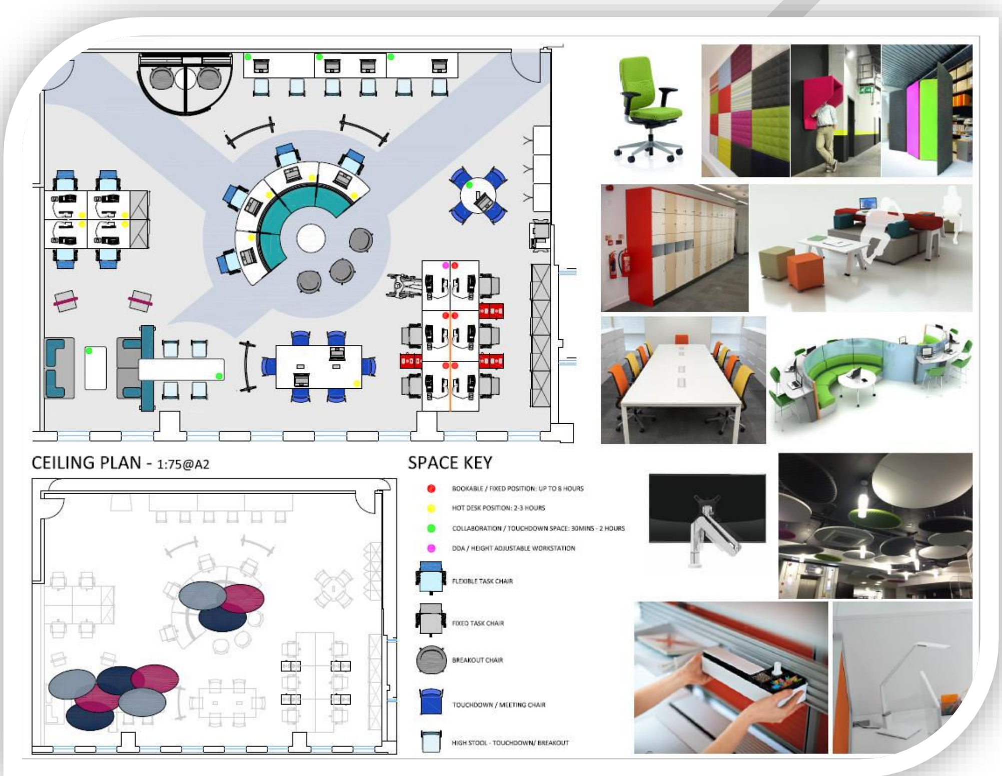
- A challenging yet innovative transformation programme over a four year period in readiness for implementation of new ways of working and service delivery mechanism was agreed by the Council
- Redesign and remodelling of services not only in order to deliver fit for purpose and future proofed provision but to meet the requirements of the Medium Term Financial Plan and to ensure that by 2016 KCC will a fit for purpose portfolio of office premises that support new ways of working.
- Designing services to act as a key provider delivering a range of co-located services accessible to local communities
- Services to be developed to obtain the following goals:
  - Fit for Purpose
  - Transform and Modernise
  - Deliver the Vision
- Service remodelling aligned to an infrastructure (ITC and Property) investment strategy.

Background
As part of the Workplace Transformation Vision, updated in 2009, Kent County Council (KCC) undertook to consolidate from some 20 offices throughout the county into 3 core hubs in East, Mid (Ashford-based) and West Kent. (In addition to the proposed local area provision, other KCC premises including libraries will provide touchdown space for staff.)

Since the start of this programme in 2009, KCC have withdrawn from 7 offices and achieved a gross annual saving of £1.8 million. This has been underpinned by a policy not to renew leases except where full business cases have been provided with exceptional circumstances. Also, over the last 2 years, co-locations with public sector partners have taken place where there has been a need for limited local office provision for specialist services.

For some time the culture within much of the Public sector in relation to desk use was based generally on the idea of "my desk and my space" and one person per desk. In recent years this has been changing. To succeed with New Ways of Working KCC is delivering an agile and mobile office, with staff using flexible office accommodation, appropriate ICT systems and new staff management methodologies

BENEFITS of New Ways of Working:



Establishing New Ways of Working will achieve the following:-

Improves Work Styles and Workspaces: Wider adoption of agile working will be made easier through the introduction of a new style of management, work practice guidance and ICT technologies. To support this, office accommodation will be brought up to appropriate standards to support that need.

Improved Customer Experience: Aligned to the Customer Service Strategy, customers will be able to access services in many different ways – on the web, by telephone or in person. It will be desirable therefore to bring public services together in locations that support access to services in a way that is convenient to our customers and delivers efficiently.

Joining up Delivery with Other Providers: To co-ordinate the hosting of other activities, public bodies and third sector organisation from the sites under their control to provide locally based "joined up" services. This ability to make quick decisions will make maximum use of publicly funded buildings without involving bureaucratic procedures.

Reduced Costs: The proposed changes to the portfolio will lead to more efficient use of property with lower operating costs, to help safeguard our frontline service delivery.

Programme 3 - Community Asset Transfer

Themes Covered:

Theme 1

Managing Our Estate Differently

Theme 2

Managing Our Estate Effectively

Theme 4

Maximising Regeneration & Growth

Bold Steps seeks to allow opportunities for communities to put communities in control and encourage the ethos of community empowerment through social enterprise, community and voluntary sector involvement in running services. The Council will support this through the adoption of a Community Asset Transfer Policy.

Whilst this needs to be balanced by the need to meet our 'Best Value' duties a clear policy and process will be made available for local communities on our website.

Programme 4 - Effective Asset Management

Themes Covered:

Theme 1

Managing Our Estate Differently

Theme 2

Managing Our Estate Effectively

Data management

KCC currently use a system called Enterprise which manages information on the property portfolio. The system now requires updating.

As part of this improvement we will implement a new Property Asset Management System (PAMs) which will bring all the core elements of property information under one umbrella system.

Key Financial Management

It is key that we have the right financial management data available in order to ensure the effective running of the estate and focus on key cost opportunities in a targeted way. As part of the data management review we are reviewing the financial information we have and monitor key 'dashboard' financial information to prioritise cost reviews and savings programmes.

Annual Business Planning

The annual Business Plan will use the key themes in this Asset Management Plan giving clear reference to the Themes and where initiatives fit into the framework. The Business Plan will sit under the Asset Management Plan and will include priorities and a programme for the year's actions.

Asset Reviews

As an ongoing element of our Asset Management we will undertake regular assessments to ensure that we are using our property estate effectively.

Acquisitions and Disposals

Kent needs to explore how to maximise our powers under the 'Local Government Act' (1972 and 2000) to acquire land and property to improve the economic, social and environmental wellbeing of an area. Acquisitions are usually planned to meet a specific identified need or within the context of an approved strategic programme or capital project. All acquisitions follow the Acquisitions Policy to ensure best value is achieved.

We will continue to drive forward the delivery of our disposals programme to meet the Councils financial objectives.

Capital investment

Capital investment in our non-schools properties is very much linked and support the transformation of the estate.

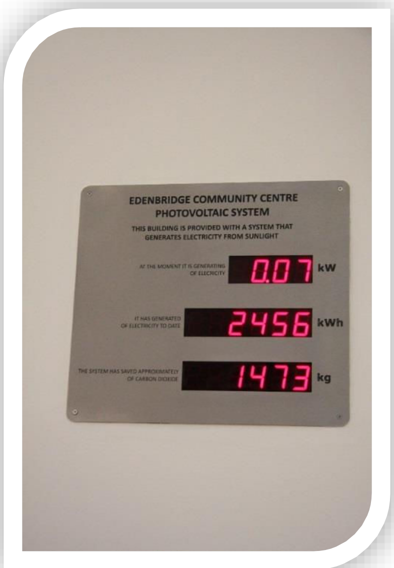
We always consider the Opportunity Cost of Capital in our decisions and therefore will only invest in areas that enable savings to be generated and/or increased productivity in the delivery of services.

Programme 5 :Total Facilities Management

Theme 1	Theme 2	Theme 3	Theme 5
Managing Our Estate Differently	Managing Our Estate Effectively	Keeping Our Safe, Warm & Dry	Protecting the Environment

Kent is exploring opportunities to improve the way it delivers facilities management through the implementation of a Total Facilities Management model. This is designed to ensure that there are consistent levels of service across the Councils estate, which responds to the needs of our services and that buildings support services are delivered as effectively and efficiently as possible.

For the year 2012-13 £3.1m was spent on improving our properties in this way. In 2013-14 we will spend a further £5.9m ensuring we continually improve our core assets. We will continue to priorities and spend on a comprehensive service to ensure our estate is Warm, Safe and Dry alongside ensuring that our buildings meet statutory requirements.



Programme 6 – Supporting Regeneration & the Kent Economy

Theme 2	Theme 3	Theme 4
Managing Our Estate Effectively	Keeping Our Safe, Warm & Dry	Maximising Regeneration & Growth

KCC is one of the largest owners and developers of property in Kent, and most communities have at least one KCC building. This presents a visible image to the public that influences their perception and satisfaction in local authority services. Buildings with high quality and design can act as a stimulus for regeneration - to draw in business and people, and contribute to the prosperity, growth and community cohesion of an area. Strategic asset management has an important role in 'place-making' using creative design to shape the look and feel of public spaces into more vibrant and sustainable communities. As such, it is not just our public and private sector stakeholders who should be engaged in change, but also local communities. Our service users, residents and customer should also be consulted and involved in sharing their experiences and aspirations about the changing use of the public realm.

Where appropriate we will use our land holdings and buildings to help achieve social and economic objectives, for example job creation, economic development and affordable housing. Any property solution for regeneration needs robust social and financial justification to transparently articulate the ability of the scheme or project to meet social goals and the true financial impact.

Investing in and modernising our property portfolio to support regeneration is part of a bigger picture of expansion and growth of Kent's communities. The Housing and Planning Futures Group provides strategic coordination of housing growth across Kent and Medway, setting out the infrastructure and resource requirements needed to meet these ambitions. KCC continues to seek development contributions from all development sites where there is a proven impact on current service provision. Since 2002, KCC has secured 9 primary and 2 secondary school sites, additional adult social services and community facilities and £81m in cash contributions. We will continue to explore the potential for parcelling up packages of land to make it attractive to local developers to invest in regeneration areas and gain developer contributions to reinvest in community assets in strategic locations. This will help to ensure we achieve our goals in the Kent & Medway Housing Strategy to facilitate growth that creates sustainable, vibrant communities, not just housing estates.

KCC is helping to support approaching housing in a new way. We are taking a more entrepreneurial approach to secure new investment funds and funding streams – for example working with Kier in response to the Homes & Communities Agency slowing down and moving away from grants. KCC and Kier have agreed a land disposal which will deliver 300 new houses on sites which otherwise would have been land-banked for left undeveloped.

Programme 7: The Environment and Sustainability:

Theme 2

Managing Our Estate Effectively

Theme 3

Keeping Our Safe, Warm & Dry

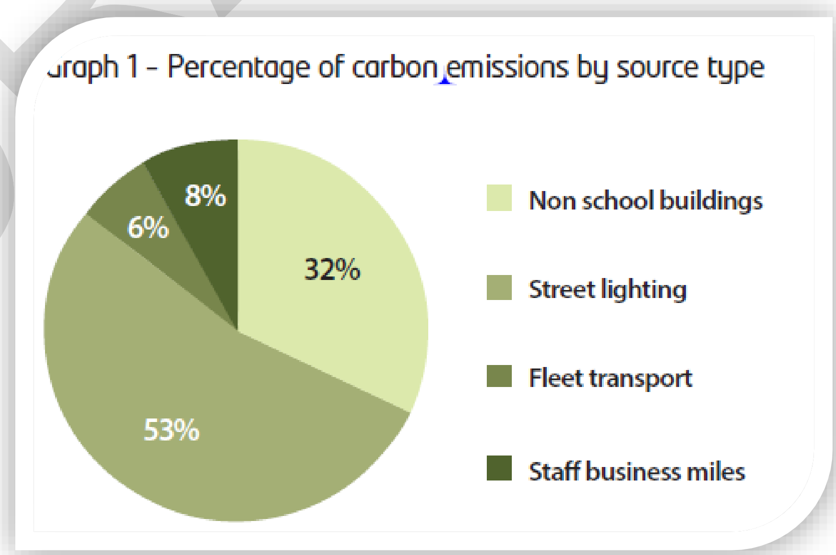
Theme 5

Protecting the Environment

The Kent County Council environment policy *'Growing the Garden of England – A Strategy for the environment and economy in Kent'* sets out our priority commitments which are:

- to ***stabilise*** and progressively reduce our environmental footprint;
- progressively ***reduce*** our carbon dioxide emissions;
- make sure our estate and services are ***adapted*** to the future impacts and opportunities of climate change;
- ***contribute*** positively to Kent's character, local environmental quality and natural environment.

Kent County Council's action programme to make environmental improvements and address the impacts of climate change ensures all areas of the council, including schools, implement the environment policy and improve performance.



Our corporate targets up to 2015

- reduce energy use within our estate to meet the carbon reduction target of **2.6%** per year up to 2015
- reduce business miles travelled by car by 5% per year up to 2015
- reduce water use within our estate by **10%** by 2015
- reduce waste generation across our estate by 5%, and increase the proportion of our corporate waste which is reused or recycled to 60% by 2015

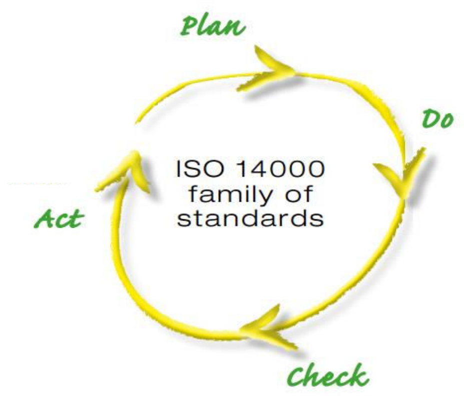
The Main opportunities in buildings and Infrastructure are:

- Focused investment on strategic Council properties – energy efficiency retrofit, renewable energy and improved facilities management;
- Oil to gas (or Biomass, where feasible) – boiler replacement programme;
- More efficient use of shared space/shared public sector premises across Kent as part of the Asset rationalisation programme and modernisation of services;
- Local actions in buildings to reduce hours of heating and other efficiency proposals;
- Improved energy monitoring to identify wasted energy/ improve building controls;

ISO 140001 – Establishing a sustainable Estate

Kent County Council is ISO140001 Accredited and we will ensure that the methodology is embedded in our Asset, Estate and Facilities Management Policies. This will ensure that the processes are in place for the Environment to be considered in all matters of acquisition, development and maintenance and also in the way we plan the estate.

Considering environmental 'aspects' - In developing the New Ways of Working and bringing together the public estate we need to ensure that this does not lead to increased car use for both staff and the public. Locations and availability of transport needs to be carefully considered so that we meet the targets set out.



Plan: *Establishing objectives and processes covering all elements of property that interact or have an effect on the environment 'aspects'*

Do: *Implement the processes*

Check: *Measure and monitor the impact and effect of the processes.*

Act: *Take action to improve processes and performance*

Property and Infrastructure Environment Champion

This will be led by Asset Management with the objective to:

- be the main contact internally for estate environmental matters;
- ensure teams are up to date with knowledge of opportunities available;
- lead the Sustainable Estate Task Force and ensure plans are being followed through (*Do* and *Act*);
- Plan, implement and continually improve environmental processes.

Sustainable Estate Task Force:

The Task Force is made up of a *'Property and Infrastructure Environment Champion'*, the leads for Asset, Estates, and Project Management and the leads in the KCC Environment and Climate Change teams. The Director of Property and Infrastructure is the sponsor for the group.

The Task Force ensures that we 'Plan' how we reach the vision for a sustainable estate and also 'Check' that opportunities are being considered and implemented where possible.

Financing Sustainable Technology:

Especially in the current climate we need to make sure that we keep investing in Kent's future and the environment is key. To help afford this we will make best use of funding available such as the SALIX Finance to provide low cost capital financing of projects (0%). Projects that provide an income through schemes such as RHI payments will be prioritised as these are financially and environmentally sustainable, both saving money and providing a greener future for the people of Kent.

Energy & the Environment

We are working closely with our energy suppliers to source energy from environmentally sustainable sources. The best way, however, to reduce the effect on the environment is to use less energy and therefore we are and will continue to roll out programmes to use energy efficient technology and design to reduce our demand. In most cases this will be through incorporating technology in specifications for redevelopment, maintenance and upgrading. Such projects will be reviewed to understand the cost and environment benefits of the project, ensuring it works towards the Environmental Strategic targets for Kent and does not adversely affect revenue targets.

In many cases new environmental technology has a payback of c.3.5 years and delivers a further 10 years of savings. We will monitor all projects to ensure performance both environmentally and financially so we can use the knowledge to continually improve our processes and focus on the most sustainable technology.

Kent CC is part of the CRC Scheme and will use the benchmarking and ranking in this scheme to monitor improvements on energy consumption.

BREEAM 'Very Good' Rating:

In accordance with Central Government targets Kent will aim to achieve a minimum of a 'very Good' rating on all major refurbishments and new builds, where appropriate. These will be subject to site and current financial constraints as we must be realistic and ensure this is providing 'best value' to Kent.

Key Project Areas

Property and Infrastructure Support's asset strategy will reflect and progress the opportunities identified in the **carbon management plan** with a focus on capital investment and modernisation of assets. The Energy Efficiency Investment Fund, part financed by Salix Finance and managed by Enterprise & Environment will be utilised to supplement capital funds available for specific energy efficiency projects, which meet the fund criteria and approved as part of the asset strategy.

In most buildings heating and lighting account for the majority of energy use and provide the best opportunities for carbon dioxide emissions reduction. The investment programme will therefore be focused on achieving efficiencies in these areas through improved technology and better control.

The priorities for the energy efficiency programme have been identified as:

- Lighting replacement/ modernisation with T5 lamps, or LED lamps in appropriate locations.
- Lighting controls (daylight and/or movement activated sensors)
- Review of heating system controls, to include opportunities for installation of Buildings Management Systems (BMS)
- Insulation
- Draught proofing
- Increased use of the KCC LASER Energy monitoring system (Systemslink) and Automatic Meter Reading where appropriate.

A review of the Display Energy Certificate Advisory reports has also been completed with project opportunities being matched to the buildings strategy to identify where it is most appropriate to invest.

Renewable Energy

Renewable energy opportunities will be fully explored and implemented where feasible and a sound business case is confirmed. The introduction of the Government support programmes for renewable electricity generation and renewable heat provides a further financial incentive and long term income generation.

Several installations have already been completed across the estate both as retrofit or part of new build capital programmes.

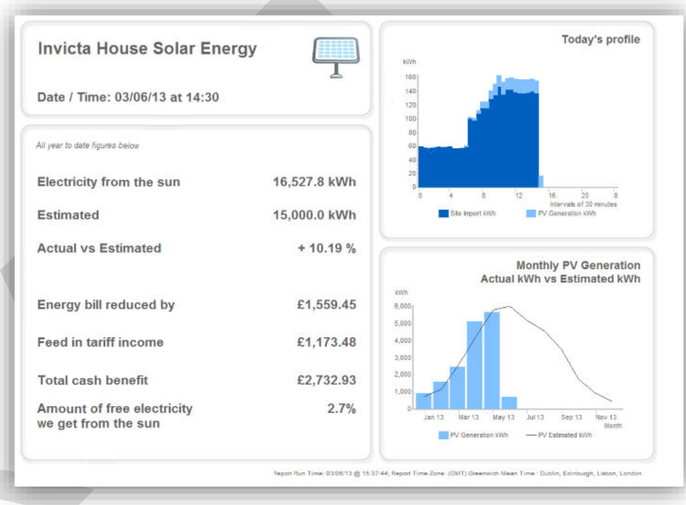
The main opportunities for renewable energy are:

- Biomass boilers
- Solar PV

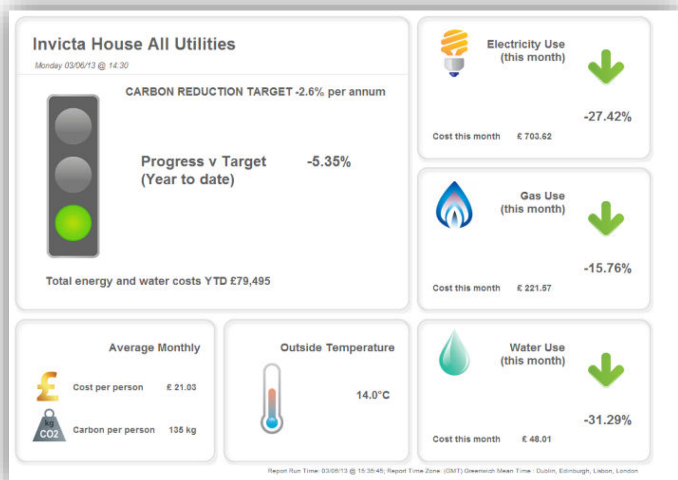
There are likely to be limited opportunities for solar thermal, ground/air source heat pumps or combined heat and power systems but where they could be of benefit, will be evaluated.

Boiler replacement is part of the modernisation of assets programme. Where biomass is deemed feasible and a sound financial business case is confirmed, these projects will be progressed. This technology will cut carbon dioxide emissions significantly. In addition the government financial support available through the Renewable Heat Incentive and the possibility of receiving interest free financing make these projects more financially attractive.

Solar PV also offers good potential, albeit more limited, particular now that the Feed in Tariff payments for electricity have been significantly reduced. However, as solar panel costs have dropped sharply in recent years these projects may remain financially sound and will be implemented where the business case dictates.



In Sessions House, Maidstone, we use solar to provide electricity to the office, reducing utility costs and providing income via the Feed in Tariff. This is monitored by the energy management system which monitors consumption and costs, allowing us to understand the opportunities and benefits of installing such a system. In 2012-13 the system returned 9% more income than originally projected.



This pilot scheme has given us information to use in future decision making for such systems and monitoring is continuing at other sites including Ashford Highways Depot and Broadmeadow Care Centre.

Part E
Putting it into Practice

To deliver our actions and vision we will put in place a number of delivery plans supported by the Property and Infrastructure Support Business Plan.

The priorities will be:

Priority 1 Actions (Year 1)
Delivered in the early stages of the Plan as these underpin later actions (Year 1).

Priority 2 Actions (1-3 Years)
Require completion before the end of the Plan in 3 years (complete in 1-3 years)

Priority 3 Actions (Year 4 and beyond)
Longer term actions that will continue beyond the end of the plan and will be reliant on deliver of Priority 1 & 2 Actions

The Actions Plan Document will be updated annually as part of the Business Plan review and will give a clear and transparent position on where we are in delivering the Vision. These will be available in the Asset Management/Business Planning section on the Kent County Council Website.

This document will be reviewed in 2015 when current Corporate Strategic documents expire – actions will be updated but the Asset Management Vision for 2017 will remain, supporting the people of Kent now and for future generations:

KENT COUNTY COUNCIL – PROPOSED RECORD OF DECISION

DECISION TO BE TAKEN BY:	DECISION NO:
Gary Cooke, Cabinet Member for Corporate and Democratic Services	13/00050

For publication or exempt – For publication

Subject: Adoption of the Updated Asset Management Strategy

Decision: As Cabinet Member for Corporate and Democratic Services, I agree to the adoption of the updated Asset Management Strategy attached at appendix A.

Reason(s) for decision:
The current Asset Management Plan/Strategy was adopted in 2007 and is therefore no longer reflective of the way that the Council manages its property and the national/local context in which we operate. This plan has therefore been updated to ensure that it is current and up to date.

The Asset Management Strategy sets the high level strategic framework for managing the Council's property portfolio over the next 3 to 5 years.

Cabinet Committee recommendations and other consultation:
To be entered after the meeting and considered by the Cabinet Member when taking the decision.

Any alternatives considered:
No

Any interest declared when the decision was taken and any dispensation granted by the Proper Officer:

....
signed

....
date

This page is intentionally left blank

From: Bryan Sweetland, Cabinet Member for Commercial & Traded Services
Mike Austerberry, Corporate Director, Environment and Enterprise
Ian McPherson, Managing Director, Commercial Services

To: Policy and Resources Cabinet Committee, 20th June 2013

Subject: Commercial Services - update

Classification: Unrestricted

Summary: Following an independent review and consideration by the Shareholder Board for Commercial Services, a number of changes have been implemented in the management, operations and company structure of Commercial Services.

Recommendation: The Policy and Resources Cabinet Committee is asked to note the progress made following the changes to improve the management, governance and operations of Commercial Services.

1. Introduction

1.1 Commercial Services (CS) was a non-budget funded division of the County Council, which funded itself from the income generated by its own activities. It is largely, and increasingly, focused on trading outside Kent, and made a net return of £5.6m for the year 2012/2013.

1.2 The County Council's policy document Bold Steps for Kent set out the need for new approaches to meet the financial challenges facing local government. In this context the then Cabinet Member for Environment, Highways and Waste and Corporate Director Environment, Highways & Waste commissioned an external appraisal of the management, operations, governance and future business potential of Commercial Services.

1.3 This independent review recognised the value that Commercial Services added to the County Council and made a number of recommendations concerning changes and improvements to governance arrangements and clarification of the legal and governance relationship between KCC and Commercial Services. It has also provided valuable advice on areas of current and future business with the greatest potential profitability and sustainability, in order to underpin and strengthen future income returns to KCC.

1.4 The County Council meeting in December 2012 approved a proposal to establish a Board of Cabinet Members and senior officers to manage Commercial

Services, and to ensure a proper separation between 'decider' and 'provider' which had the potential to become blurred under the arrangements that were in place. This Shareholder Board has met a number of times and worked through the recommendations of the independent report all of which have now been implemented.

1.5 The objective was twofold. Firstly to make Commercial Services a more efficient business, better equipped to compete in challenging conditions. Secondly, to ensure that it operates properly at "arms length" from KCC with an appropriate company structure. Therefore to simplify its complex operating model of five companies it has restructured its primary activities into two specific company structures as set out below. A third company continues to carry some residual trade until its contracts expire in October 2013.

1.6 These company changes have pre-emptively addressed the risk of any challenge under current and forthcoming public sector trading regulations which the government has indicated it may introduce to ensure local authorities do not use their public status to gain commercial advantage over the private sector. It has also enabled the total transparency of business operations and the profit and loss of Commercial Services.

1.7 In September 2012, P&R Cabinet Committee invited CS to outline progress towards the new arrangements and future plans. That report was welcomed by the Committee and CS were asked to return to a later meeting with a progress report. This paper updates progress since September. Because the membership of the Committee has changed significantly since that time, the report summarises earlier progress as well as highlighting more recent changes.

2. Progress

2.1 The transformation programme has reconfigured the 26 disparate business units into five client-facing divisions. These new business divisions act under the auspices of the two new legal entities, rather than the five limited company structure which existed.

2.2 The new business divisions cover the areas of Education Supplies, Energy, Care, Recruitment and Direct Services with the primary purpose of returning an income dividend to the Council at no cost.

2.3 "Driving Economic Prosperity" is a key theme of Bold Steps for Kent. The changes implemented enable Commercial Services be confident of, and to demonstrate, the existence of a level playing field with the private sector, and that it is operating on the same principles as its private sector competitors to deliver maximum benefit to its shareholder, Kent County Council, and the people of Kent.

2.4 The review confirmed the direction of travel for local authority trading, which will encourage a greater use of company vehicles than is common at present. It is considered likely that trading without using a company is probably only possible under government regulations in the short to medium term. The transformation programme enables Commercial Services to be well placed to address any changes in legislation that may be applied.

2.5 All KCC staff employed by CS transferred to Commercial Services Kent Ltd (CSK Ltd - the ‘Teckal’ company) on their existing terms with no degradation to either working practice or pension. Non KCC staff and new joiners, including future appointments to the Executive Team, have and will continue to move to different, more private-sector orientated employment terms.

2.6 Private sector trading is focused more clearly on the Section 95 (non Teckal) company, named Commercial Services Trading Ltd, and the premises from which this arm operates allow such commercial activity to be undertaken.

2.7 To achieve this Commercial Services changed the name and the Articles of Association of the previously wholly-owned company Kent County Supplies Ltd to form the Teckal company, and changed the name of the previously wholly-owned company Kent County Facilities Ltd to form the Section 95 company. The other three companies will be dissolved as soon as is practicable. Simultaneously the relocation of headquarters functions to different premises took place allowing CS to operate more efficiently and effectively. A briefing note on the two types of company structure is attached at Appendix 1.

3. Highlights and future plans

3.1 The new structure makes it possible to realistically pursue new investments, to allow growth by acquisition to be achieved alongside the steadier organic growth.

3.2 At the same time CS is planning to divest some parts of the business that have no sound commercial future under current ownership. The first of these is the bus and coach operation, which has exited less profitable contracts and is running profitable ones to completion.

3.3 CS has used the s95 company to successfully launch an exciting new venture, building on its expertise and credibility in the energy markets to offer a service matching SME’s to the best possible energy deals for their particular situation.

3.4 The recruitment division is now free to expand significantly into provision outside KCC. It is focusing on niche markets to exploit current skills base and this is already showing good results. This area particularly will benefit from growth by acquisition.

3.5 The education supplies division is already actively pursuing growth by geographical expansion, and this would benefit from acquisition targets being actively sought.

4. Financial Implications

4.1 This was a cost neutral action.

5. Staffing Implications

5.1 A full staff consultation was undertaken on the TUPE transfer of the KCC staff employed by CS to the limited company. TUPE regulations ensure that the existing employment terms, and pension provision, of staff transferring to a new provider are protected and there was therefore no adverse impact on transferees. CSK Ltd has obtained admitted body status to the Local Government Pension Scheme in order to provide for the transferred-in pensions.

6. Equalities Impact Assessment

6.1 No further action is required.

7. Legal Implications

7.1 The specialist Articles of Association for the new "Teckal" company have been reviewed by the Director of Governance and Law and have been refined to fully meet KCC requirements.

8. Conclusion

8.1 The establishment of the two new limited companies has met the aims of "Bold Steps for Kent", protected KCC from the impact of anticipated legislation and has enabled Commercial Services to operate more effectively, efficiently and transparently creating a more viable and sustainable business platform as demonstrated by the success of the business over the last year and the positive business plans.

9. Recommendation: The Policy and Resources Cabinet Committee is asked to note the progress made following the changes to improve the management, governance and operations of Commercial Services.

Background Documents

Appendix 1: Teckal vs S95 companies

Ian McPherson
Managing Director, Commercial Services
1 Abbey Wood Road, Kings Hill, West Malling
Tel: 01622 236864

APPENDIX 1

The "Teckal" Principle

It is a well-established principle of EU procurement law that the open advertising and tendering rules for public contracts do not apply where a public body obtains services from "in-house" sources.

Basic law is that any public body in the EU wishing to obtain services from the private sector has to comply with public procurement rules, which require open and non-discriminatory advertising, tendering, and contract award. As a generally-accepted rule, a public body does not have to comply with public procurement rules where it is only utilising its own internal resources to satisfy its requirements.

Furthermore if a public body wishes to obtain services from another public body this is provided for under what is known as the “Teckal” ruling, where, for the for the first time the European Court of Justice held that a public body could bypass the EU procurement rules and directly enter into a contract with a service provider so long as:

- the public body controls the service provider in question as if it was that public body's own department; and
- the service provider in question carries out the essential part of its activities with the contracting authority which controls that entity.

The Teckal exemption allows contracting authorities a greater scope of cooperation amongst themselves without having to rely on a much narrower, existing exemption which applies only where services were provided by a contracting authority based on certain exclusive rights held by that contracting authority.

The question of ownership is not alone decisive in determining whether the requisite level of control is exercised over the proposed service provider by a contracting authority:

- any private sector part-ownership (no matter how minor the stake is) of the proposed service provider is likely to defeat the application of the Teckal exemption;
- the Teckal exemption could still apply even where multiple contracting authorities share the control over the proposed service provider; and
- the controlling contracting authority must possess "a power of decisive influence over both strategic objectives and significant decisions" over the proposed service provider for the Teckal exemption to apply (i.e., the more independently the entity in question is able to act, the less likely it is for the Teckal exemption to apply).

Section 95 of the Local Government Act 2003

Section 95 of the Local Government Act 2003 provides specifically for Local Authorities to take part in trading activities with other public and private sector bodies, and to do “for a commercial purpose anything which they are authorised to do for the purposes of carrying on any of their ordinary functions”.

The act makes further provision that the commercial trading can only be undertaken via a company regulated by both the Companies Acts and Part V of the Local Government and Housing Act 1989.

This provision is to ensure that:

- to make it a level playing field, as most competitors will usually be companies;
- for tax reasons, as local authorities would otherwise have a tax advantage over the competition;
- to ensure compliance with EU Competition Rules - if there is a requirement for a company it is easier to keep it all separate and transparent; and:
- to comply with state aid rules.

From:	Paul Carter, Leader and Cabinet Member for Business Strategy, Audit and Transformation Gary Cooke, Cabinet Member for Corporate and Democratic Services John Simmonds, Cabinet Member for Finance and Procurement Bryan Sweetland, Cabinet Member for Commercial and Traded Services David Cockburn, Corporate Director for Business Strategy and Support
To:	Policy and Resources Cabinet Committee – 20 June 2013
Subject:	Business Strategy & Support 2012/13 end of year Business Plan outturn monitoring and Directorate Dashboard
Classification:	Unrestricted

Summary:
The Business Plan outturn monitoring provides highlights of the achievements against Business Plan priorities and actions during the financial year and the Directorate Dashboard shows progress made against targets set for Key Performance Indicators.

Recommendation(s):
The Policy and Resources Cabinet Committee is asked to consider and NOTE the outturn monitoring and Performance Dashboard.

1. Introduction

1.1 One of the roles of the Cabinet Committee is to review the performance of the services which come under the remit of the Committee.

1.2 The Business Plan monitoring and Directorate Dashboard are provided to assist the Committee in its role in relation to reviewing performance.

1.3 Divisional Business Plan monitoring is reported to the Cabinet Committee twice a year and the current report is for the end of the financial year 2012/13.

1.4 Performance Dashboards are regularly reported to Cabinet Committee throughout the year and the current report includes data up to the end of March 2013.

2. Business plan outturn monitoring

2.1 A full monitoring exercise of priorities and actions included in Divisional Business Plans was conducted at the end of the financial year, with the aim of identifying achievements and also where actions were not completed.

2.2 A summary report of the findings of the Business Plan outturn monitoring for the Business Strategy & Support Directorate is attached in Appendix 1.

2.3 The monitoring report is by Division and provides a RAG (Red/Amber/Green) rating for each Priority contained in the Business Plans, which is based on the level of completion of the detailed actions for the priority.

2.4 The report also provides summary highlights of achievements for each Division and any significant issues arising.

2.5 A priority has been given a Green status where all actions relating to the priority which were due in the year were substantially completed.

2.6 An Amber status is given where good progress was made in relation to the Priority but where not all actions were completed within the year. Outstanding actions which are still considered important have been carried forward into the next financial year.

2.7 There are no priorities with a Red status and this would imply limited progress or action in relation to the Priority.

3. Directorate Dashboard

3.1 The Business Strategy & Support Directorate Dashboard, attached in Appendix 2, includes end of year results for the Key Performance and Activity Indicators included in the 2012/13 Business Plan.

3.2 Each Key Performance Indicator is shown with a Red/Amber/Green (RAG) status, based on progress to the Target set.

3.3 A Direction of Travel (DOT) is also provided for Key Performance Indicator to show whether performance has improved or not against the previous year result.

4. Recommendation(s)

Recommendation(s):

The Policy and Resources Cabinet Committee is asked to consider and NOTE the outturn monitoring and Performance Dashboard.

5. Background Documents

5.1 Business Strategy and Support Divisional Business Plans 2012/13

6. Contact details

Report Author: Richard Fitzgerald, Performance Manager,
01622 221985, richard.fitzgerald@kent.gov.uk

Division	**Finance & Procurement**	
Director	**Andy Wood**	
Priority		**Progress**
1)	Manage the Finance Restructure and implement new Council-wide budget management arrangements	GREEN
2)	Deliver balanced medium term financial plan and prepare for implementation of Local Government Finance Bill	GREEN
3)	Deliver unqualified accounts to timetable	GREEN
4)	To support and promote good governance and sound systems of internal control	GREEN
5)	Procurement Processes and Governance	AMBER
6)	ERP iProc Reimplementation	AMBER
7)	Implementation of other Electronic Systems to Support Procurement	GREEN
8)	Supporting Kent Business	GREEN
9)	Delivering Procurement Savings	GREEN
10)	Management of the Superannuation Fund	GREEN
11)	Treasury Management - Management of the Council's cash flow	GREEN
12)	Provision of insurance services	GREEN
13)	Continued development of EduKent	GREEN

Key Achievements:

- The most significant restructure of KCC Finance for over 20 years was delivered on time and to budget (achieving a 30% saving).
- New budget management support arrangements were implemented and are being monitored and reviewed.
- A huge training programme is now ongoing for finance and budget managers, covering budget management, systems and accounting training.
- A balanced Medium Term Financial Plan and 2013/14 Budget were delivered following a detailed internal and external consultation process and despite a delayed final funding settlement, the need to negotiate agreements on Council Tax Support Schemes with other Kent authorities, and the delayed timescale for the Local Government Finance Bill.
- We were named in the Audit Commission report "Auditing the Accounts 2011/12" as the only County Council where auditors were able to issue an unqualified opinion on the 2011/12 accounts by 31 July 2012, with prompt publication.
- 93% of planned work in the Annual Audit Plan was delivered within the financial year despite significant diversion of resources to fraud and other reviews. There has been a 77% increase in audit assurance work and fraud investigation.
- Procurement processes and documentation have been reviewed and updated to best practice standards. Training to support this was developed and is now being delivered to services.

Division	**Finance & Procurement**
Director	**Andy Wood**

- Key tools and systems to support procurement were rolled out across the Council. This included e-Sourcing, and e-Auctions. A Contract Register was developed with copies of all contracts are now archived and accessible.
- The New Kent Portal was brought into use with the option for Kent contractors to advertise through this. All Category Strategies for Procurement provide the opportunity for Kent based suppliers to win KCC business.
- An analysis of expenditure for the previous to years was completed and procurement priorities assessed. Procurement Category Strategies are being developed with Services and contract management processes improved to deliver savings for the Council.
- Following a review of Asset Allocation the Superannuation Fund has remained overweight in equities and this has contributed to it reaching its highest ever level of valuation at £3.7bn. Research into new investment opportunities is ongoing as the Fund looks to diversify away from equities gradually.
- Continued to provide Council Members with the appropriate information and option appraisals for effective decision making in the Council's Treasury Management operations. This has led to a wider range of counterparties for investment of Council funds being introduced during the year, maximising returns whilst still maintaining robust risk parameters.
- We have successfully managed the renewal of the Council's insurance arrangements.
- We have developed improved communications for EduKent, including an enhanced website facility and marketing events, for example the EduKent Trade Fair and Conference held in September 2012.
- We have developed our services to Contracted Schools and implemented enhancements to financial and management information including the Contracted Schools Billing System.
- Worked with schools, and with the Kent Association of Headteachers to secure the future growth in the EduKent business.

Issues:

- There has been a postponement of the rollout of new support arrangements to managers of high risk budgets until further integration of financial and management information systems is possible.
- While a Delegated Authorities Matrix has been drawn up for incorporation into Procurement procedures and systems (and is now approved by G&A Committee) this has not yet been incorporated into the Council's Constitution. This will now be going to Full Council in May 2013.
- The roll out of updated iProcurement across the Council has been delayed because of the need for further IT system developments that will allow improved usage. A revised delivery date is now under review.
- The tender for an E-invoicing solution has been delayed with a revised target for implementation in July/August 2013 (previously January 2013).
- iSupplier implementation is linked to the E-invoicing tender and so implementation is now delayed until May/June 2013 (formerly March 2013).

Division	**Human Resources (HR)**	
Director	**Amanda Beer**	
	Priority	**Progress**
1)	Enable KCC to deliver Bold Steps for Kent through people focused strategies	GREEN
2)	Through Enterprise Resource Planning (ERP) and the development of HR Business Systems, maximise efficiencies in the delivery of HR Services	AMBER
3)	Enhance business delivery to ensure efficiencies are achieved and resources are directed appropriately	GREEN

Key Achievements:

- Revisions to Kent Manager standard were delivered with provision of supporting development.
- Successful restructuring of Organisational Development and Learning and Development teams.
- Centralisation of training budget and delivery of Training Plan through Directorate Organisation Development Groups.
- Completion of Lean and Trading Reviews with implementation of recommendations to achieve more efficient HR provision.
- Delivery of Decision Making Accountability (Spans and Tiers) with concept now embedded in restructuring and other business processes.
- Further enhancements to Total Contribution Process (TCP) for staff with efficiencies achieved through implementing on-line TCP letters.
- Carried out Reward Survey with staff to align changes to Terms and Conditions to business and employee needs.
- Launched Staff Awards – now a key part of the *Because of You* initiative.
- Pilot and rollout of Employee Value Proposition staff survey demonstrating positive movement in how staff view the employee/employer relationship.
- HR Service Offer published on KNet to assist managers in understanding and accessing HR services and providing clarification of their own responsibilities.
- Increased external customers to the HR Business Centre increasing income.
- Successful transfer of Public Health staff to KCC including.
- Health and Safety risk profiling completed for Commercial Services and underway for Specialist Children's Services, assisting managers to manage and monitor service risks.
- Reviewed and implemented revised trade union consultation framework.
- Implemented Pensions auto enrolment.
- Developed and implemented the "HR Pathway" to increase the capacity of the Division.
- Positive Internal audits reports of HR systems and processes received.

Issues:

- Timing of centralisation of training budget limited opportunities to deliver the full programme during the year.

Division	**Governance & Law**	
Director	**Geoff Wild**	
Priority		**Progress**
1)	Improve the processes for provision of legal services and billing	GREEN
2)	Evolution, Efficiency, Enterprise Revision of the Role for Legal Services	GREEN
3)	Introduction of revised governance arrangements	GREEN
4)	Transparency	AMBER

Key Achievements:

- A new case management system was installed November 2012 with staff trained and system operational from December 2012.
- Completed a major review and overhaul of billing process with Directorates. Introduction of monthly billing and case by case billing statements to support charges and financial forecasting.
- Year One of the Evolution Project has successfully delivered its targets and is now moving into Year Two. This project is delivering improvement in the quality of the service.
- Legal Services has made progress in a new role as a corporate and risk partner to colleagues within KCC and continues to work across the authority in seeking to suppress the legal spend of KCC.
- The percentage of Freedom of Information and EIR requests handled within timescales increased from 72% in 2011 to 85% (the ICO baseline) in 2012 and is currently running at 97% so far in 2013.
- The HR e-learning platform has now been procured and the first two Information Governance modules “Data Protection for Councillors” and “An Introduction to Information Governance” have been uploaded and are now available on request to all staff.
- Calendar year compliance with statutory timescales for handling Subject Access Requests up to the end of March 2013 was 93%, a considerable improvement on 2012's figure of 65%.
- KCC is now compliant with publishing 9 of the 10 elements of public data in accordance with The Code of Recommended Practice for local authorities on data transparency, the exception being copies of contracts and tenders to businesses and to the voluntary community and social enterprise sector.
- A Review of governance arrangements was completed and the new Cabinet Committees have worked extremely well.
- New regime for ethical standards and amended code of conduct for Members implemented in July 2012 which is also working extremely well.

Issues:

- Information Governance training is not yet mandatory.

Division	Information & Communications Technology (ICT)
Director	Peter Bole

Priority	Progress
1) Delivery of ICT Strategy	GREEN
2) Supporting Business Improvement	GREEN
3) Reducing Broadband “Not Spots” & Supporting Regeneration	GREEN
4) Sustaining the Infrastructure	GREEN

Key Achievements:

- ICT governance model, aligned to business planning, has been completed.
- A new management structure is in place.
- Trading activity has been expanded to increase economies of scale to reduce costs and increase income.
- The upgrade to Exchange 2010 was completed with minimal service disruption and now provides a resilient email service.
- Progress has been made on implementing a unified communications solution to replace all current KCC telephony systems, with all associated infrastructure upgrades having been completed.
- The Kent Joint Chief Executive Officers have approved a common action plan for the delivery of more partnership ICT services.
- South East 7 Leaders have agreed the introduction of a regional network of networks, providing the building blocks for shared services.
- The technology platform required for the implementation of the ICS replacement system has been established.
- Oracle Collaborative Planning system configured and implemented to project plan.
- Key trusts representing health services in Kent have joined both the Kent Connects Partnership and Kent Public Service Network.
- Successful transfer of three Building Schools for the Future managed service contracts to ICT Education unit (EIS).
- Procurement and delivery of the replacement Oracle hardware is finished, with installation expected to be completed in June.
- Oracle Business Intelligence preparation work performed ready for roll out in the new financial year.
- Oracle remote access business case was approved and hardware procured, ready for deployment in the new financial year.
- Support provided to communities applying for the DEFRA Rural Community Broadband Fund.
- Procurement of a county wide network operator for the broadband rollout funded by KCC and BDUK.
- Improved, consolidated view of ICT contracts post re-structure.
- Software patching of operating software has been automated.
- A total of 64 ICT projects and 144 significant enhancements successfully completed during the year.

Issues:

Division	**Information & Communications Technology (ICT)**
Director	**Peter Bole**
• Delivery of the unified communications managed service has been re-planned to align with and reflect the changes in the property portfolio being progressed through New Ways of Working strategy. • Following Ofsted inspection revised objectives for Specialist Children's Services now place emphasis on the requirements of 'Working Together' published in Spring 2013. The systems reconfiguration required in response have been incorporated within a revised implementation plan. • Customer Relationship Management is identified in the ICT strategy as a key integration solution. ICT are supporting customer services in the development of robust business cases to support investment.	

Division	**Business Strategy**
Heads of Service	**Policy & Strategic Relationships: David Whittle** **Business Intelligence, Performance and Risk: Richard Hallett**

Priority		**Progress**
1)	Creating and using purposeful and coordinated evidence to inform decision making	AMBER
2)	Assurance of performance and delivery	AMBER
3)	*Getting ahead of the game* across key policy areas to support strategic objectives in Bold Steps for Kent	GREEN
4)	Support the Internal Control Framework and manage the Business Planning process for KCC	GREEN
5)	Support effective strategic relationships both within and beyond Kent	AMBER

Key Achievements:

- Delivered the Performance and Evaluation Board as a viable replacement to the Performance Assurance and Delivery Assurance Teams to ensure that performance across the organisation continues to be examined, risks are effectively managed and good practice proliferates.
- Provided support and professional guidance in the creation of directorate dashboards to ensure performance information is reliable and meaningful to enable Member oversight and review.
- Introduced a risk management database, GRACE, to support the Risk Management Policy that was approved in September. GRACE holds Corporate, Directorate and Divisional level risks with details of key controls and actions that support managers in mitigating the risks that could prevent them from meeting their business objectives.
- Delivered the first phase of the Enterprise Resource Planning (ERP) programme, as part of the "Doing Things Differently" campaign. This included the introduction of Collaborative Planning, to enable managers to plan and forecast their budget spend, the extension of the iProcurement system to underpin the "No Purchase Order, No Pay" initiative and the provision of new HR self service tools. The first stages of the introduction of Oracle Business Intelligence were also implemented.
- Supported several successful Select Committee reviews including Kent Children's Future at Key Stage 2, domestic violence and apprenticeships.
- Provided professional research and analysis including Mosaic reporting in new key areas such as families in Kent affected by the benefit cap, customer experience feedback, foster carer recruitment and the Children's Centres future options review.
- Development and publication of 'Bold Steps for Kent: Progress to Date and Next Steps' considered by County Council in December 2012.
- Developed Every Day Matters, and Integrated Children's Vision for KCC.
- Development and publication of the Joint Health and Wellbeing Strategy for Kent, approved by County Council in March 2013.

Division	Business Strategy
Heads of Service	**Policy & Strategic Relationships: David Whittle** **Business Intelligence, Performance and Risk: Richard Hallett**

- Development and publication of KCC discussion document "Delivering Better Healthcare for Kent".
- Supported the Kent Health Commission and prepared the final report and subsequently launched by the Secretary of State in Kent in June 2012.
- Supported the transition of the Health and Wellbeing Board from shadow status to full committee of the County Council.
- Prepared evidence submitted to numerous parliamentary select committees including CLG Select Committee inquiry into Local Government & Health and the Parliamentary Joint Committee on Human Rights inquiry into Asylum Seeking Children.
- Hosted a fact finding mission from the House of Commons Communities Select Committee into their 'Local Government & Health' inquiry.
- Supported KCC campaign to implement the Dilnot Commission recommendations.
- Developed revised Accountability Protocol for the Director of Children's Services and the Lead Member for Children's Services approved by County Council in July 2012 as well as supporting the Integrated Children's Services Board.
- Developed a response to the localisation of the DWP Social Fund and supported the development of the Kent Support and Assistance Service pilot.
- Established the Programme Office and undertook quarterly reporting on key project and programme delivery to Corporate Management Team and Corporate Board.
- Revised the business planning process for KCC and successfully co-ordinated 2013/14 business planning round.
- Supported Finance in the development of Capital Strategy and supported the development of the Asset Management Strategy with Corporate Property.
- Co-ordinated the development and publication of KCC Management Guides.
- Successfully supported the Kent Forum and the review of the partnership arrangement which led to the establishment of the Kent Association of Council Leaders.
- Supported the operation of the Kent Military & Civil Partnership.

Issues:

- More work needs to be done on clarifying the role and remit of the recently centralised Research and Evaluation team, in order to maximise the team's contribution to the Authority's decision making.
- There was no appetite amongst District Councils to develop a shared approach to management of the Community Right to Bid.
- Given the relative low interest to date for Community Right it will be necessary to consider a more proportionate approach for the council.
- Further review will be required to improve the business planning process and incorporate any recommendations from the Internal Audit of the 2013/14 planning round.

Division	**Property & Infrastructure Support**	
Director	**Rebecca Spore**	
Priority		**Progress**
1)	Focusing of property & infrastructure support priorities & policies	GREEN
2)	Further develop the corporate landlord model and ways of working with a view to achieving considerable revenue savings	AMBER
3)	Deliver improved customer relationships	GREEN
4)	Develop and expand partner and external relationships	GREEN
5)	Review, streamline and improve procurement and contract performance management	AMBER
6)	Efficient and optimised delivery of capital improvements and projects (high level projects listed)	GREEN
7)	Increase staff development and training programmes to broaden skills base of staff, deliver behaviours and open and creative atmosphere	AMBER

Key Achievements:

- New Property Management Protocol adopted and incorporated into KCC Constitution.
- New Ways of Working Strategy, following approval of the programme, the strategy now forms part of doing things differently and is now well embedded with a programme management team established. P&IS have also piloted New Ways of Working ideas within our own division.
- Property have given timely and professional advice to service reviews and service directorates throughout the year.
- Implemented a consolidated billing arrangement with the support of Finance and LASER, reducing the number of paper bills that are manually processed from the hundreds to eight electronic invoices per month.
- Feasibility for the use of Bio-mass boilers in schools completed and procurement of pilot scheme under way.
- Standard Terms & Conditions produced for installation of Photo-voltaic panels on KCC buildings developed with a view to ensuring satisfactory legal protection for KCC and schools.
- Installation of Photo-voltaic panels on three key buildings.
- Customer Service Strategy written and developed in line with corporate strategy and a baseline customer satisfaction survey undertaken.
- Good working relationships built and maintained with district and public sector bodies, identifying and developing opportunities to share assets and associated costs.
- Successful accommodation of Public Health into Sessions House at the end of March 2013.
- Implementation of staff training programmes on Legionella and Asbestos management to ensure.
- Facilities Management review undertaken and now into implementation stage.
- Training requirements collated across P&IS.

Division	**Property & Infrastructure Support**
Director	**Rebecca Spore**

- Completion and Handover achieved on the following Academy Sites:
  - Spires Academy.
  - Isle of Sheppey Academy.
  - Skinners Kent Academy, Tunbridge Wells.
- Contract completion and start of works on the following Academy Sites:
  - Knole Academy, Sevenoaks.
  - Wilmington Academy, Dartford.
- Works have commenced on St Augustine's Academy at Oakwood Park.
- Planning achieved for John Wallis Academy Ashford.
- Successful delivery of September 2012 Basic Need Programme.
- Successful transfer of ICT contracts under BSF (Building Schools for the Future) to new contractual arrangements.

Issues:

- Procurement of Oakwood House Concession stalled when preferred bidder withdrew from process at late stage. Temporary arrangements have been put in place whilst a long term solution is considered.
- Delays to the implementation of a new Property Asset Management System (PAMS). Issues identified and addressed, and project progressing.
- Procedures developed for wider use of iProcurement in teams, but still undergoing testing in delivery teams. It will not be suitable for all areas of the business, but it is envisaged that integration of PAMS and Oracle will alleviate this.
- Procurement of Estates Framework delayed to 2013/2014 year and resources identified to undertake this work.

Business Strategy & Support Performance Dashboard

Outturn Monitoring 2012/13

Produced by Business Intelligence, Business Strategy

Publication Date: 10 June 2013

Guidance Notes

RAG RATINGS

GREEN	Performance has met or exceeded the Target
AMBER	Performance is below the target but above the Floor Standard
RED	Performance is below the Floor Standard

Targets and Floor Standards are set out each year in Divisional Business Plans.

DoT (Direction of Travel)

⇧	Performance has improved since the end of the last financial year
⇩	Performance has fallen since the end of the last financial year
⇔	Performance is unchanged since the end of the last financial year

Divisions

Ref	Division	Director
HR	Human Resources	Amanda Beer
P&I	Property & Infrastructure Support	Rebecca Spore
F&P	Finance & Procurement	Andy Wood
G&L	Governance & Law	Geoff Wild
ICT	Information & Communications Technology	Peter Bole
IAG	International Affairs Group	Ron Moys

Developing and supporting staff

Indicator	Division	Outturn 12/13	RAG	DoT	Year end Target	Floor Standard	Previous Year
Percentage of expense claims made through self-service	HR	78%	GREEN	⇧	76%	75%	76%
Percentage of sickness notification transactions by self-service	HR	64%	GREEN	⇧	46%	46%	46%
Percentage of staff exiting Priority Connect who were redeployed within KCC	HR	33.3%	AMBER	⇩	40%	30%	34.2%
Percentage of employees registered on Kent Rewards	HR	53%	AMBER	⇩	60%	52%	63%
ICT help desk – percentage of incidents resolved at first point of contact	ICT	70%	GREEN	⇧	70%	65%	68.6%
Percentage of working hours where Oracle systems are available to staff	ICT	99.8%	RED	⇩	99.95%	99.95%	100%
Average percentage completion of Kent Manager Programme for eligible managers	P&I	10%	AMBER	N/a	12%	8%	New Indicator
Percentage of eligible managers in HR completing at 12% (1 module) of the Kent Manager programme	HR	100%	GREEN	N/a	100%	90%	New Indicator

Priority Connects: Performance remains above Floor Standard, although the year end target was not achieved due to limited available opportunities. 219 staff passed through the Priority Connect process during the year.

Kent Rewards: Note that the indicator currently includes staff in schools, and the percentage sign up for KCC own-staff in March was 75%. There was a significant drop in the result for this indicator at the start of the year due to a data cleansing exercise. Although results were not back to previous levels by the end of the year, 2,593 more staff have joined since April 2012.

Oracle Systems availability: Performance did not reach target due to a system fault in November which resulted in a 4 hour loss of service. Apart from this one incident the system was fully available during the year.

Feedback and satisfaction

Indicator	Division	Outturn 12/13	RAG	DoT	Year end Target	Floor Standard	Previous Year
Percentage of training events with overall satisfaction rating of 4 (satisfactory) or higher	HR	97%	GREEN	N/a	75%	75%	New Indicator
Percentage satisfaction with the ICT help desk	ICT	98%	GREEN	⇩	98%	95%	98.1%

Meeting timescales

Indicator	Division	Outturn 12/13	RAG	DoT	Year end Target	Floor Standard	Previous Year
Percentage of pension correspondence dealt with within 15 working days	F&P	99%	GREEN	⇧	95%	90%	98%
Percentage of retirement benefits paid within 20 working days of all paperwork received	F&P	99%	GREEN	⇔	95%	90%	99%
Percentage of invoices for commercial good and services paid within 20 days	F&P	77%	RED	⇩	90%	80%	85.4%
Percentage of Council and Committee papers published at least five clear days before meetings	G&L	96%	RED	⇩	100%	100%	100%
Average number of days to respond to Local Government Ombudsman complaints at first request	G&L	28	GREEN	⇧	28	32	32
Percentage of people management cases (excluding ill-health) resolved within 3 months	HR	68.6%	AMBER	⇧	100%	60%	63%
Percentage of call out requests responded to with specified timescales	P&I	99%	GREEN	N/a	90%	85%	New Indicator

Payment of invoices: Performance has been rated as Red since September. In March 17,333 invoices were paid, the highest in any one month for the year. A high number of invoices, between 2,250 and 6,350 per month, continue to be received by Accounts Payable after the due date for the invoice. These issues will be resolved in the future with the roll-out of the I-procurement system and invoices will be required to be sent direct to Accounts Payable by suppliers.

Committee Papers: For the year papers for 139 meetings were published. Performance did not meet the target due to papers for 6 meetings being issued late.

Meeting timescales - Calendar Year Indicators (now reporting 2013)

Indicator	Division	Year to Date Result	Year to Date RAG	DoT	Year end Target	Floor Standard	Previous Year
Percentage of Freedom of Information Act requests completed within 20 working days	G&L	98%	GREEN	⇧	90%	85%	85%
Percentage of Subject Access requests under the Data Protection Act, completed within 40 calendar days	G&L	93%	GREEN	⇧	70%	65%	68%

Performance is reported against 13/14 business plan targets as these indicators are monitored in calendar years rather than financial year. Data is provided up to end of March 2013.

FOI requests: Performance has improved from Amber to a Green rating. Due to the indicator being reported by calendar year the 2013/14 business plan targets are shown above. Although there is a statutory requirement to complete 100% within 20 working days these timescales are not achievable in every case, for a range of reasons. KCC has adopted a sense of 'realism' with setting of targets for 2013/14 year although the business aim continues to be one of completing 100% within timescales where this is practical.

DPA Subject access requests: Performance has improved from Red to a Green rating. This increase is as a result of securing additional resource to process subject access requests. As with FOI requests, subject access requests are reported by calendar year.

Financial control and efficiency

Indicator	Division	Outturn 12/13	RAG	DoT	Year end Target	Floor Standard	Previous Year
Percentage of sundry debt outstanding under 60 days old	F&P	88.9%	GREEN	⇧	75%	57%	57%
Percentage of sundry debt outstanding over 6 months old	F&P	8.2%	GREEN	⇧	18%	28%	28%
Core HR cost per employee	HR	£173	GREEN	⇧	£180	£199	£199
Core HR staff per 1,000 employees	HR	6.7	AMBER	⇧	6.5	6.8	6.8
Percentage of annual income target generated	HR	100%	GREEN	⇧	100%	90%	97%
Workstations supported per support specialist	ICT	355	GREEN	⇧	355	346	351
Percentage of net capital receipts target of £17.6 million achieved	P&I	96.7%	AMBER	N/a	98%	80%	New Indicator
Average office floor space per member of staff in office based teams	P&I	7.55 m^2	AMBER	N/a	6 m^2	8 m^2	New Indicator
Percentage of capital buildings projects where the actual cost is within 5% of the budget	P&I	100%	GREEN	N/a	100%	98%	New Indicator

Core HR staff: Previously the Core HR staff per 1,000 employees used the CIPFA benchmarking survey definitions, which have changed since the last survey and affected comparative outcomes. The costs and ratios are now calculated using a current and more accurate presentation of the HR division. As a result, more HR roles have been included which is why the staff per 1,000 employee has not reached its target.

Net capital receipts: The £17.6m target was a stretch target set over and above the Medium Term Financial Plan commitment of £13.4m. The Medium Term Plan commitment was exceeded.

Average office floor space: Office floor space did not reach target due to the workforce contracting faster than the ability to reduce the physical estate. Note that the figures do not take account of temporary staff who are not counted in the Oracle Staff database.

Other Indicators

Indicator	Division	Outturn 12/13	RAG	DoT	Year end Target	Floor Standard	Previous Year
Percentage of graduates appointed through GradsKent who are placed outside KCC	HR	79%	GREEN	⇧	65%	60%	65.2%
Percentage of KCC staff headcount aged 25 and under (excludes casual contact staff)	HR	6.9%	AMBER	⇧	7%	6.8%	6.8%
Number of up-skilling opportunities per £m of contracts let (including apprenticeships and other workplace training)	P&I	2	GREEN	N/a	2	1.8	New Indicator

From: Gary Cooke, Cabinet Member for Corporate and Democratic Services

David Cockburn, Corporate Director, Business Strategy & Support

To: Policy & Resources Committee – 20th June 2013

Subject: Use of Sprinklers in new and existing buildings

Classification: **Unrestricted**

Past Pathway of Paper: N/A

Future Pathway of Paper: N/A

Electoral Division: All Divisions

Summary:
This report provides general information on sprinkler systems, including current practices and legislative requirements. The report makes recommendations as to the Council's future approach regarding the use of sprinklers within its existing estate and any new buildings.

Recommendation(s):

The Cabinet Committee is asked to consider and note the following:

1 When the Council is constructing new buildings (non schools), consideration as part of the construction specification is given to the use of sprinklers as part of an overall fire management strategy to comply with guidelines and legislative requirements. Where the assessment indicates that it is appropriate, Sprinklers will be included.

2 When the Council is constructing new school buildings, consideration as part of the construction specification is given to the installation of sprinkler systems and assessed in accordance with Department for Education's Building Bulletin 100 and other legislative requirements. Where this assessment indicates it is appropriate, sprinklers will be included. This policy can only be applied to schools for which the County Council is responsible.

3 In relation to the existing estate, the Council continues with its fire safety inspection regime.

4 As a result of a new policy from Kent Fire Brigade, a risk assessment is undertaken in relation to buildings which are located in isolated areas whereby the alarm cannot be easily raised. It should be noted, however ,that this is primarily to address property protection rather than life safety issues.

1. Introduction

1.1 The subject and general scope of this report is to clarify the position of sprinklers in the Council's buildings. The report considers separately the schools and non schools estate.

2 Background

2.1 KCC currently considers the overall fire strategy when undertaking major capital projects. This includes an assessment as to the appropriateness of sprinklers having taken into account best practice guidance and legislative requirements.

2.2 A fire sprinkler system is an active fire protection measure, consisting of a water supply system, providing adequate pressure and flowrate to a water distribution piping system, onto which fire sprinklers are connected.

2.3 It is acknowledged that the use of sprinklers in ceilings is a good way of preventing fire spread and assisting building evacuation, but is neither the only solution nor always the most appropriate management method. In the most recent major school fire in Kent in 2007, the fire started and spread throughout the roof space, and the existence of (downward) water sprinklers in the ceilings would not have prevented the spread of the fire.

2.4 The nature of the activity to be accommodated in the proposed development will affect the choice of fire prevention measures. For example, in some cases water is not the best means of tackling fire such as areas with lots of electrical equipment and wiring, like school IT suites, which would become more dangerous if flooded with water.

2.5 KCC currently includes sprinkler systems where appropriate in new buildings. The benefit of sprinklers in major refurbishment projects is considered on a case by case basis. It should also be borne in mind that the existing building stock held by the Council may not have sprinkler systems but will have a fire management strategy in place that would have complied with the relevant legislation at the time that the building was constructed and been signed off by building control.

2.6 Sprinkler systems installed in buildings can reduce the risk to life and significantly reduce the degree of damage caused by fire. Sprinkler protection can also sometimes be used as a compensatory feature and can be tailored to suit varying environments and balanced towards life and property protection. There are no mandatory requirements from an insurance point of view although there are some cost benefits through reduced premiums.

3. Schools

3.1 Building Bulletin 100 (DfE publication) gives guidance to the use of sprinklers within school buildings, and whilst there is a strong preference for the installation of sprinklers in new school buildings, it acknowledges that there are exceptions where it does not represent value for money.

3.2 To help clients, local authorities and design teams assess the level of risk and make the right decisions; the DfE has developed two new practical aids. The first is an interactive fire risk assessment tool. DfE expects that this risk analysis will always be carried out and new schools being planned that score medium or high risk using the risk analysis tool will have sprinklers fitted. The second tool is a cost benefit analysis tool. This tool helps users decide whether sprinklers represent good value for money.

3.3 Fire suppression systems can cover the whole school, as in the case of sprinklers, or be provided to a specific area using systems such as gaseous or water mist systems which will target identified hazards.

3.4 Although the expectation is clear, the measure is not compulsory.

3.5 Ensuring employee safety should always be top priority. Businesses should provide proper measures for fire protection, fire prevention, fire fighting and evacuation systems in an emergency. Under the Health and Safety at Work Act 1974, businesses must safeguard the health, safety and welfare of all its employees, especially in the case of fire where steps must be taken to help protect workers from hazardous conditions.

3.6 Any policy in relation to schools could only be applicable for those schools which are the responsibility of the County Council.

3.7 The Kent Fire Brigade have recently adopted new policy whereby they no longer automatically respond to a fire alarm and will only respond when a fire has been confirmed. This means that, particularly for schools in rural locations, there will be a delay in the response by the fire services outside of the school day, where the alarm cannot be easily raised. In these cases, sprinkler installations may prevent the spread of fire, however this would be targeted at property protection rather than life safety.

4. Other Buildings

4.1 In other Corporate and County Council buildings constructed, the requirement for the installation of sprinklers is not mandatory for all buildings under Part B of the Building Regulations 2007, although it does make reference to installation in residential flats and buildings over a certain height.

4.2 For life safety, new residential blocks over 30m high must be fitted with sprinklers to meet Approved Document B standards. Similarly, an uncompartmented area in a shop or self storage building over 2000 square metres now requires sprinkler protection. There are corresponding regulations applying to large single storey buildings for industrial or storage use, where the largest permitted unsprinklered compartment is 20,000 square metres.

4.3 When sprinklers are installed, there may be significant benefits in respect of compliance with Approved Document B of the Building Regulations 2000 (as amended). For example, the installation of sprinklers can allow buildings to be built closer together (half the spacing is required) to adjoining premises. This is a major benefit where site space is limited. Other requirements in Approved Document B regarding travel distances for escape may also be able to be extended and certain requirements in respect of access for the fire service may be relaxed. There may also be the possibility for savings in construction and building cost by relaxation of certain passive fire protection measures and the freedom to allow 'open plan' design in three-storey dwellings and apartments.

4.4 Although there is no legislative requirement in England, Part B does make reference to installation of sprinklers in care homes and demands a fire detection and alarm system to ‘L1’ standard – (whole of the building covered by automatic detectors apart from minor exceptions).

4.5 The Regulatory Reform Order (Fire Safety) 2005 applies to virtually all buildings, places and structures other than individual private dwellings and requires that the workplace reaches the required standard and employees are provided with adequate fire safety training.

4.6 The Order places the emphasis on risk reduction and fire prevention. Under the Order, people responsible for commercial buildings i.e. the employer, owner, or any other person who has control of any part of the premises, are required to carry out a mandatory detailed fire risk assessment identifying the risks and hazards in the premises. The risk assessment must be recorded if there are a total of five or more employees.

4.7 The responsible person must carry out a fire risk assessment which must focus on the safety (in case of fire) of all relevant persons. The assessment should pay particular attention to those at special risk, such as disabled people (including mobility or sensory impairment, and learning disability), those who are known to have special needs, and children; it must also include consideration of dangerous substances liable to be on the premises.

4.8 The guidance issued to interpret the Building Regulations now recognises the use of sprinklers for life safety and it is clear that future legislation will call for the increased use of sprinklers. For existing buildings, the Regulatory Reform (Fire Safety) Order 2005 which replaced most existing fire legislation in England and Wales requires employers and others (the Responsible Person in the Order) to consider whether the duties imposed by the Order could be better discharged by fitting fixed fire suppression systems. The guidance documents published in support of the legislation recognize this. For example, residential care homes fitted with sprinkler protection can adopt a policy of delayed evacuation in the event of a fire alarm and the usual requirements to fit self-closers to all bedroom doors may be relaxed.

5 What role, if any, is it appropriate for the planning process to play in this?

5.1 Fire prevention measures are not matters for control under the Planning Acts, but rather are under the control of Part B (Fire Safety) of the Building Regulations. KCC has no direct role in applying or assessing Building Regulations compliance, which is a separate control regime and the responsibility of District Councils. KCC can only put a policy in place for its Schools and Buildings. Increasingly, as schools turn into academies they will be dealt with by districts through the planning process.

5.2 Nevertheless, KCC Property and their external development partners are fully aware of the need to comply with Fire and Building Regulations in the design and alteration of all KCC buildings, and routinely include such duties in their commissions and contracts for works to KCC buildings. It is neither necessary nor appropriate to duplicate these requirements within planning consents, and in particular Planning Authorities are required by Government to avoid imposing duplicate requirements where they are properly covered by other consent regimes. Moreover, many building works are increasingly becoming eligible for construction without recourse to planning consent, so reliance on the planning process would by no means address the perceived need.

6 Financial Implications

6.1 The installation of sprinkler systems does add an additional capital cost as well as ongoing maintenance liabilities. However, where these are assessed as necessary as part of the overall fire strategy for the building and to comply with legislation, the costs of sprinklers should be budgeted for and an appropriate maintenance regime put in place.

6.2 Budget costs for an installed system can be calculated on average as £25m2 for new build and £40m2 for retrofit. For example, Cornwallis (14000m2) cost for sprinkler system is £350K, to retrofit this school now would be in the region of £560K. Repton Manor shows a variation on these figures (1FE and Nursery 2021m2) costs were £76K equivalent to £38m2 due to separate buildings and a small footprint

6.3 Maintenance costs can be difficult to quantify dependant on size and type of system together with reliability and potential damage issues. Annual costs expected to be below £2k per annum however this will inevitably increase with time.

6.4 For a school with sprinklers the premium to insure the building will be reduced. The excess may also be waived.

6.5 There are no capital funds available to retrofit sprinklers across the estate (schools and non schools). However it should be noted that the existing portfolio will have other fire protection measures which would be compliant with the legislative requirements at the time of construction along with a fire management plan. In addition, the Council undertakes regular fire safety inspections. It is, however, recommended that further assessment is undertaken in relation to buildings which are in isolated locations where an alarm cannot be raised quickly in light of the new policy due to be implemented by Kent Fire Brigade.

7 Conclusions

7.1 How fire prevention and safety measures are best addressed in building design is a matter for careful consideration and assessment on a case by case basis, in liaison with the appropriate professionals including architects, surveyors, fire engineers and fire officers. However, the use of sprinklers can be effective where appropriate for life safety and property protection.

8. Recommendation(s):

8.1 Therefore it is recommended that the following clarification and any comments made by the Committee be noted:

8.1.1 When the Council is constructing new buildings (non schools), consideration as part of the construction specification is given to the use of sprinklers as part of an overall fire management strategy to comply with guidelines and legislative requirements. Where the assessment indicates that it is appropriate Sprinklers will be included.

8.1.2 When the Council is constructing new school buildings, consideration as part of the construction specification is given to the installation of sprinkler systems and assessed in accordance with Department for Educations Building Bulletin 100 and other legislative requirements. Where this assessment indicates it is appropriate, Sprinklers will be included. This policy can only be applied to schools for which the County Council is responsible.

8.1.3 In relation to the existing estate the Council continues with its fire safety inspection regime.

8.1.4 As a result of a new policy from Kent Fire Bridge a risk assessment is undertaken in relation to buildings which are located in isolated areas whereby the alarm cannot be easily raised. It should be noted however that this is primarily to address property protection rather than life safety issues.

10. Background Documents

10.1 **BB 100 – Department of Education Website**
Document B Building Regulations
Regulatory Reform (Fire Safety) Order 2005

11. Contact details

Rebecca Spore, Director of Property & Infrastructure Support
Tel: 01622 221151 – Rebecca.Spore@kent.gov.uk

Stephen Mercer, Statutory Services Manager (Electrical)
Tel: 01622 696322 – Stephen.Mercer@kent.gov.uk

This page is intentionally left blank

From: **Paul Carter, Leader of the Council**

David Cockburn, Corporate Director of Business Strategy & Support

To: **Policy & Resources Cabinet Committee 20 June 2013**

Subject: **Welfare Reform and Potential Impacts in Kent**

Classification: **Unrestricted**

Past Pathway of Paper: This is a new report

Future Pathway of Paper: It will be shared with partner organisations

Electoral Division: All Kent divisions

Summary: The attached report on Welfare Reform presents the range of reforms taking place, analysis about the scale and scope of these changes, and what the potential impacts may be in Kent, including suggested responses to mitigate impacts and manage risk. A framework to monitor and assess impacts going forward, including population shifts into Kent, has been developed and is presented in this covering report.

Recommendation

The Cabinet Committee is asked to:
- Note the evidence, potential impacts and implications presented
- Comment on the research questions so that the framework to monitor and assess impacts addresses KCC's information needs

1. Introduction

1 (1) The Welfare Reform Act 2012 contains measures for the most comprehensive reform of the welfare state in a generation. Underlying the reforms is the Coalition Government's aim to make significant savings to the welfare budget, reduce dependency on the state, make work pay for the majority of claimants, whilst at the same time supporting those who cannot work. At the last meeting of the Policy & Resources Cabinet Committee, there was a discussion (during the Business Strategy update item) about the implications of welfare reform, and this report provides Committee Members with detailed information about the likely impact of the changes and the possible implications for the people of Kent and KCC services.

1 (2) In addition to the measures contained in the Act, there are other important changes either started under the previous Government or introduced outside the Welfare Reform Act itself. In summary these generally involve a reduction in support for benefit claimants of working age, increased conditionality with regard to

job seeking and an increase in the power to sanction benefit claimants who do not comply with these conditions.
1 (3) Business Strategy (Business Intelligence and Policy) are engaged in an ongoing exercise to analyse the potential impacts for Kent of the welfare reforms and to develop mechanisms to capture evidence about impacts. This knowledge is vital in order to inform:

a) Relevant service response(s) to these impacts
b) Decisions on whether any mitigating measures need to be taken, particularly when failure to act could lead to extra pressure on KCC services
c) Any lobbying of government on specific policy areas
d) Discussions with government on New Burdens Funding.

1 (4) The attached 'Welfare Reform' comprehensive report sets out the details of the most significant current welfare reform measures, analysis about the scale and scope of anticipated changes, and what the potential impacts may be on Kent's people, place and services. It also identifies responses to mitigate actions and manage risks.

1 (5) It needs to be stated at the outset that long-term impacts of the reforms are very difficult to predict. It will depend on factors such as the state of the economy, measures to address skills gaps and ultimately on behavioural responses to the various measures. This report and attached analysis provides the thinking to date on the potential impact and service response. Further reports will be provided at regular intervals and as requested.

1 (6) Much of the work has been done in collaboration with the Welfare Reform Task & Finish Group of Kent Joint Chief Executives. KCC officers are also connecting with Southeast Councils, as well as with Essex, Suffolk and East Sussex.

2. Financial Implications

2 (1) Welfare reform has potential financial implications, bringing particular risks to achieving budget savings. While in the longer term Government aims to reduce dependency on the state and make work pay, in the short to medium term there is potential for increased vulnerability of some people in Kent and in-migration of households that are more likely than average to be vulnerable from London – with ensuing implications for demand management.

3. Bold Steps for Kent and Policy Framework

3 (1) The implications of welfare reform cut across all three ambitions in Vision for Kent and Bold Steps for Kent:
a) *Growing the Economy* (there need to be jobs for people to move into work)
b) *Tackling Disadvantage* (the poorest people and places will potentially be 'hit the hardest')

c) *Citizens in Control* (actions of local people and communities will be key to finding solutions to the challenges the welfare reform changes could bring).

3 (2) There is also a direct impact on the themes of prevention and managing demand, which are at the heart of Bold Steps for Kent. The council must ensure it is alert to changes in population needs so that it can ensure that its resources are used to greatest effect in terms of preventing future demand.

4. Key Findings from the Research

4 (1) The attached report "Welfare Reform Research" provides a comprehensive snapshot of the current picture, as far as we can ascertain from a combination of local and national data and information about the reforms. The key findings are summarised on pages 3-5 of the report; with the potential impact on KCC services set out on pages 42-46, and KCC's planned responses to the challenges on 46-48. In essence:

- The welfare reforms are extensive and complex, and being implemented over a number of years. Whilst a number of reputable organisations have attempted to set out the likely impact (and the report draws on all that research), this is inevitably still hypothetical and no one can yet know how the reforms will pan out in practice. Much will depend on what happens to the economy generally.
- The reforms will increase incentives for work for many people, but there is no guarantee that employment will increase as this is also dependent on economic factors and job seekers' skills.
- A large number of people will experience relatively small changes (eg around 70,000 Kent households have experienced loss of Council Tax benefit), but some of those families who were only just coping could still be tipped into crisis.
- A small number of households in Kent will experience significant reductions in income (eg around 7,000 households affected by the size-related restrictions on social housing; around 1,000 by the total benefits cap, although if they succeed in finding employment they will not be impacted).
- An estimated 11-12,000 Kent residents of working age who are currently receiving Disability Living Allowance could lose their entitlement to the new Personal Independence Payment, and others will see a reduction in the amount of disability benefit they receive.
- The housing benefit changes are likely to lead to people moving into areas where rented accommodation is relatively cheap, whether such moves are within Kent or from London (or elsewhere) to Kent, although it is too early to see much evidence of this happening as yet.
- Cumulatively, those parts of Kent which are most deprived, and hence have most people on benefits, will lose the most local spending power. People on low incomes tend to spend all of their money in the local economy, so the loss in total expenditure on benefits within an area will directly impact on that local economy.
- Both relative and absolute poverty is projected to increase for children and working age people. The potentially poverty-reducing effect of Universal Credit is expected to be outweighed by the impact of other benefit reforms.

4(2) The County Council has a duty to promote or improve the social, economic or environmental wellbeing of the area of Kent, but it is down to the Council to determine how best to do this, particularly in the light of the considerable constraints on resources at this time. In some cases, there will be direct service impact (section 6 of the attached report includes, for example, more demand for advice and support, 'back to work' skills development, support for children in need, assessments for adult social care, etc) so it is vital to assess and track the impacts of welfare reform in order to ensure that KCC develops timely and sustainable responses to the changes. The next section of this report sets out how we intend to achieve that.

5. Assessing and tracking the impacts of welfare reform

5(1) A proposed methodology to monitor and assess impacts moving forward has been developed. This will cover three primary objectives.

a) *Identify which local populations and places are most affected by welfare reform, through loss of benefits as well as in-migration*

b) *Evidence and understand these impacts, to inform appropriate service response and use in regional and national networks or lobbying*

c) *Inform risk management, and understand effects on finances and delivering outcomes on existing strategies*

5(2) To address these objectives, the following research questions (and sub-questions) are proposed.

a) Are we seeing significant in-migration?

- If so, how much is from London? How much is 'incentivised' or by homelessness placements?
- Are certain areas in Kent affected more than others?

b) What are the impacts on *people* in Kent?

- What population groups are most affected?
- Is there increasing homelessness?
- Is there evidence that extreme poverty is rising?
- Can we evidence the kinds of impacts this has on individuals / families in their day to day lives, and how they are coping?

c) Is there more demand for KCC & District *services*?

- Children's services?
- Services for disabled people?
- More pressure on our 'front desk' (all channels)?
- Are there 'new burdens'? What are they and what are cost estimates?
- Are these demands likely to be short, medium, or longer term?

d) What are the impacts on *places*?

- Is deprivation becoming more concentrated / are 'poorer communities getting poorer'/ is housing in communities becoming less mixed and diverse?
- Are there changes in community safety/crime?

5(3) The following table outlines what source of evidence will be used to respond to each question. Wherever possible, evidence will be triangulated and not rely on a single source as this can be partial or misleading. This will be coordinated by Business Intelligence.

Method or Source	**Quantitative or qualitative** **Quarterly Monthly 2x year**	**Are we seeing significant in-migration?**	**What are the impacts on *people* in Kent?**	**Is there more demand for *services*?**	**What are the impacts on *places*?**	**Method / Source lead**
Benefits analysis	Quantitative Q	X			X	BI
Service feedback & local intelligence*	Qualitative 2x	X	X	X	X	BI
National datasets (eg DWP)	Quantitative Q		X		X	BI
Service Management Info/Performance **	Quantitative M		X	X	X	Service MI
KCC/District Finance (e.g. debt/collections)	Quantitative Q			X		Fin
Protocols- (London homeless placements; CP transfers)	Quantitative (tbc)	X		X	X	tbc
Case studies	Qualitative 2x		X	X	X	BI (tbc)
Citizens Advice Bureaux	Quantitative Q		X	X	X	BI

* including Gateways, Children's Social Services Area Directors, Early Intervention Delivery Managers, Children's Centres, Libraries, Adult Social Care Area Managers, Area Education Officers, Family Liaison Officers District Housing & Benefits Officers , Troubled Families Coordinators, and Community Engagement Officers (and VCS, such as food banks)

** including indicator reporting *with interpretation* from Housing, Specialist Children's Services, Adult Social Care, Kent Support & Assistance Service (KSAS), ELS, and Community Safety.

5(6) **Research to assess and understand trends and impacts -** *Analysis, interpretation and reporting by research question (twice-yearly).* Business Intelligence will complete a research report drawing together the range of evidence to address each question, twice a year. The purpose of completing this kind of report, in addition to any monitoring, is to provide the additional intelligence and explanation to aid our understanding of these complex issues. Triangulation will also ensure our understanding of risks is more robust, as well as enabling more coherent responses.

a) This research approach will be managed as project by Business Intelligence, drawing on the service expertise of a project reference group.
b) Bulletins summarising emerging trends will be issued.

5(7) **Indicators to monitor trends in population and service demand –** *reporting of trends in existing reports (Directorates and Business Intelligence).* Measures to indicate the impacts of welfare reform do not readily exist; however there are indicators which may be impacted by reforms (such as service demand metrics). Specifically, such indicators should be considered in the regular performance reporting of Services, and be routinely shared through KCC's Performance Management Network (PMN) to inform the research analysis outlined above. These indicators should help aid understanding of each research question, and will be finalised by PMN. There is a very long potential list of indicators, but key ones will include:

- Number and percent change of benefits recipients moving into Kent (NB this will be included in the Quarterly Performance Report)
- Homelessness – number and percent: accepted homeless and in priority need; eligible but found not to be homeless; eligible homeless but not in priority need; eligible and in priority need but found to be intentionally homeless
- Number of percent change in temporary accommodation; and, the percent in temporary accommodation longer than six weeks
- Number and amount for Section 17 payments for Children in Need
- Number and rate of Children in Need
- Number and percent change of adult social care assessments for working age adults
- Kent Support and Assistance Service (KSAS) applications
- Proportion of children living in poverty

5(8) It is important to appreciate that indicators will often be monitoring the effects of the whole economy, not only the impacts of welfare reform. Therefore, the overall twice-yearly research report assessing the trends and impacts will be key.

5(9) Early indicative analysis of benefits data[1] suggests there may be an increasing trend of people in receipt of some benefits moving into Kent from London and other parts of the country (2010-2012). To form a sound baseline, this indicative analysis will be explored further and verified.

6. Strategic Policy Implications

6 (1) The intention of the welfare reform programme is to increase employment and reduce dependency on the state. But the research suggests that, at least in the short-term whilst the reforms bed down, there could well be an increase in demand on a number of KCC services. The Government has not made any additional resources available to local authorities to support the transition, and it is not our responsibility to mitigate any unintended consequences of the welfare reform programme. The Local Support Services Framework (LSSF), which will set out how vulnerable people are supported to make Universal Credit claims, is still being revised and the government has not yet indicated how much money will be available to local government to deliver this.

6 (2) Policy and Finance staff will lead on identifying the "New Burdens" on the council as a result of the welfare reform changes more generally, and also marshalling the evidence that can be used specifically to influence the development of the LSSF and its resourcing. Officers are already working closely

[1] Note: In agreement with Kent's Districts and Medway, Business Intelligence completes further analysis of this data for reporting.

with officers in District Councils and Job Centre Plus to pool knowledge, monitor trends and assess impacts. Messages we want to convey to central government will be more powerful if delivered from all the authorities in Kent. Partnership working is also critical for the effective implementation of the welfare reform changes.

7. Conclusions

6(1) The research report attempts to set out the possible implications of the welfare reforms for Kent people, communities and for KCC services. Whilst the Council supports the overall aims of reducing dependency on the state and increasing employment, it does not have the responsibility nor the resources to mitigate any short-term unintended consequences such as those set out in the research report. However, it is vital that the impact of the changes are tracked as far as possible in order to:

(a) manage demand for KCC services – which could include investing in preventative activity where there is a clear business case to do so, as well as developing strategic responses if there is evidence of more families in crisis
(b) quantify the additional resources needed, both for financial planning purposes but also to make the case for "new burdens" funding
(c) provide evidence that can inform how we, with our partners, influence central government on the implementation of the next phases of welfare reform, most immediately Universal Credit.

7 (2) As actions are identified and put into place, it will be possible to identify more specific indicators to monitor as part of existing frameworks.

Recommendation

The Cabinet Committee is asked to:

- Note the evidence, potential impacts and implications presented
- Comment on the research questions so that the framework to monitor and assess impacts addresses KCC's information needs

12. Background Documents

None over and above those referenced in the attached report.

Debra Exall
Strategic Relationships Adviser
Ext 1984

Eileen McKibbin
Research & Evaluation Manager
Ext 6792

Chris Grosskopf
Policy Manager
Ext 6611

David Whittle
Head of Policy & Strategic Relationships
Ext 6345

Richard Hallett
Head of Business Intelligence
Ext 4134

This page is intentionally left blank

Welfare Reform Research: Executive Summary

The Welfare Reform Act 2012 contains measures for the most comprehensive reform of the welfare state in a generation. Underlying the reforms is the Coalition Government's aim to make significant savings to the welfare budget, reduce dependency on the state, make work pay for the majority of claimants, whilst at the same time supporting those who cannot work.

The main reform involves the introduction of a completely new benefit, Universal Credit, which will replace the six main means-tested benefits and tax credits. These are income-based Jobseekers Allowance, income-related Employment and Support Allowance, Income Support, Child Tax Credit, Working Tax Credit and Housing Benefit. Universal Credit is expected to go live nationally in October 2013 but claimants will only be transferred to the new system gradually, with this not expected to be complete until 2017/18.

The other significant reforms which are being introduced in stages include the replacement of Disability Living Allowance for working age claimants with the new Personal Independence Payment, the extension of Housing Benefit under-occupancy rules to working age social housing tenants, the replacement of Council Tax Benefit with local Council Tax Support schemes, the localisation of certain aspects of support under the Social Fund and the introduction of a total benefit cap for claimants of working age.

In addition to the measures contained in the Act, there are other important changes either started under the previous Government or introduced outside the Welfare Reform Act itself. These generally involve a reduction in support for benefit claimants of working age, increased conditionality with regard to job seeking and an increase in the power to sanction benefit claimants who do not comply with these conditions.

Potential impact on Kent people and communities

1. The welfare reforms are extensive and complex, and will have an effect on a large proportion of the population, but to differing degrees. Many of those affected will experience relatively small changes. However, for some households even small changes could have a major impact, particularly cumulative changes for a family (or individual) who were only just coping. Unfortunately we cannot know which people, or how many of them, could be tipped into crisis. A small number of households in Kent will experience significant reductions in income due to size-related restrictions to Housing Benefit (7,000 households) and the total benefit cap (around 1,000 households). The evidence suggests families in Kent affected by the cap are more likely to be involved in children's social services, have children with poor attendance at school or not be in education, employment or training.

2. Older people are largely protected – most of the reforms target working-age people, as the intention is to make work pay.

3. Incentives to work will improve for many people (although not all) through a combination of the introduction of Universal Credit, reduced financial support for those out of work and an enhanced sanctions regime for those not complying with the conditions on them to find or prepare for work.

4. Despite increased incentives to work for many, there is no guarantee employment will increase as this is also dependent on economic factors and a significant skills gap affecting some sectors.

5. Both relative and absolute poverty is projected to increase for children and working age claimants. The potentially poverty-reducing effect of Universal Credit is expected to be outweighed by the impact of the other benefit reforms.

6. It is estimated that 11-12,000 of the 45,000 working age people in Kent currently on Disability Living Allowance could lose their entitlement to disability benefits (i.e. to the new Personal Independence Payment). Many others will see a reduction in the amount of disability benefit they receive and may also be affected by the Incapacity Benefit reforms.

7. It is likely that some families in London impacted by the reforms will move. Some are expected to come to Kent, by choice or through London incentives to prevent homelessness. It is also possible some affected households in Kent will move to less expensive parts of the county. Methods are being put in place to monitor shifts in populations to get early warning if significant numbers do start to move.

8. Universal Credit is yet to be rolled out, but once it is there could be considerable implications arising for families who have not been used to receiving monthly payments, nor being responsible for paying rent directly to their landlords.

9. Problems associated with poverty and potential moves away from support networks are likely to increase including increased debt, more use of "loan sharks", family stresses, resulting in less resilience and the potential for more issues such as domestic violence and child neglect.

10. It is estimated that by 2014-15 the combined impact of welfare reform will take £392 million out of Kent and those areas which have high numbers of people on benefits will, obviously, lose the most money. People on benefits tend to spend all their money, and to spend it locally, so it is likely that this reduction will have a significant impact on local economies in areas of deprivation.

Potential impact on KCC services

1. Children's Centres

There is likely to be an increase in families on low income struggling to cope and needing the services provided through Children's Centres. Their role in helping people to access KSAS for emergency support, in providing (or signposting to) information and advice, and in helping to develop computer skills are all seen to be vital.

2. Increase in demand on Specialist Children's Services

The financial and associated pressures contributed to by the benefit changes could potentially push more families into crisis leading to increased demands on early intervention specialist children's services. This could impact on the work of 'Teams around the family', safeguarding, the numbers of children in need, staff resources and the section 17 budget in particular. Further demand will be seen if the envisaged migration from London does take place. Business Intelligence has made an initial conservative estimate [1] (based on London's estimated 9,000 displaced households) that around 1,000 families (with over 3,000 children) could be displaced to Kent resulting in a need for an extra £2.5 million annually in the children's social care budget.

3. Fostering service

Although the Government has announced concessions to the Housing Benefit under-occupancy rules for foster carers, it is understood that this will only apply to a single additional room, and only to current foster carers (not to prospective ones). Foster carers looking after more than one child can only be helped by applying to the discretionary pot of money held by district councils and usually help is only provided from this fund on a temporary basis.

4. Increased demand for social care from adults of working age

The reforms to incapacity and disability benefits are most likely to affect people who currently fall below KCC's eligibility criteria and/or who manage without KCC involvement. Loss of benefits may cause some people to seek assistance from KCC as they find they and their carers have insufficient income to cope and/or because loss of income and the reassessment process has contributed to a deterioration in their condition. This could affect people

---

[1] 'Household benefit cap – potential population shifts to kent and possible implications for children's social services', 9 July 2012, Eileen McKibbin and Richard Hallett.

with any condition but there are particular concerns over people with mental health and fluctuating conditions.

5. Impact on charging for services of working age clients

This includes impact on the charging rules, on the systems involved in assessment, on training requirements and possibly on the income raised through charging. Loss of disability benefits usually means the individual is assessed as having a nil charge; any reduction in Housing Benefit or Council Tax Support is compensated for in the charging assessment.

There will be added pressures on the Financial Assessment teams who will be working with two different welfare systems - Universal Credit and the old legacy benefits. In addition Universal Credit subsumes several current benefits and it will be necessary to have a breakdown of how it was calculated in order to correctly financially assess a client. To date neither the DWP nor the Department of Health has issued any guidance on this.

6. Increase in the need for information, advice and support

Individuals and families affected by the reforms are likely to require more assistance understanding and coping with the changes and in making informed decisions about entering employment. In particular FSC service users who are turned down for benefits will need help to appeal the decision. This help is currently provided by the specialist benefit advisors in Business Strategy – Finance who work with FSC clients (both adults and children and families).

Staff in FSC (including Care Navigators, Case Managers and Social Workers), Gateways, Libraries and Children's Centres are at the forefront of providing information and advice, and are already seeing increased demand as a result of the welfare reform changes.

For people who are not eligible for services from FSC, KCC does already commission certain services that include benefits advice amongst the help they provide. Examples include Care Navigators, Advocacy Services and Community Link workers (for people with mental health problems in Thanet). Consideration may need to be given to extending these services and possibly providing support to specialist advice agencies such as Citizens Advice. This could be viewed on an "invest to save" basis as helping individuals to maintain their income could help to prevent the need for statutory services.

7. Determining eligibility for services

Determining eligibility for certain KCC services will not be straightforward as Universal Credit subsumes several current benefits, some of which do not automatically lead to entitlement. The extent to which this will be a problem cannot yet be determined. For example eligibility for Free School Meals is unlikely to be extended to everyone in receipt of Universal Credit, only to those on the benefit who also have an income below a certain level. Whether this will present problems will depend on the quality of the information provided on the Free School Meals online hub.

In addition, if fewer people qualify for the Mobility Component of the Personal Independence Payment there will be a need for more individual Blue Badge assessments.

8. Increased pressure on schools in some areas

This is a potential impact on demand for school places in certain areas if there is significant migration either from outside Kent or within Kent to cheaper areas. See section on migration on page 39. In addition increases in deprivation may lead to increased truancy rates, as well as negatively impact on children's learning and achievement.

9. Kent Support and Assistance Service

KCC started operating the Kent Support and Assistance Service (KSAS) in April 2013, in response to the ending of the DWP Community Care Grants and Crisis Loans and the transference of part of the funding to local authorities. KSAS aims to support people at times of exceptional difficulty by providing:

- Goods and services for people in emergencies.
- Support to help people leaving care/institutional settings to set up accommodation in the community or to continue to live independently in the community.
- Signposting to other sources of help

In the period 1 April 2013 to 17 May 2013 there were 3,566 enquiries, 1,064 applications for assistance and 272 individuals have been provided with support (almost all via non-cash mechanisms).

It is expected that the wider welfare reforms will have an impact on the demand for the service. In addition to the general reduction in support via the benefit system, changes such as single monthly payments are likely to cause budgeting problems for some vulnerable people. Early signs from KSAS show there is some demand from those who have experienced reductions in benefit support. Where appropriate the fund has helped and provided links to other support services.

Of particular concern is the uncertainty of future funding. Approximately £2.8 million has been allocated for 2013-14. Although funding for 2014-15 will be provided, the amount has not yet been finalised. For subsequent years the situation with regard to funding is unclear at this point.

KCC may need to take a decision on future funding of this service, bearing in mind the role it can play in helping to prevent the need for intervention by the statutory services. Decisions may also be needed on the extent to which the voluntary sector (e.g. Food Banks) should be supported as a means of meeting the need for crisis support).

10. Libraries and Gateways

The Government's aim is to process the overwhelming majority of benefit claims online. This has already led to an increased demand for access to computers in public access venues such as libraries. This demand is likely to increase with the phased introduction of Universal Credit over the next few years. In addition to increased demand for access to computers, the need for help to use computers and learn computer skills is also likely to grow, with implications for staffing, including the use of volunteers. Free computers are available in libraries, along with support with basic IT, but libraries do not provide advice on interpreting and completing claims forms. Such advice is available (at specified times only, not all the time) within Gateways, which also provide access to free computers.

11. Troubled Families

Although data matching has not yet been completed on the Troubled Families cohort, it is very likely that people in this group will also be affected by the various welfare reforms. On the one hand the restrictions to benefits may add significantly to the financial pressures these households face, making it harder for them to cope and forcing some to move in some cases. On the other, the increased incentives to work may provide the added boost needed to encourage individuals in these households into work.

12. Drug and Alcohol Services

The reforms to incapacity and disability benefits may impact particularly on people with drug and alcohol problems. This client group may also find it more difficult complying with the tougher conditionality and sanctions regime in the reformed benefits system.

13. Youth Offending teams

Tougher conditionality and sanctions are likely to impact on young people claiming benefits. Whilst the increased incentives to work may benefit some, many may not have the requisite skills to enter the job market. Exacerbating the situation is the fact that people under 25 receive lower rates of means-tested benefit. With regard to Housing Benefit young people are only eligible for the shared room rate until they reach the age of 35. This has the potential to lead to an increase in the factors most strongly associated with youth crime and makes it more difficult to create alternative opportunities.

14. Kent Supported Employment

Due to the increased pressure to find work, including on those with disabilities and health problems, there may be more demand for support to prepare for and find employment. KSE is currently working mainly with FSC clients who have learning disabilities or mental health problems but are looking to widen this work to other disadvantaged groups.

15. Adult Education – Community Learning and Skills
There will be a significant demand for “back to work” training and upskilling. Many of those newly seeking paid employment will have been out of work for extended periods, and some may also have disabilities or additional needs (including, for example, child care for lone parents with young children). This all presents a range of challenges for skills development.

16. Leaving care teams
More support may be needed to help care leavers cope with the reforms, including the need to manage monthly payments, reduced support and increased conditionality.

17. Trading Standards
Trading Standards teams may face increasing demand in their role enforcing consumer credit legislation, including high-risk lending (payday loans, loan sharks).

18. Economic Development & Regeneration
There will be an increasing number of people seeking work, in addition to those who may have become unemployed in the current economic climate. Therefore, there will not only be a need to train and up-skill people to enter or re-enter the workforce, but for enough jobs in the market as well.

KCC’s planned responses to the challenges

1. Business Intelligence to continue to develop with partners mechanisms to monitor and assess benefit take-up, service demand indicators and the potential impacts of welfare reform including population shifts. Identify local emerging issues as needed for relevant Service response, and influence regionally and nationally. If deemed necessary prepare for possible increased demand across the range of services identified.

2. Develop the next iteration of Kent and Medway’s growth strategy ‘Continuing to Unlock Kent’s Potential’ to ensure that our regeneration and economic development strategies avoid economic decline in Kent’s areas of deprivation.

3. Adapt economic and skills strategies to support the high number of people who will be new and inexperienced jobseekers, and seek to influence businesses to do this too via the Business Advisory Board. Strategies and programmes to deliver this include:

- ‘Continuing to Unlock Kent’s Potential’
- Kent’s Community Literacy Strategy
- 14-24 Learning and Skills Strategy
- Employment & Skills Strategy,
- Community Learning and Skills programmes such as:
    - Skills Plus network (free training in basic/ employability skills),
    - European Social Funded projects such as “Progress”
    - Vocational training especially for younger adults
    - Help with fees to access a wide range of adult education provision throughout Kent
    - Family Learning programmes targeted at primary schools in deprived areas

4. Continue with the 'Response' provision in Kent’s poorest communities, addressing families via infrastructure agencies including childrens centres, schools, health centres, housing associations and voluntary sector organisations.

5. Continue work through ELS’ Commissioning Plan (building on the Childcare Sufficiency Assessment) to identify and address childcare shortages in areas where this is a barrier to accessing work.

6. Explore innovative options to support travel to work and school. Review investments in public transport to support employment opportunities.

7. Provide information and advice to ensure people know the financial impact on them of starting work or increasing hours worked (this is not straightforward). This is now available through the kent.gov website which enables the public to calculate benefit entitlement, see whether they would be better off working, and access other sources of support. Information for staff is also provided via the website, to enable them to advise and signpost effectively.

8. Monitor demands on the Kent Support and Assistance Service (KSAS), which has been established to provide support for people in exceptional need, in response to the demands. Need to monitor closely the demand for this service to ensure needs are met within available resources and to consider contingencies if Government funding reduces/ends.

9. Increase access to advice and support on benefit claims and financial management via Citizen’s Advice Bureaux, Children’s Centres, Gateways & selected libraries and Kent Savers (Credit Union)

10. Roll out the training and awareness-raising for frontline staff about new benefit system, processes and entitlements, using the KCC specialist benefit advisors.

11. Continue to work with our partners, particularly Jobcentre Plus and the district/borough councils on the DWP's Local Support Services Framework, the aim of which is to develop a framework for supporting the more vulnerable claimants of universal Credit (See Annex 3).

12. Continue to identify and respond to families who may be struggling through integrated, early intervention services.

13. Implement the Kent Housing Strategy. Work with Kent Housing Group and other housing partners to ensure information about the welfare reform changes reaches social and private sector tenants to help them make informed choices.

14. With regard to the Youth Service, continue with the joint Police and Youth Work initiatives within the most deprived communities, ensuring a proactive approach is taken rather than merely reactive. In addition work with schools, alternative providers and the Youth Contract training providers to ensure a fit between the youth work curriculum and skills aquisition needed.

15. Continue to work with partners in the statutory and voluntary sectors to ensure there is a cohesive and co-ordinated response to the welfare reform changes. KCC is already working with partner agencies via the Task and Finish Welfare Reform Group and other specific professional networks.

This page is intentionally left blank

Welfare Reform Research

June 2013

Contents

Acknowledgements

This report has been prepared by the Business Strategy division within Kent County Council, with contributions from both the Research & Evaluation and Policy & Strategic Relationships units.

We are grateful to our colleagues in the following Districts for allowing us access to their data:

Ashford Borough Council

Canterbury City Council

Dartford Borough Council

Dover District Council

Gravesham Borough Council

Maidstone Borough Council

Sevenoaks District Council

Shepway District Council

Swale Borough Council

Thanet District Council

Tonbridge & Malling Borough Council

Tunbridge Wells Borough Council

1. Introduction and Key Findings

The Welfare Reform Act 2012 contains measures for the most comprehensive reform of the welfare state in a generation. Underlying the reforms is the Coalition Government's aim to make significant savings to the welfare budget, reduce dependency on the state, make work pay for the majority of claimants, whilst at the same time supporting those who cannot work.

In addition to the measures contained in the Act, there are other important changes either started under the previous Government or introduced outside the Welfare Reform Act itself. These generally involve a reduction in support for benefit claimants of working age, increased conditionality with regard to job seeking and an increase in the power to sanction benefit claimants who do not comply with these conditions.

The welfare reform measures are primarily aimed at claimants of working age, with pensioners largely protected from the changes.

This report takes the most up to date information available and paints a picture of the wide-ranging potential impact that the welfare reforms could have on the people of Kent and on communities within Kent, so that KCC services can take these into account when planning for the future.

Potential impact on Kent people and communities

- The welfare reforms are extensive and complex, and will have an effect on a large proportion of the population, but to differing degrees.
- Incentives to work will improve for many people through a combination of the introduction of Universal Credit, reduced financial support for those out of work and an enhanced sanctions regime for those not complying with the conditions on them to find or prepare for work.
- Despite increased incentives to work for many, there is no guarantee employment will increase as this is also dependent on economic factors and a significant skills gap affecting some sectors.
- Both relative and absolute poverty is projected to increase for children and working age claimants. The potentially poverty-reducing effect of Universal Credit is expected to be outweighed by the impact of the other benefit reforms.
- Many of those affected will experience relatively small changes. However, for some households even small changes could have a major impact, particularly cumulative changes for a family (or individual) who were only just coping. Unfortunately we cannot know which people, or how many of them, could be tipped into crisis.

- A small number of households in Kent will experience significant reductions in income due to size-related restrictions to Housing Benefit (7,000 households) and the total benefit cap (around 1,000 households). The evidence suggests families in Kent affected by the cap are more likely to be involved in children's social services, have children with poor attendance at school or not be in education, employment or training.
- Older people are largely protected – most of the reforms target working-age people, as the intention is to make work pay.
- It is estimated that 11-12,000 of the 45,000 working age people in Kent currently receiving Disability Living Allowance could lose their entitlement to disability benefits (i.e. to the new Personal Independence Payment). Many others will see a reduction in the amount of disability benefit they receive, and may also be affected by the Incapacity Benefit reforms.
- It is likely that some families in London impacted by the reforms will move. Some are expected to come to Kent, by choice or through London incentives to prevent homelessness. It is also possible some affected households in Kent will move to less expensive parts of the county. Methods are being put in place to monitor shifts in populations to get early warning if significant numbers do start to move.
- Universal Credit is yet to be rolled out, but once it is there could be considerable implications arising for families who have not been used to receiving monthly payments, nor being responsible for paying rent directly to their landlords.
- Problems associated with poverty and potential moves away from support networks are likely to increase including increased debt, more use of "loan sharks", family stresses, resulting in less resilience and the potential for more issues such as domestic violence and child neglect.
- It is estimated that by 2014-15 the combined impact of welfare reform will take £392 million out of Kent and those areas which have high numbers of people on benefits will, obviously, lose the most money. People on benefits tend to spend all their money, and to spend it locally, so it is likely that this reduction will have a significant impact on local economies in areas of deprivation.

Potential impact on KCC services

- Greater demand for skills/adult learning to get 'work ready' given the 'back to work' thrust of the reforms.
- More requests for advice and support in relation to debt (including rent arrears), household finances and benefit claims across front-line services especially those in FSC, Children's Centres, Gateways and Libraries (as well as Citizens Advice Bureaux).

- Greater demand for hardship funds – Kent Support and Assistance Service is critically placed for this demand. Section 17 payments for children in need (Children Act 1989) could also increase.
- Greater demands on Specialist Children's Services as more families reach crisis levels with the knock-on impact on their ability to support children and young people.
- Greater concentration of low income and vulnerable families in areas that are already deprived as people who have lost benefits move to cheaper accommodation (particularly in the private rented sector). Such localised population shifts could have implications for school admissions, health and social services and transport.
- This greater concentration also has implications for economic development - spending power will be reduced at the same time as more jobs will be needed for those who must move into work.
- There is likely to be an increased demand for childcare (for young children and for children outside school hours and in holidays).
- Greater levels of support needed for care leavers, particularly in relation to housing and employment, as care leavers on benefits aged 18+ will be subject to these changes.
- Demand for care services for those disabled adults who do not qualify for the new Personal Independence Payment or who fall foul of the reforms to incapacity benefits (ongoing since 2008), or who do qualify but see a reduction in income. People with fluctuating conditions or mental health problems could be particularly vulnerable to being assessed as not entitled to incapacity and disability benefits. There could also be a loss in income for KCC as adult social care is a chargeable service subject to means-testing.
- Increased demand for support for carers (some of whom may lose Carers Allowance).
- Impact on crime and anti-social behaviour (domestic violence, drug and alcohol misuse, and acquisitive crime are all known to be related to problems such as personal debt), with ensuing implications for Community Safety.
- Increased challenges to the prevention/early intervention agenda (including the Troubled Families programme).

<u>KCC's response and additional actions needed</u>

- No national or local organisation or think-tank knows for certain what the definitive impacts of welfare reforms will be, but there are estimates and predicted implications. Therefore, it is vital that KCC closely track and assess changes as they happen. A methodology has been developed to capture and understand evidence, using quantitative and qualitative sources. As part of this approach, in monitoring their performance indicators relevant to the anticipated impacts, services will want to consider what effects of welfare reform (if any) they experience - particularly related to service demand.

- Continue with regeneration, growth and learning and skills strategies in order to improve employment opportunities and long term development in the more deprived areas.
- Further development and expansion of the welfare reform pages on our website, to enable the public to access accurate advice about benefits, the impact of the changes on them, and calculate whether they would be much better off in work (although most will, some will not). The website will also enable front-line staff to get up-to-date information on the changes and know where to signpost people if necessary.
- Identify how the Kent Support and Assistance Service and the Voluntary & Community Sector (including the Citizens Advice Service, Kent Savers - Credit Union and the Money Advice Service) can deliver better co-ordination and targeting of hardship funds, access to advice and more affordable finance. If the council is able to target investments to support vulnerable individuals and families it could prevent them spiralling into crises that could carry significant cost to the Council in the longer term.
- A training programme is already being delivered to staff in Families and Social Care to raise their awareness of the welfare reform changes, and training of Gateway and Contact Centre staff has also taken place. Training will be extended to other services within KCC.
- Each service to continue to monitor specific impacts for their customers or clients in order to ensure that the Council responds effectively.

2. Main welfare reform measures and timetable

Below is a summary of what are considered to be the most significant changes to the benefit and tax credit system in order of the date they were – or will be - implemented.

October 2008 and ongoing - reforms to incapacity-based benefits
The DWP is in the process of reassessing everyone in receipt of the old incapacity-based benefits to determine if they qualify for the Employment Support Allowance (ESA), introduced for new claimants in October 2008. This reassessment process is expected to be complete by April 2014. Those deemed capable of work will not be entitled to ESA and will mainly either have to claim Jobseekers Allowance (and demonstrate they are looking for work) or find work. According to Government figures, by August 2012, 742,000 people had been reassessed with about 30% being found to be not entitled to ESA.

April 2011 – reduction in support via Tax Credits
Various measures came into effect including a reduction in support towards childcare costs, the gradual withdrawal of Child Tax Credit for families earning more than £40,000, the loss of the additional baby element (for children under one), an increase in the income taper from 39% to 41% (i.e. the rate at which tax credits are withdrawn as income increases) and the freezing of the basic and 30 hour element for 3 years.

April 2011 – Child Benefit frozen
Child Benefit usually increases every April but in April 2011 it was frozen for the following 3 years.

April 2011 – changes to the private sector LHA rates for Housing Benefit
LHA rates used to be set at the median of local private rents, meaning that about half the properties would be affordable to someone on Housing Benefit. From April 2011, for new claims the rates have been based on the 30th percentile instead of the median. In addition, the weekly LHA rates have been capped at maximum figures set centrally and the maximum number of bedrooms that Housing Benefit can be claimed for is four.

April 2011 – changes to the Sure Start Maternity Grant
From this point it has only been available for the first child, unless it is a multiple birth or the new child is the only one in the family under 16.

January 2012 – Housing Benefit shared room rate extended to under-35s
For private sector tenancies, single people do not qualify for the one-bedroom rate of LHA (only the lower shared room rate) until they are 35.

April 2012 – changes to Tax Credits
These include the removal of the 50-plus element, revisions to awards not being made if income falls by less than £2,500 during the tax year, backdating limited to one month instead of three, couples with children must work at least 24 hours a week between them (with one working at least 16 hours) – with some exceptions.

May 2012 – changes to Employment Support Allowance (ESA)
There are two types of ESA: Contributory ESA (based on National Insurance contributions and not means-tested) and Income-related ESA (means-tested and not related to the NI record). From 1 May 2012 the Contributory ESA has been limited to 12 months except for the most severely disabled/ill who are placed in the Support Group of ESA. Those affected can still claim the Income-related ESA providing their (and their partner's) income is low enough.

Prior to 1 May 2012 young people under 20 (or 25 in some cases) could qualify for the Contributory ESA without having to have paid NI contributions. This exemption has now ceased and young people can only qualify if they have actually made sufficient NI contributions or have a low enough income to qualify for the Income-related ESA.

May 2012 – changes to Income Support for lone parents
Over the last few years there have been significant changes to the eligibility criteria for lone parents claiming Income Support (i.e. without having to sign on and look for work). Since 21 May 2012 the youngest child of a lone parent has to be below the age of five.

October/December 2012 – Enhanced sanctions regime
The ability to apply a sanction to JSA claimants has always existed, however from October this regime has been strengthened and in some circumstances claimants can be sanctioned for up to 3 years. Lesser sanctions are also available in certain circumstances for claimants of ESA (the replacement for Incapacity Benefit).

November 2012 – Universal Jobmatch launched by DWP
This is a new online job search facility available for all jobseekers regardless of whether they are claiming a benefit or not. It allows for the bulk uploading of large numbers of job vacancies direct from employers and includes a service informing both employers and jobseekers of possible matches. It also enables the Jobcentre Plus to use the system to obtain evidence of a claimant's efforts to find work.

January 2013 – changes to Child Benefit for higher earners
Child Benefit remains a universal benefit but a new income tax charge for individuals with an income of over £50,000 effectively means it is gradually withdrawn for those with annual incomes between £50,000 and £60,000 and completely withdrawn for those with incomes over £60,000.

March 2013 – power to make Universal Jobmatch mandatory
People claiming Jobseekers Allowance can be mandated to register with Universal Jobmatch if the Jobcentre Plus deems it appropriate. Failure to register, if mandated, may result in a benefit sanction.

April 2013 – up-rating of benefits
Most working age benefits and tax credits will be up-rated by only 1% for three years. This does not include disability and carers premiums nor the support component of ESA, all of which will continue to be linked to the CPI. Increases in LHA rates are not linked to actual rental figures but are up-rated in line with the CPI for the first year, but thereafter will also only be up-rated by 1% for two years from 2014.

April 2013 - Size-related restrictions to Housing Benefit for Social Housing and Affordable Rent tenants of working age
From April 2013 size related restrictions apply to working-age households who are occupying accommodation larger than they need. These restrictions already apply to the private rented sector but will be extended to social housing including housing let under the Affordable Rent model. People deemed to be occupying accommodation larger than they need will have reductions made to the amount of rent eligible for Housing Benefit. This will be 14% for one extra room and 25% for two or more.

Pensioners are exempt from this change as are claimants in “exempt supported accommodation”. In addition, an extra room can be allowed for a carer (or team of carers) who do not live with the client but provide them or their partner with overnight care. The government has also announced amendments to the regulations to allow one additional bedroom in the calculation for approved foster carers, and to protect households where a bedroom is left temporarily empty by a member of the armed forces on deployment. Although there is no provision in the regulations to allow an extra bedroom when it is not appropriate for a severely disabled child to share with a sibling the DWP has recently withdrawn its Supreme Court appeal against the judgement in Burnip et al, which decided that an extra bedroom could be awarded in this situation. It has advised local authorities that they should allow an extra bedroom in these circumstances. Further clarification is awaited regarding disabled adults following a legal challenge.

April 2013 - Total benefit cap for claimants of working age
This is being piloted in four London Boroughs from April 2013, and phased in across the rest of the country between 15 July 2013 and the end of September 2013. The cap will be £500 per week for a couple or lone parent or £350 per week for a single person. Some people are exempt including pensioners, people working over 16 hours, people getting certain disability benefits or war/war widows pensions. In addition, the cap will not be applied for a 39 week grace period if a new benefit claimant was in employment for the previous 52 weeks and lost their job through no fault of their own. Although Housing Benefit is included in the list of benefits that count towards the cap, Housing Benefit paid in respect of “exempt supported accommodation” will not be included.

April 2013 – abolition of Council tax Benefit
From 1 April 2013 Council Tax Benefit has been abolished and local authorities are responsible for implementing their own local schemes of Council Tax Support (CTS). At the same time the Government grant to local authorities for Council Tax Support has been cut by 10%. People of

pensionable age are protected (due to Government stipulations) and will receive the same amount of discount as they did under Council Tax Benefit.

Following consultation, all Kent authorities have based their local schemes on current Council Tax Benefit rules, but with various percentage reductions in benefit for working age claimants. Non-means-tested discounts/exemptions for empty properties have also been removed or restricted.

Late in 2012, the government announced additional transitional funding for 2013/2014 available to authorities that limited the reduction to working age claimants to 8.5%. In Kent, most districts have opted to only reduce Council Tax Benefit by 8.5%. The exceptions are Canterbury, Dover and Thanet, where the reduction will be even lower, at 6%.

There are around 70,000 working age benefit recipients in Kent, who will have to pay an additional 8.5% (or 6.0% in the 3 East Kent districts), towards their Council Tax bills in 2013/14. Between 30,000 and 40,000 households will receive a Council Tax bill for the first time, so will now have to pay the minimum 8.5% or 6.0% charge. The remainder will already be paying a proportion of their bill on a sliding scale and they will face a reduction in support of either 8.5% or 6.0%.

April 2013 – ending of Crisis Loans and Community Care Grants
From April 2013 Community Care Grants and Crisis Loans for Living Expenses (two elements of the Discretionary Social Fund) no longer exist. The funding for these schemes has been allocated to local authorities (the county council in 2 tier areas) so that they can design their own schemes to meet local conditions. In Kent the funding is being used for the new Kent Support and Assistance Service (KSAS).

The DWP will continue to administer Budgeting Loans, available to claimants of means tested benefits to assist with planned one off expenses. Budgeting Advances will be available via Universal Credit. The DWP will also be able to make Short Term Advances to new claimants awaiting their first payment of benefit or increases due to changes in circumstances.

April/June 2013 - Personal Independence Payment to replace DLA
From April 2013 DLA for people of working age will be gradually replaced with a new benefit called Personal Independence Payment (PIP). This change will not affect children under 16 and people aged 65 or above. Attendance Allowance (which is a similar benefit for people aged 65 and above) will also not be affected. However, there has been no guarantee that these benefits will not be considered for reform in the future and the DWP has stated that the experience of reassessing the working-age caseload will be used to inform any future decisions on the treatment of children and those over 65.

It has recently been announced that the switch from DLA to PIP will take place at a slower rate than previously stated. From April 2013 new claims will be taken for PIP but only in parts of the North West and North East. This will be extended to all areas, including Kent, from June 2013. Existing DLA claimants aged between 16 and 64 will be invited to make a claim for PIP in stages between October 2013 and March 2018. Between October 2013 and October 2015 people who report a change in their condition, who reach the end of a fixed-period claim or who reach the age of 16 will be invited to make a claim for the PIP. From October 2015 this will be extended to all remaining claimants. The peak period for reassessments will now be between October 2015 and October 2018. There will be no automatic transfer and people failing to make a claim, when invited, will lose their benefit.

October 2013 - introduction of Universal Credit
Universal Credit will replace the main means-tested benefits and tax credits currently paid to people of working age that are out of work or on low wages.

Universal Credit will replace:
- income-based Jobseekers Allowance
- income-related Employment and Support Allowance
- Income Support
- Child Tax Credit
- Working Tax Credit
- Housing Benefit

Universal Credit is expected to go live nationally in October 2013. From April 2013 a Universal "Pathfinder" programme was due to take place in Tameside, Oldham, Wigan and Warrington but has only gone live in one district so far. The findings from the Pathfinder will be used to make changes to the system if necessary.

The latest information is that Universal Credit will start to take new claims from unemployed people in October 2013. For people in work, and for all other new claims, this process will begin in April 2014. The remainder of current claims will be moved to Universal Credit from 2014, with the process being complete by 2017/18.

Universal Credit shares much of the same structure of the existing benefits and tax credits system. Like all means-tested benefits, Universal Credit will assess the needs of the claimant and test these against their existing resources. However, instead of several separate benefits carrying out assessments with complex inter-linking, passporting and overlapping rules, there will be one single method of reduction of benefit from a maximum figure of Universal Credit. Universal Credit will be calculated and paid on a monthly basis.

Key Features

Transition to work smoother
There will be less of a division between unemployment and employment. People will receive the same benefit - Universal Credit - at different rates, as their hours of work move up and down from zero to full-time work.

Disregards
The 'disregard' - the amount of earnings which people are allowed to keep before it affects their benefit - will be made larger for some groups in Universal Credit. This disregard will however be reduced sharply, with a much lower minimum, for those who need help with their housing costs.

One standard deduction rate of 65%
There will be one single, standard rate of deduction from net earnings. People will be able to keep more of any increase in earnings than under the current rules.

On-line benefit claims
Claiming Universal Credit will be done over the internet, be much more automated, and there will be a single point for contacting the benefits system. There will be no hard copy claim forms and backdating will be limited to one month.

Single monthly payment
For nearly all claims there will be a single monthly payment to one member of the household who will then have to manage this money to pay all outgoings including rent. Rent will not be paid direct to landlords except in exceptional cases. In exceptional cases split payments and fortnightly payments may be available. Universal Credit will automatically, month by month, reflect changes in earnings from employment, for most claimants, using a new HMRC PAYE computer system.

Mortgage Support
Information known to date is that help with mortgage interest for home owners will be limited to those with no earnings. There will be a two year limit on payment of mortgage support for those without disabilities.

Capping of total benefits
Total amounts of benefit for claimants not in receipt of DLA, the support component of ESA, industrial injuries benefits, war pensions or working over 16 hours/week will be limited to the median level of earnings of working families or single people. Initially the cap is to be set at £500 per week for a couple or lone parent and £350 per week for a single person.

Transitional Protection
Transitional protection will ensure that nobody receiving benefits will move onto a lower cash amount when transferring to Universal Credit. This protection will be eroded as benefit rates increase each year.

Sanctions and penalties
There will be more 'conditionality' - benefit penalties for people who do not meet job-seeking conditions. The groups which must meet these conditions will be extended. Universal Credit will have a 'claimant commitment' which will be a formal statement of requirements and penalties. However if a person's situation changes (e.g. they first claim when healthy but then become disabled) their level of conditionality can change whilst remaining on Universal

Credit. Failure to disclose information, report changes or negligence may result in financial penalties.

Help with childcare costs
The current help provided via Working Tax Credit of limiting help to 70%** of approved childcare costs up to certain limits will be maintained. However, help will be extended to people working less than 16 hours (currently a person has to be working at least 16 hours a week).

Recent announcements have indicated that people earning over £10,000 per annum will receive help with up to 85% of childcare costs.

It is important to note that whatever percentage is applied there are overall limits, currently set at £175 per week for one child and £300 per week for two or more children.

** In practice those also in receipt of Housing and Council Tax Benefit can receive help under the current system with up to 95% of childcare costs. Under the new system only one percentage will apply (either the 70% or 85%).

3. Current Context

There are some 120,000 people of working age claiming benefits in Kent. This section sets out more information about current Kent benefit claimants and projected numbers. The latest data (November 2012) for those of working age (16-64) claiming benefit, is shown in Table 1 below, with further breakdowns in Figure 1 overleaf.

Table 1 – Benefits claimants aged 16-64, by statistical group.

	Any Benefit	Job seekers	ESA & Incapacity Benefits	Lone Parents	Carers	Others on income related benefits	Disabled	Bereaved
Ashford	**8,790**	1,890	3,650	970	920	260	970	130
Canterbury	**11,030**	2,280	5,050	940	1,140	330	1,100	180
Dartford	**7,210**	1,690	2,880	900	700	170	750	120
Dover	**10,440**	2,550	4,460	900	1,090	330	960	150
Gravesham	**9,170**	2,400	3,610	1,000	950	260	810	140
Maidstone	**10,660**	2,420	4,570	1,040	1,100	260	1,060	200
Sevenoaks	**5,900**	1,170	2,460	630	660	150	680	140
Shepway	**10,760**	2,680	4,640	940	1,060	360	950	130
Swale	**13,890**	3,270	5,770	1,480	1,530	390	1,280	160
Thanet	**16,920**	4,770	7,090	1,410	1,650	540	1,310	160
Tonbridge & Malling	**6,990**	1,440	2,860	710	840	180	800	160
Tunbridge Wells	**5,990**	980	2,950	530	600	160	610	160
Kent	**117,740**	27,540	50,000	11,450	12,220	3,390	11,300	1,830
Medway	**25,840**	6,630	10,320	2,800	2,630	690	2,400	380
Kent + Medway	**143,580**	34,170	60,320	14,250	14,850	4,070	13,700	2,210
GoSE	**568,610**	131,070	246,910	55,150	53,300	16,360	55,160	10,660
GB	**5,621,910**	1,443,280	2,491,320	510,030	503,820	156,000	441,640	75,820

Source: DWP November 2012

The table above shows the statistical grouping of benefits claimants of working age. These groupings are used by the DWP to determine the main reason why a person is claiming benefit. For these statistical groups benefits are arranged hierarchically and claimants are assigned to a group according to the highest ranking benefit which they receive. Therefore each group will not show the total number of people claiming that particular benefit.   This table should be considered in conjunction with Table 2 on page 15. The groups, in their position in the hierarchy are as follows:

Statistical Group	**Benefit claimed**
Jobseekers	Jobseekers allowance
ESA & incapacity benefits	Employment Support Allowance, Incapacity benefit, Severe Disablement Allowance
Lone parents	Income Support with a child under the age of 16 and no partner
Carers	Carer's Allowance
Disabled	Disability Living Allowance, Attendance Allowance or Industrial Injuries Benefit
Bereaved	Widow's Benefit, Bereavement Benefit or Industrial Death Benefit
Others on income related benefits	This includes other Income Support claimants or those claiming Pension Credit under age 65

Table 2 – Total claimants of specific benefits in Kent districts

District	JSA	ESA and legacy IBs	IS (excl IB)	DLA 16-64	Carers A
Ashford	1,890	4,400	1,270	3,470	1,840
Canterbury	2,280	6,210	1,320	4,680	2,370
Dartford	1,690	3,400	1,100	2,500	1,300
Dover	2,550	5,150	1,270	4,120	2,190
Gravesham	2,400	4,290	1,300	3,030	1,650
Maidstone	2,420	5,490	1,350	3,950	2,120
Sevenoaks	1,170	2,970	810	2,380	1,300
Shepway	2,680	5.860	1,310	4,350	2,210
Swale	3,270	6,960	2,030	5,230	3,050
Thanet	4,770	8,720	2,050	6,260	3,170
Tonbridge & Malling	1,440	3,410	910	2,810	1,530
Tunbridge Wells	980	3,590	700	2,530	1,120
TOTAL	**27,540**	**60,450**	**15,420**	**45,310**	**23,850**

Source: KCC table using DWP November 2012 data

The table above shows the total numbers claiming specific benefits in each Kent district. Some people will be in more than one category – for example someone receiving DLA may also be receiving ESA; someone receiving Carers Allowance may also be receiving Income Support. This table should be considered in conjunction with Table 1 on page 14.

Key to above table

JSA - Jobseekers Alowance (note that the figures for JSA will be the same in this table and in Table 1 because JSA is first in the hierarchy as explained on the previous page)

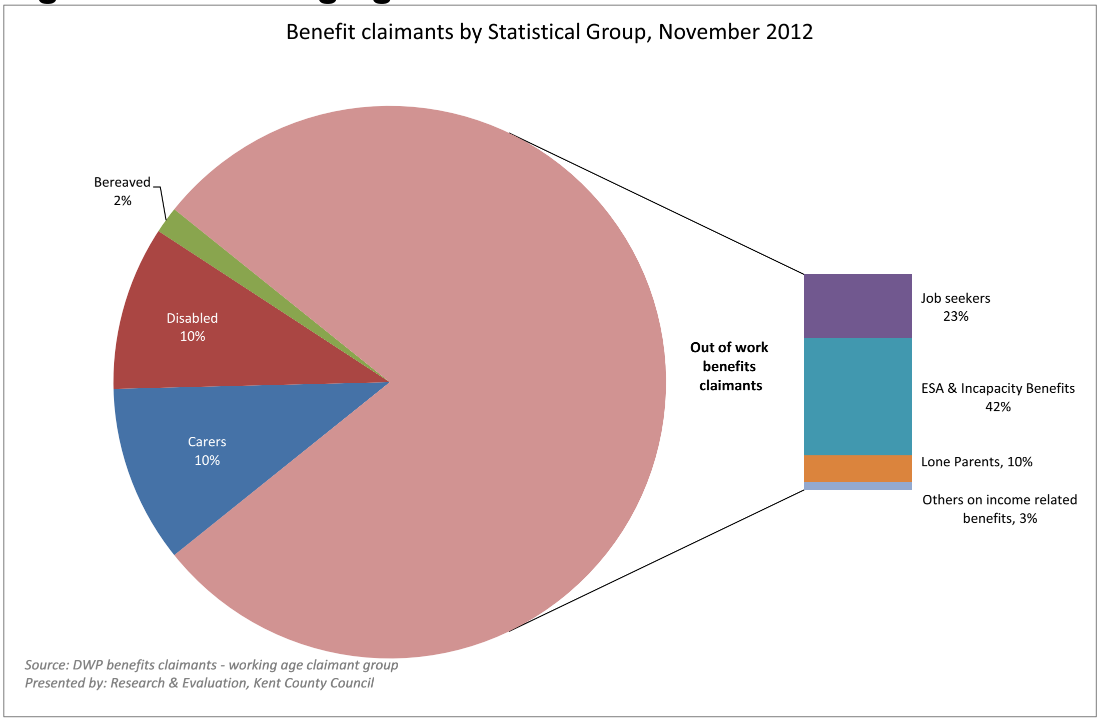
ESA and legacy IBs - this include those on ESA or one of the old legacy incapacity-based benefits (Incapacity Benefit, Severe Disablement Allowance or Income Support on the basis of incapacity)

IS (excl IB) – this includes all those claiming Income Support except those claiming on the basis of incapacity; those claiming as lone parents or carers, amongst other categories, will be included in this group

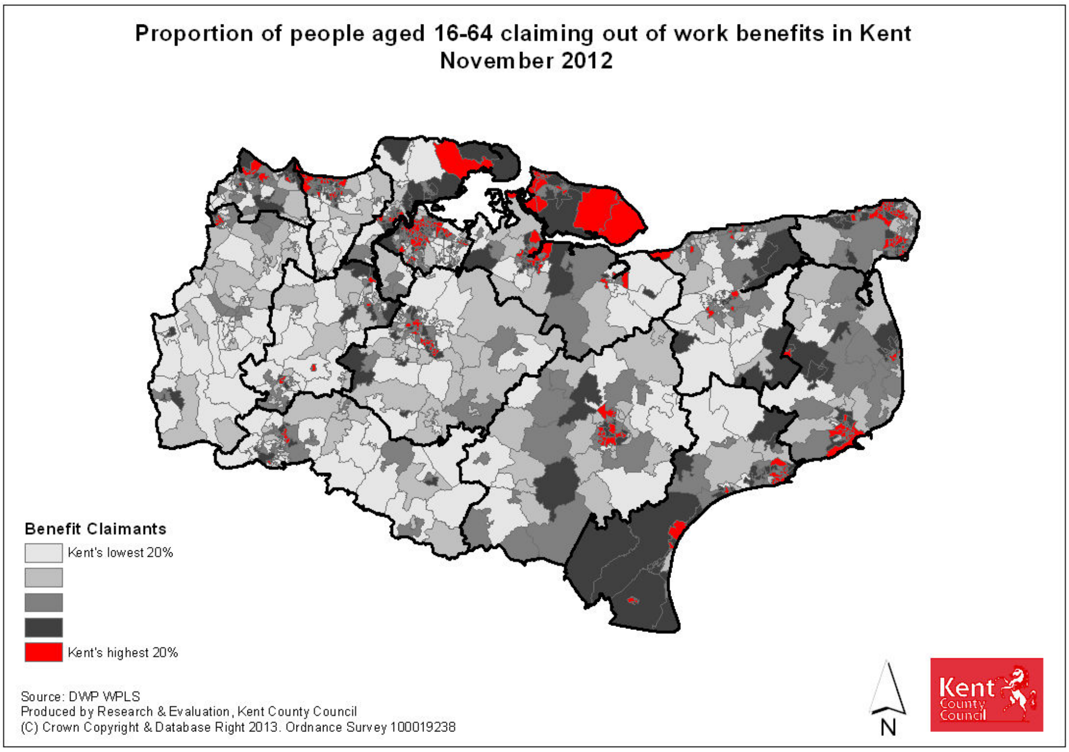
DLA 16-65 - this includes those receiving (or with underlying entitlement to) Disability Living Allowance between the ages of 16 and 65.

Carers A - this includes those receiving (or with underlying entitlement to) Carers Allowance of all ages. All ages were included as there will be many older carers caring for people of working age (the focus of this report). It should be noted that most people over pension age only have underlying entitlement to Carers Allowance because they cannot receive it and also state pension at the same time. This underlying entitlement can, however, still be worthwhile as it can passport the individual to higher levels of Pension Credit.

Figure 1 – Working age benefit claimants in Kent

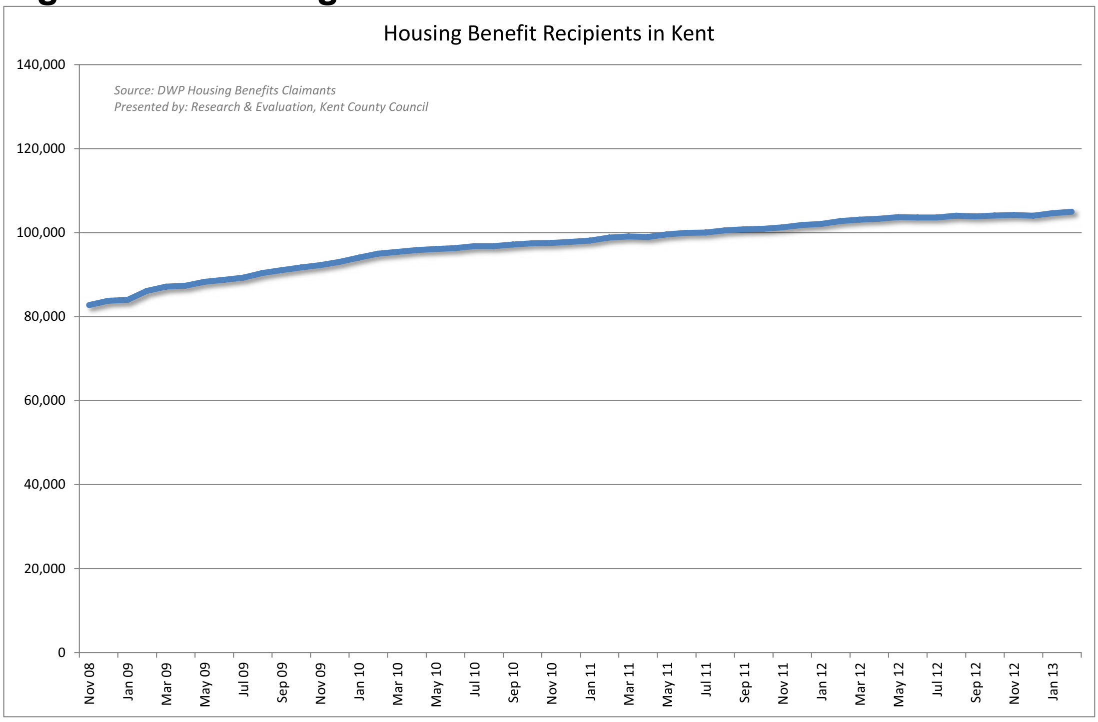


Map 1 – Proportion of people aged 16-64 claiming out of work benefits in Kent.



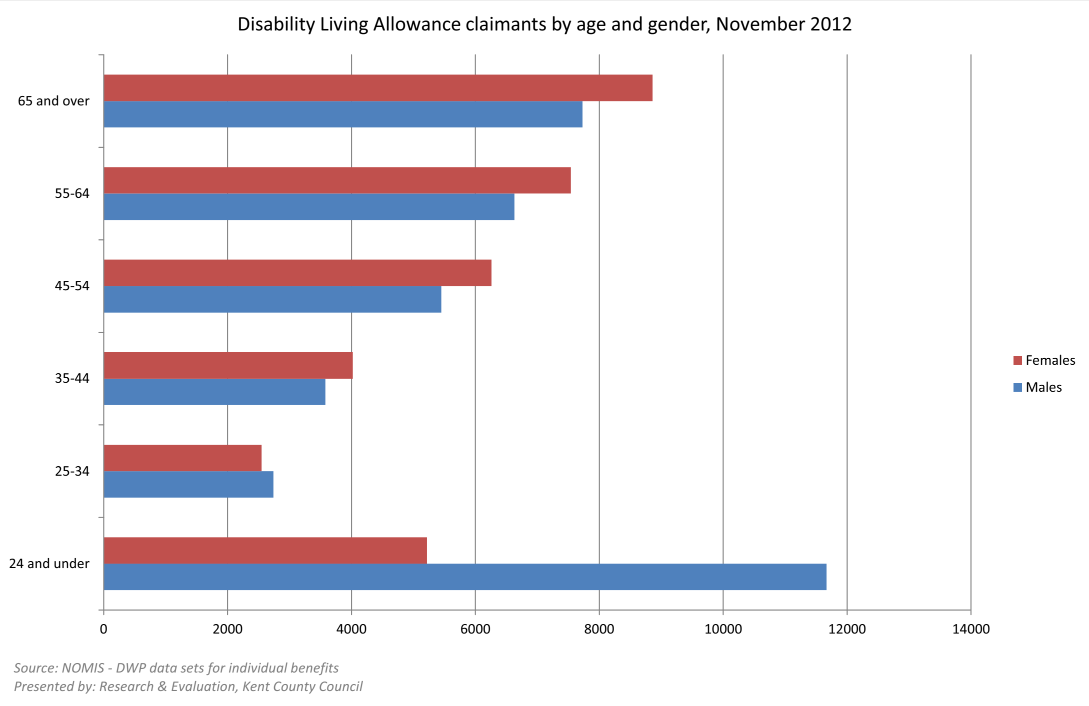
This pattern of distribution is broadly similar to other indicators of need, such as: deprivation, poverty and low income, in that the concentrations are to be found mainly (though not exclusively), in urban areas of the county, many of which are in coastal locations. More detail about the geographical distribution of benefit claimants, and the projected impact of the welfare reforms on different communities within Kent, is included in section 5.2 on page 24.

Figure 2 – Housing benefit claimants in Kent



The number of Housing Benefit claimants increased rapidly during the period November 2008 to April 2010. The number of claims then increased at a slower rate from April 2010 to May 2012 and has then remained at a fairly constant level.

Figure 3 – Disability Living Allowance claimants in Kent



The number of males aged 24 and under, claiming DLA, is far greater than the number of females in this category. This is due to higher levels of learning difficulties, behavioural difficulties and hyperkinetic syndromes among young males. The significantly greater numbers of young people claiming DLA, compared to older age groups, is a national pattern, not unique to Kent, and suggests that there will be a steady growth in demand for support for adults with disabilities, independent of the welfare reform changes.

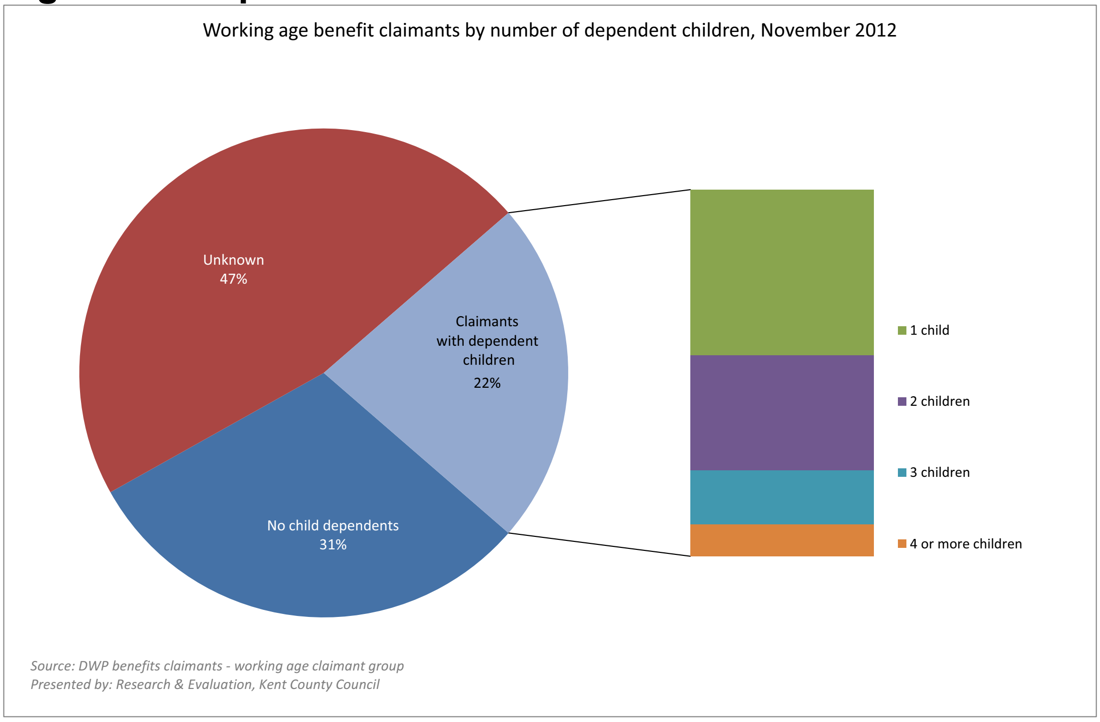
Table 3 – Number of DLA cases in payment

Number of DLA Cases in Payment in KCC Local Authority Districts - November 2011

	All cases in payment	**16-64 in payment**	***Average Weekly Amount (£)***	***Weekly "DLA Benefit Bill" for 16-64s***
Ashford	5,150	3,370	*73.24*	*£246,800*
Canterbury	7,140	4,540	*73.76*	*£334,900*
Dartford	3,910	2,390	*73.81*	*£176,400*
Dover	6,430	4,080	*73.51*	*£299,900*
Gravesham	4,760	2,950	*73.82*	*£217,800*
Maidstone	5,860	3,810	*72.67*	*£276,900*
Sevenoaks	3,820	2,360	*74.89*	*£176,700*
Shepway	6,600	4,290	*72.86*	*£312,600*
Swale	8,110	5,000	*73.74*	*£368,700*
Thanet	9,590	6,200	*73.88*	*£458,100*
Tonbridge and Malling	4,320	2,710	*73.13*	*£198,200*
Tunbridge Wells	3,620	2,450	*71.71*	*£175,700*
KCC Area	**69,310**	**44,150**		***£3,242,700***

Source: DWP November 2011

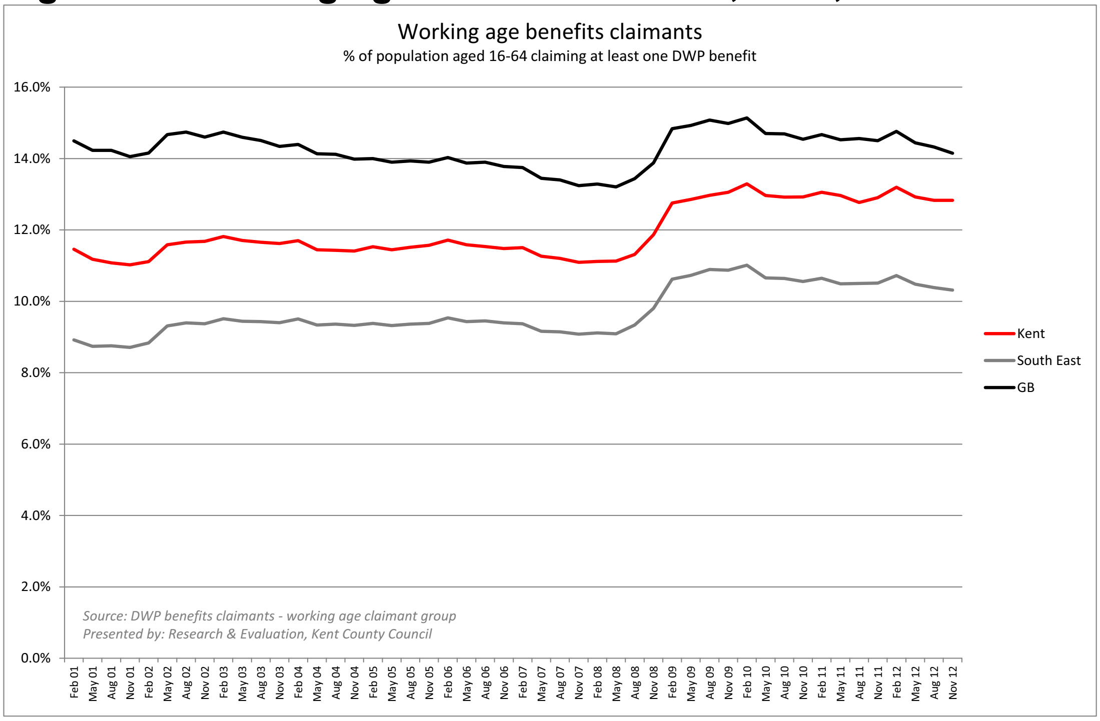
Figure 4 – Dependent children in Kent



There are a high number of cases where the number of children is not known (as not all districts record this) so the chart does not present a complete picture.

Figure 5 compares the proportion of working age (16-64) people claiming at least one DWP benefit, between February 2001 and November 2012, for Kent, the south east and Great Britain. It shows that the proportions in Kent claiming benefits are higher than the Southeast average but below the national average. It also shows that the relative position has changed over time and that the proportion is now closer to the national average than it was at the beginning of this period.

Figure 5 – Working age benefit claimants, Kent, SE & GB



4. Projected numbers of people affected in Kent

The following two tables, taken from the work done by the University of Sheffield Hallam's April 2013 report (see pages 25-8 for more details), summarise the estimated number of households impacted by each of the reforms (excluding Universal Credit). It must be emphasised that these are estimates, but are "deeply rooted in official statistics – for example in the Treasury's own estimates of the financial savings, the government's Impact Assessments, and benefit claimant data."

Table 4(A) – Estimated numbers of people affected by benefit changes

	Housing Benefit: Local Housing Allowance	Housing Benefit: Under-occupation	Non-dependant deductions	Household benefit cap	Council Tax Benefit
Ashford	2,200	600	500	70	5,200
Canterbury	3,200	700	600	80	6,100
Dartford	1,600	500	400	50	4,300
Dover	3,500	600	600	70	6,100
Gravesham	2,400	600	500	80	5,700
Maidstone	2,600	700	600	70	6,300
Sevenoaks	1,000	500	300	40	3,400
Shepway	4,300	500	600	90	6,500
Swale	3,900	700	700	110	8,000
Thanet	7,700	700	900	130	11,000
Tonbridge and Malling	1,200	600	400	50	4,100
Tunbridge Wells	1,600	500	400	50	3,900
Kent	**35,200**	**7,200**	**6,500**	**890**	**70,600**

Table 4(B) – Estimated numbers of people affected by benefit changes

	Disability Living Allowance	Incapacity benefits	Child Benefit	Tax Credits
Ashford	800	1,500	15,900	8,600
Canterbury	1,100	2,100	15,800	8,700
Dartford	600	1,200	13,100	6,600
Dover	1,000	2,100	13,100	8,200
Gravesham	700	1,700	13,300	7,900
Maidstone	1,000	1,700	19,300	8,600
Sevenoaks	600	1,100	14,300	5,100
Shepway	1,100	2,200	12,800	8,100
Swale	1,300	2,700	17,900	10,300
Thanet	1,500	3,400	17,000	13,300
Tonbridge and Malling	700	1,200	15,700	6,600
Tunbridge Wells	600	1,200	14,100	5,400
Kent	**11,000**	**22,100**	**182,300**	**97,400**

It should be noted that significant numbers of people are likely to be affected by more than one of the reforms, but we do not have a way of measuring this.

The overall impact of the Welfare Reforms are likely to be felt across the county, but more concentrated in those areas with high numbers of current benefit claimants. At the very local level this may lead to concentrations on particular social housing estates and other low income areas.

5. Potential cumulative impact of the changes

5.1 Incentives to work

Evidence shows that, in general, being in work is good for physical and mental health and that unemployment leads to poorer health. Also, people who move from worklessness into work will usually have greater income (particularly in the longer term), with all the associated advantages that this brings.

The reforms as a package are therefore designed to reduce unemployment, and they provide increased incentives to work (full and part-time) for most people. This is through a combination of:

- Reduced support for out of work claimants
- The structure of Universal Credit allowing many claimants to keep more of their income than currently and an easier transition to work; although this will vary by type of household
- The enhanced sanctions regime for those claimants not complying with the work-related conditions imposed on them

The Institute of Fiscal Studies (IFS) has undertaken extensive research into the impact of Universal Credit on work incentives.[1] It has concluded that the new benefit will strengthen work incentives for those who have the weakest work incentives at the moment but, crucially, the extent of work incentives or disincentives will vary between type of household.

- There will be a substantial increase in work incentives for the first earner in a couple, particularly for those with children at very low levels of earnings. For single adults with and without children Universal Credit will generally strengthen work incentives, particularly at lower earnings levels.
- On the other hand, second or potential second earners with children will see their work incentives weaken, particularly if they have low earnings (less than £20,000 per annum).

With regard to the incentive to increase earnings once in paid work, the IFS report has considered the Effective Marginal Tax Rate (EMTR) and the impact of Universal Credit on it. Considering the EMTR by claimant group, the IFS study concludes that Universal Credit will:

- for single earner couples (especially those with children at lower earnings levels) increase their EMTR and hence weaken the incentives to increase earnings

[1] IFS Report R77 – 'Universal Credit in Northern Ireland: what will its impact be, and what are the challenges?' by Browne, J. and Roantree, B. (2013)

- for two-earner couples increase their EMTR and therefore decrease incentives to earn more but only at earnings levels below £10,000 if they have children
- for lone parents on low earnings below £17,000 decrease their EMTR and increase in incentives to increase earnings
- for single adults without children their EMTRs are slightly increased at low earnings levels

The situation with regard to work incentives is not straightforward for those people who receive support with mortgage interest payments (SMI). Under the current system, this is only provided for those people on out of work means-tested benefits, that is the claimant must be working less than 16 hours per week. Under Universal Credit SMI will only be available for people doing no work at all, so will be withdrawn as soon as a person starts work regardless of the hours. Thus, there will be a situation for some who, once they start work, lose all their SMI but whose earnings do not fully compensate for this fact (even given the higher earnings disregards for those who are not receiving any support for housing costs).

The above situation is further complicated by the fact that support for Council Tax (previously Council Tax Benefit) has been kept outside of Universal Credit. This has the potential to undermine the work incentives that exist for many within Universal Credit. The extent to which this happens in Kent, will depend, to a large extent, on the way councils decide to treat Universal Credit in the means-test for Council Tax Support. This has yet to be finalised.

For those with childcare costs the situation is also far from straightforward. As outlined on page 13, Universal Credit will only help with childcare costs up to either 70% or 85% (for those earning over £10,000) and up to certain maximum limits. Therefore, for some (particularly those earning less than £10,000) work will not pay. To make work pay the gains from working/increasing hours have to exceed the 30% or 15% of childcare costs claimants have to pay themselves. This is even before the maximum limits are taken into account.[2]

5.2 Unemployment and Economic Development

Unemployment

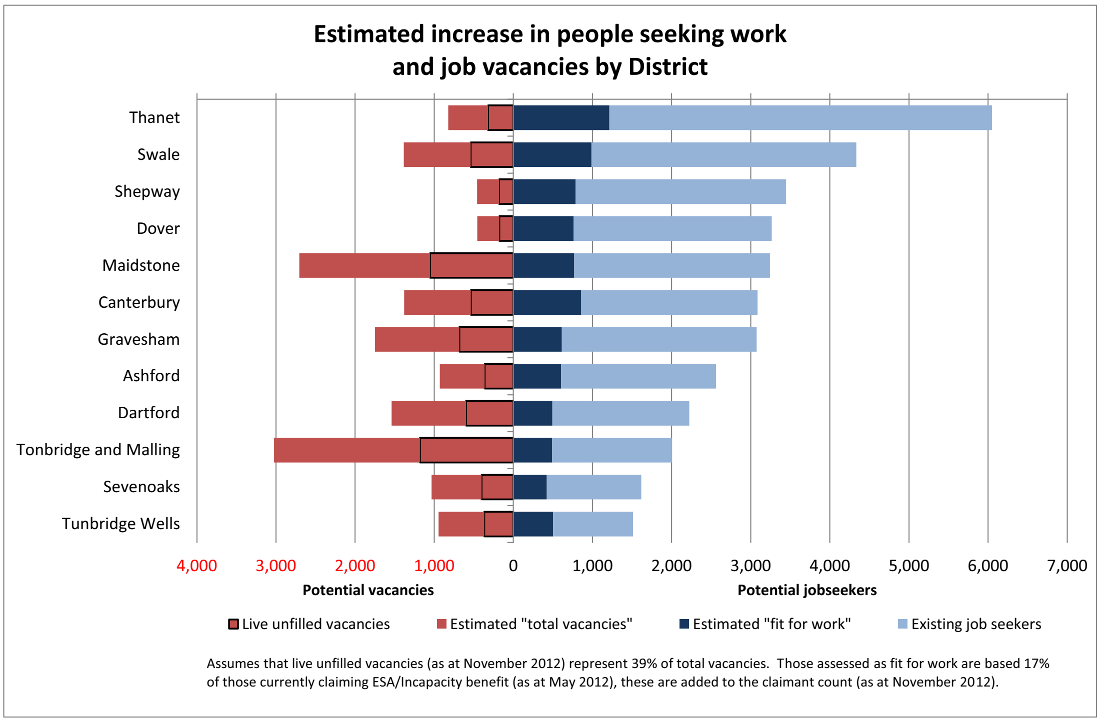
Whether or not the incentives to work will lead to a fall in unemployment in Kent is difficult to predict given the interrelationship of the benefit system with the state of the economy and the skills set of claimants. The Government has estimated[3] that within 2-3 years of Universal Credit being introduced, unemployment will reduce nationally by 300,000, although not all the new jobs will be full-time.

[2] Citizens Advice briefing on support for childcare costs in Universal Credit, May 2013.
[3] 2011 Universal Credit Impact Assessment

Of relevance to this issue is the extent to which the expansion of the private sector will continue and if it does, whether it will be sufficient to provide both the quantity and types of jobs to allow a significant proportion of those on benefits to move into work, or to increase their hours (people in low pay, particularly those in part-time employment, are still likely to rely on benefits).

As a result of the range of welfare reforms, including the reassessment of claimants currently on incapacity-related benefits (with many being declared “fit for work”), there will be a shift in the balance of jobseekers and vacancies within the local labour markets. Demand for jobs (and numbers of people on Jobseekers Allowance) is likely to increase significantly. The creation and availability of entry-level jobs is the key to communities being able to adapt to the reforms, but within Kent, the level of those seeking work already exceeds that of the available vacancies as the diagram below illustrates.

Figure 6 – Estimated balance of job seekers and vacancies in Kent



Many of those newly seeking paid employment will have been out of work for extended periods, and some may also have disabilities or additional needs. This presents challenges for skills development and also for employers. Another impact could be that more people have to travel long distances to work, with ensuing implications for public transport. As more parents move into work, demand for local, affordable childcare will increase. For some parents this will be a significant barrier to being able to adapt to the welfare reforms.

Economic Development

The overall impact of the Welfare Reforms will be felt to some degree across the county, although they will be particularly concentrated in those areas with high numbers of current benefit claimants. At the very local level this may lead to concentrations on particular social housing estates (where, for example, the new rules around under-occupancy in social housing will hit hardest) and other low income areas.

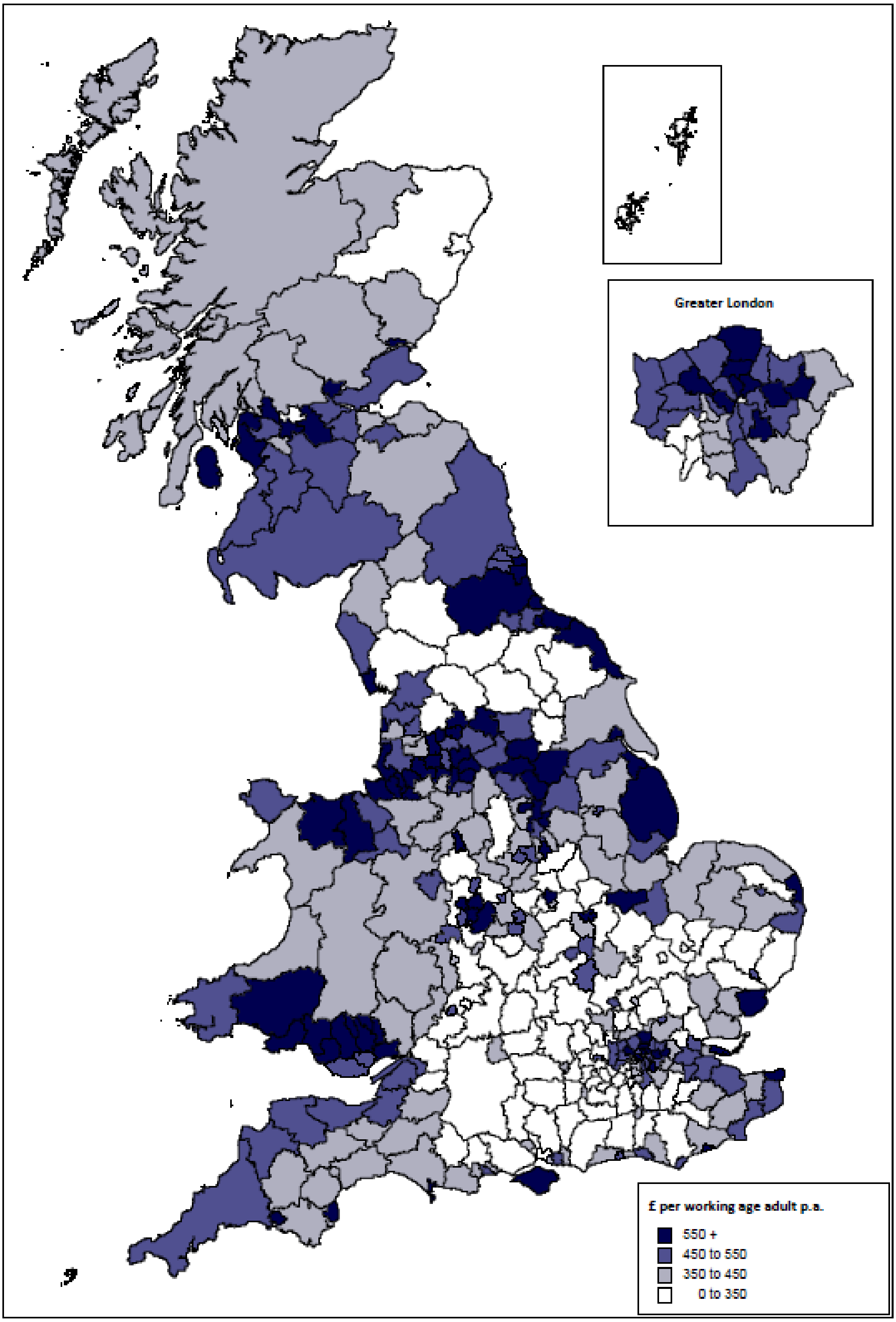
The Centre for Regional Economic and Social Research (CRESR), at Sheffield Hallam University, published a report in April 2013 titled "Hitting the poorest places hardest", which assessed the local and regional impact of Welfare Reform.

The key findings of the report were:

- When the present welfare reforms have come into full effect they will take nearly £19bn a year out of the economy. This is equivalent to around £470 a year for every adult of working age in the country.
- The biggest financial losses arise from reforms to incapacity benefits (£4.3bn a year), changes to Tax Credits (£3.6bn a year) and the 1 per cent up-rating of most working-age benefits (£3.4bn a year).
- The Housing Benefit reforms result in more modest losses – an estimated £490m a year arising from the 'bedroom tax' for example – but for the households affected the sums are nevertheless still large.
- Some households and individuals, notably sickness and disability claimants, will be hit by several different elements of the reforms.
- The financial impact of the reforms, however, varies greatly across the country. At the extremes, the worst-hit local authority areas lose around four times as much, per adult of working age, as the authorities least affected by the reforms.
- Britain's older industrial areas, a number of seaside towns and some London boroughs are hit hardest.
- Blackpool, in North West England, is hit worst of all – an estimated loss of more than £900 a year for every adult of working age in the town.
- The three regions of northern England alone can expect to lose around £5.2bn a year in benefit income.
- As a general rule, the more deprived the local authority, the greater the financial hit.
- A key effect of the welfare reforms will be to widen the gaps in prosperity between the best and worst local economies across Britain.

Map 2 shows the distribution of the overall financial loss arising from welfare reform by 2014/15, expressed as £ per working age adult per annum and the impacts of each of the main reforms are set out in tables 8 to 18 in Annex 1.

Map 2 – Overall financial loss arising from welfare reform 2014/15

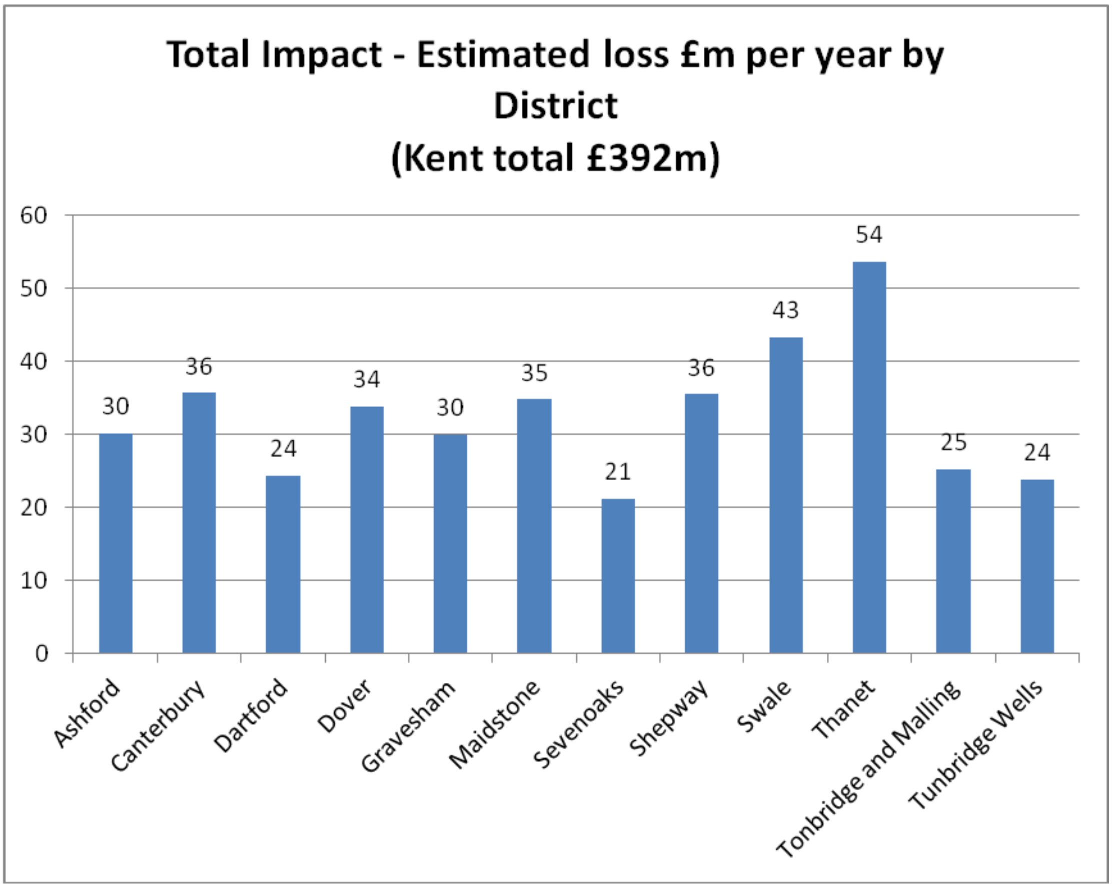


[(1)]Except DLA by 2017/18, incapacity benefits and 1% uprating by 2015/16

Source: Sheffield Hallam estimates based on official data

The financial total impact of welfare reforms in Kent can be estimated at £392 million (the Kent total of the Sheffield Hallam study's District estimates). As shown in Figure 7 below, each District area can expect to lose several millions of pounds in current benefits with Thanet losing the most.

Figure 7 – Cumulative financial impact by District Area



Data Source: Sheffield Hallam estimates

On this basis, and on the average loss per working age adult in local authorities used in the study, Thanet is the hardest hit of all the Kent Districts, ranking 18th out of the 379 local authorities in Great Britain. Shepway is the second hardest hit in Kent, ranking 95th. It is important to appreciate that people receiving benefits tend to spend all their money (rather than saving it) and also to spend that money locally. So the impact on local economies of losing this local spending power could be very significant in the most deprived parts of Kent.

The report found that three types of area are hit hardest by the reforms:

- ***The older industrial areas of England, Scotland and Wales***. These include substantial parts of North West and North East England, the

South Wales Valleys and the Glasgow area in Scotland. Older industrial areas account for the largest proportion of the worst-hit places.

- ***A number of seaside towns.*** These include Blackpool, Torbay, Hastings, Great Yarmouth and Thanet (which includes Margate). Not all seaside resorts are badly hit but this group – which includes several of the least prosperous – matches the impact on older industrial areas.
- ***Some London boroughs.*** These include not just those that have traditionally been identified as ‘deprived’ (e.g. Hackney) but also boroughs such as Westminster and Brent.

The Sheffield Hallam Report can be found by clicking here.

5.3 Poverty across different household types

Some early estimates were made by the Department for Work and Pensions (DWP) and the Institute for Fiscal Studies (IFS), on the likely impact of the introduction of Universal Credit on different individuals/households. Using these estimates, it is possible to calculate the potential effect on Kent, assuming that Kent is affected in proportion to its population.

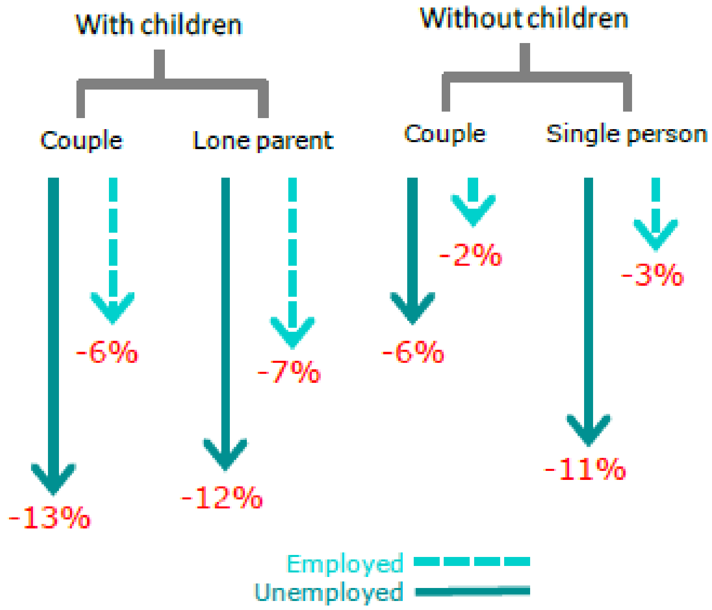
Table 4(C) – Estimated numbers affected by household type

	National	**Estimated Kent equivalent**
"On reasonable assumptions, the combined impact of take-up and entitlements might lift the following out of poverty:"		
Individuals	950,000	18,100
Children	350,000	6,500
Working age adults	600,000	11,600
Source: "Impact Assessment", DWP - February 2011.		
The winners and losers as a result of the introduction of Universal Credit, among working age-families will be:		
Working-age families who will lose	1,400,000	37,800
Working-age families who will gain	2,500,000	67,600
Working-age families who will see no change	2,500,000	67,600
Source: "Universal Credit: A Preliminary Analysis", IFS - 2011		
The winners and losers as a result of the introduction of Universal Credit, among lone parents will be:		
Lone parents who will lose	370,000	8,800
Lone parents who will gain	610,000	14,400
Lone parents who will see no change	670,000	15,800
Source: "Universal Credit: A Preliminary Analysis", IFS - 2011		

Prepared by: Research & Evaluation, Kent County Council
Based on proportions from DWP applied to Kent

The Institute of Fiscal Studies (IFS) has estimated the impact that the proposed benefits changes may have on different household types. They have concluded that those likely to lose most from the changes are those who are not in work, as the diagram below illustrates.

Figure 8 – Losses from tax and benefit changes by household type



Note: Based on changes to be introduced between January 2011 and April 2014, with Universal Credit

Source: Institute of Fiscal Studies

It needs to be remembered that certain changes, including the changes to the way benefits are up-rated, significantly affect people in work. The Institute of Fiscal Studies estimated that of 14.1m working age UK households with someone in work, some 7 million will see their entitlements reduced as a result of the 1% limit on uprating by an average of about £165 per year in 2015-16.

A very recent Institute of Fiscal Studies[4] report has looked at the impact on child and working age poverty from 2010 to 2020. It has considered not only the impact of Universal Credit but, importantly, the combined effect of all the welfare reforms. The report contains the following conclusions:

- The decade to 2010-11 saw large reductions in relative and absolute income poverty, heavily influenced by increases to benefits and tax credits for families with children.
- In the short run since 2011 both relative and absolute poverty have risen due to welfare changes. This increase is projected to slow down

[4] 'Child and Working-Age Poverty in Northern Ireland from 2010 to 2020', IFS Report R78, 2013 (the report considers the whole of the UK).

or stop between 2013-14 and 2016-17 as Universal Credit is phased in, increasing the incomes of low-income families.

- Beyond 2016-17 relative and absolute poverty is projected to increase for children and working age claimants as the poverty-reducing effect of Universal Credit is outweighed by the impact of other benefit reforms.
- In 2020-21 child poverty is projected to be 23.5% (relative) and 27.2% (absolute), compared to targets of 10% and 5% - but see the NB below.
- The welfare reforms introduced since April 2010 account for almost all of the increase in absolute child poverty.

NB: the IFS note in their report that, given forecasts of relatively strong economic growth after 2016-17, it is surprising that absolute poverty is projected to increase. They state that an important reason for this is that the Retail Price Index (RPI) is used to up-rate the absolute poverty line over time and that this is increasingly seen as overstating the true rate of inflation. They have calculated that if the CPI had been used, absolute poverty would be projected to increase to about 19.2% by 2020-21 rather than 27.2%.

The overall Benefit Cap

Using client level data from the DWP, supplied by Kent Districts, it has been possible to accurately summarise the immediate impact of the £500 benefit cap on households in Kent[5]. (See Table below).

[5] Research & Evaluation: "Benefit Cap – Mosaic Analysis3"

Table 5 – The number of households affected by a £500 benefit cap, by local authority

Local Authority	Households	Adults (within households)	Households as % of total
Ashford	24		3
Canterbury	87	120	9
Dartford	46	60	5
Dover	51	73	5
Gravesham	36		4
Maidsone	73	99	8
Sevenoaks	47	65	5
Shepway	91	129	10
Swale	101	145	11
Thanet	114	186	12
Tonbridge & Malling	44	81	5
Tunbridge Wells	37	53	4
Kent	751	1011	-
Medway	199	286	21
Kent & Medway	950	1297	100

Source: District level DWP data

The data provided included, for each household, the amount of housing benefit that will be lost per week as a result of the cap (ie from 15 July 2013). Table 5 summarises the levels to which households will be affected. It appears that for the districts that have been included in this analysis:

- just under 50% of households that are impacted stand to lose up to £50 per week as a result of the cap;
- a further 38% will lose between £50 and £150 per week; and,
- the remainder (14%) will lose between £150 and £550.

These reductions will have a significant impact on the households affected, many of whom could be already struggling financially.

Table 6 – Households affected by level of cap in Kent

Benefit reduction per week (£)	Households	Adults	% households
Up to £50	463	653	49
£50 to £100	233	325	25
£100 to £150	122	177	13
£150 to £200	60	96	6
£200 to £250	34	48	4
£250 to £300	8	12	1
Over £300	18	30	2
Not given	12	16	1
Total	950	1357	100

Source: District level DWP data

Households with children

The Institute for Fiscal Studies diagram on page 30 demonstrates that households with children will on average lose a greater proportion of income from the tax and benefit changes than households without children (except for single unemployed people).

With specific regard to the total benefits cap, households with more children are likely to be affected to a greater extent than those without as the analysis below shows. This is, however, based on data from just four districts. Table 6 compares the size of families by the amount of weekly income from benefits lost per household. .

Table 7 – Benefit loss (from benefit cap) by number of children

No of Children	Benefit Lost per week (£) - Households								Grand Total
	50	100	150	200	250	300	over 300	Unknown	
0	7	0	0	0	0	0	0	0	7
2	6	0	0	0	0	0	0	0	6
3	28	8	1	0	2	0	0	0	39
4	97	29	9	1	0	0	0	0	137
5	30	34	21	5	6	2	1	3	105
6	3	8	9	10	1	1	1	0	33
7	0	0	4	5	5	2	2	0	18
8	0	0	0	0	3	2	3	0	8
Not given	292	154	78	39	17	1	11	5	597
Grand Total	463	233	122	60	34	8	18	8	950

Source: District level DWP data

Note: data for children available for Canterbury, Thanet, Swale and Dover only

Further analysis undertaken by Business Intelligence allows a number of early, indicative conclusions to be made about the families who will be affected by the benefit cap, including that they are likely to come from population groups that are:

- Most likely to be in contact with children social services (referrals, children in need, or subject to child protection plans). Although, virtually no children are referred to social services on the basis of low income (only 12 CIN referrals out of over 14,000 in 2012/13), financial difficulties are likely to underlie other presenting issues.
- More likely to be attending children centres but not libraries (apart from one group that attends libraries to use the computers)
- More likely to have children with special educational needs, have low attainment at school, children who are excluded from school and young people who are NEET (not in education, training or employment).

Data suggests that these families come from groups with relatively poor health, who find it difficult to cope on their income.

People who are sick or disabled

There are several reforms that could impact significantly on people with disabilities or chronic ill health. These include:

Incapacity-based benefits
In general it appears that it is harder for people to be assessed as unable to work under the reformed system. As stated above according to Government figures, by August 2012, 742,000 people on the old incapacity benefits had been reassessed with about 30% being found to be not entitled to ESA. (however of the cases that have gone to appeal, some 38% had the initial assessment overturned). In addition the majority of those assessed as entitled to ESA (and thus not able to work at the moment) are expected to take part in “work-related activities” with a view to returning to work eventually. This has the potential for both positive and negative effects, depending on the individual.

Whilst the means-tested version of Employment Support Allowance can be paid indefinitely provided the person meets the criteria, the version based on National insurance contributions is now restricted to one year for all but the most severely disabled. Thus someone with a partner who works or who has savings will be limited to only one year on ESA. The special ESA provisions for young people have also ended, meaning that young people will have to pass the means-test in order to qualify.

Disability benefits

For many disabled and chronically ill people, DLA (and the knock on extra amounts of other benefits and concessions) provides a significant portion of their weekly income. DLA can be paid whether a person is in work or not.

For some people it actually helps them remain in work (for example the Mobility Component helps with travel costs to work).

The replacement of DLA with the new Personal Independence Payment (PIP) for working age claimants is likely to see a significant reduction in the numbers of people receiving support, currently put at about 2.2 million. In December 2012 the DWP released its latest estimate[6] of the numbers likely to be affected by the introduction of the Personal Independence Payment taking into account the revised timetable outlined on page 10 above.

Of the 560,000 people assessed by October 2015

- Award increased - 150,000 (27%)
- Award unchanged - 80,000 (14%)
- Award decreased - 160,000 (29%)
- No award - 170,000 (30%)

Of the 1.75 million people assessed by October 2018

- Award increased - 510,000 (29%)
- Award unchanged - 270,000 (15%)
- Award decreased - 510,000 (29%)
- No award - 450,000 (26%)

In the KCC area there are approximately 70,000 receiving DLA. Of these about 45,000 are aged 16-64, who (as at Nov. 2011), claim just over £3.2m in DLA payments per week. Based on the 26% figure which is estimated to apply to the majority of those being reassessed, it is likely that between 11 - 12,000 people in Kent will lose entitlement to their disability benefit altogether.

Combined impact of reforms to incapacity and disability benefits

Many people receive both an incapacity benefit (ESA) and also a disability benefit (DLA) and so potentially could be faced with the loss of two benefits, with the consequent knock on effect on other forms of support.

It is difficult to predict the impact on individuals who are also clients of Adult Social Services. Arguably they will be at the upper end of the spectrum of disability/ill health and will therefore be more likely to maintain the same level of benefit (whether that be ESA or PIP). However they will still have to go through the reassessment process which can be traumatic and potentially

[6] DWP Technical Note on Personal Independence Payment: Reassessment and Impacts, 19.12.12

lead to setbacks in recovery and efforts towards increasing independence. There will be a need for more support from Adult Services (including Mental Health services) and from the community and voluntary sector. There may also be a loss of income to KCC as more people may fall below the charging threshold.

Those individuals most likely to see a reduction in benefit are those who currently fall below the eligibility criteria for support from Adult Social Services and/or who manage without the intervention of KCC. For some in this group, loss of benefit may mean they are more likely to approach Adult Social Services for assistance. Many may still fall below KCC eligibility levels but they will still need to be assessed in order to determine this. In addition the impact of losing benefit, may, for some, lead to a deterioration in their condition such that they do meet KCC criteria. Loss of benefit will be exacerbated for some due to their carers losing entitlement to Carers Allowance (knock on effect of the loss of DLA/PIP).

Loss of disability benefits can have a knock on effect on the amounts paid in other benefits (e.g. ESA, Tax Credits, Universal Credit) and also on schemes such as the Blue Badge and Motability (whereby the DLA is used to lease or buy a car or scooter).

With regard to the Blue Badge, if an individual loses their automatic qualifying disability benefit they will have to have an individual assessment (carried out by KCC) to see if they qualify. This will add to the workload of the KCC Independent Assessors. Alternatively there may be a reduced take-up of the Blue Badge.

Loss of entitlement to the Motability scheme will have a detrimental effect on the ability of disabled people to travel, either independently or with the help of a carer. Arguably this will diminish social interaction and for some, affect their ability to travel to paid work or voluntary activities.

All the above may lead to reduced independence for disabled people.

The reforms may particularly affect people with certain conditions. Those with fluctuating or mental health conditions are particularly vulnerable to being assessed as not entitled to incapacity and disability benefits. However in practice they may be unable to hold down a job and will therefore face a significant reduction in their income.

Under-occupation restrictions for working age tenants (now applying to social housing as well as the private sector) will cause additional pressures on couples not able to share the same bedroom because of a disability. Not all will be able to benefit from the discretionary housing payments available.

Recent announcements have indicated that parents with severely disabled children who are unable to share a room with their siblings are to be protected from the Government's under-occupation penalty. The situation with regard to adults is still the subject of legal proceedings.

Carers

There are just under 24,000 people receiving Carers Allowance in Kent. Many of these will be caring for older people in receipt of Attendance Allowance and thus not affected by the reforms to DLA and the introduction of PIP. However a significant number will be caring for people of working age who receive DLA Care Component at the middle or higher rate (one of the qualifying condition for Carers Allowance). Entitlement to Carer's Allowance will stop if the person they care for does not qualify for the Daily Living component of the new Personal Independence Payment once they have been reassessed.

The impact on new carers may be felt from June when new claims have to be for PIP rather than DLA. Existing claimants may be affected from October when existing DLA claimants start to be reassessed. However the peak period for reassessments will now not start until October 2015 and therefore it is from this point that the greatest impact is likely to occur.

Any reduction in the ability of carers to support people with ill health and disabilities is likely to lead to greater pressure on the health and social care system. With regard to KCC services, pressure on Adult Social Care is likely to increase. Having said this, it is important to note that carers of those most likely to lose out from the reforms to DLA (those only receiving the lower rate of the care component) would not have been entitled to Carers Allowance anyway (the cared for person must be getting at least the middle rate of DLA care component).

Older People

Whilst older people are largely protected from the reforms discussed in this report, there are some changes that will affect them including:

- Once Universal Credit is introduced, couples will be defined by the youngest member. Therefore for new claimants, a couple with one member under the Pension Credit age (currently about 62 – gradually increasing in line with increases to the state pension age for women) will have to claim Universal Credit rather than Pension Credit as happens currently. This could lead to reductions in weekly income of around £100. The reforms to DLA affect those up to the age of 65. Under the current system if a person starts receiving DLA before the age of 65 they can continue to receive it for as long as they are eligible. The equivalent benefit for people aged 65 and over is Attendance Allowance which is harder to qualify for. Arguably the new PIP will also be harder to qualify for so there will be a group of people who develop lower level needs before the age of 65 who will be disadvantaged.

5.4 Public Health

As stated above, if the reforms lead to more people entering the workforce this may have a beneficial effect. It is too early to tell whether the predicted rise in employment will take place and whether the jobs are sustainable in the long run.

On the negative side, the reforms have the potential for contributing to mental health problems among people who have trouble adapting to their new benefit status, loss of income or job seeking for the first time. Increases in poverty may also impact on a person's ability to take part in healthy leisure activities.

In addition there is the potential for increased drug and alcohol issues associated with the stress and pressures of benefit changes affecting individuals.

To manage tightening budgets, people affected may restrict heat and nutrition, increasing the risk of health problems.

5.5 Crime and anti-social behaviour

There is some evidence that crime and disorder increases when poverty rises, so we could see a growth in domestic violence, acquisitive crime and community tensions. It is possible there will be an increase in levels of anti-social behaviour and youth crime specifically, causing an increase in the victimisation of many already vulnerable people.

Also, tougher sanctions on benefit fraud mean crime detection and prosecution in this category could rise.

5.6 Increase in debt and money management problems

Many organisations are predicting a rise in debt, money management problems and the increased use of expensive high street lenders and "loan sharks". Citizens Advice have agreed to share statistics on the incidence of people requesting advice on these issues so trends can be monitored. Plans are in place to increase access to advice and support.

5.7 Housing and homelessness

There is the potential for increased levels of homelessness (both street homelessness and families living in unsuitable accommodation) as benefit support is reduced. This may be exacerbated by a significant increase (under Universal Credit) of housing support being paid to the claimant rather than the landlord (including social landlords, for the first time). The areas piloting this aspect have already seen an increase in arrears of rent.

It is also possible that more breakdowns of family relationships under the stresses of reduced income could lead to an increase in youth homelessness at a time when securing suitable accommodation may be very difficult to find (there is already a chronic lack of safe accommodation for homeless young people in Kent).

In addition to the problems this causes for individuals, this policy will have a detrimental effect on Housing Associations and private sector landlords. The need to collect rent from claimants will add significantly to costs and arrears are certain to increase. The resultant insecurity of income will potentially affect the corporate credit rating of housing providers (in both the social and private sector) and therefore their ability to borrow money. This will in turn impact on their ability to deliver new homes in the future.

It is also possible that private landlords will withdraw from the Local Housing Allowance market where there is a healthy demand from tenants who do not require rental support. Due to the buoyancy of the "young professional" rental market in the private sector in Kent, anecdotal reports are that this is already happening resulting in fewer properties available for benefit-dependent families to rent.

People deemed to be "under-occupying" in social housing will not necessarily have smaller properties to move to. According to the major social landlords in the South East there is a shortfall of around 7.5% in one bedroom properties in the South East.[7]

The major housing associations in the South East believe[8] that, as housing providers are expected to charge 80% of market rent, four-bedroom properties in some areas will become unaffordable under the benefit cap and that this may extend to three bedroom properties in the future. Large families will be unable to afford suitable sized housing and may end up having to overcrowd in smaller properties that do not meet their needs

5.8 Migration

Substantial impact is likely to come through changes to Housing Benefit (including the capping of maximum LHA rates in April 2011) and the overall benefit cap introduced in July 2013. Combined, these will impact on areas where rents are high (particularly in London) with the potential to cause displacement of families (particularly larger families, occupying larger accommodation), to other areas in the country where rents are more affordable.

[7] 'The impact of welfare reform on housing', Consortium of Associations in the South East (CASE), January 2012

[8] Ibid.

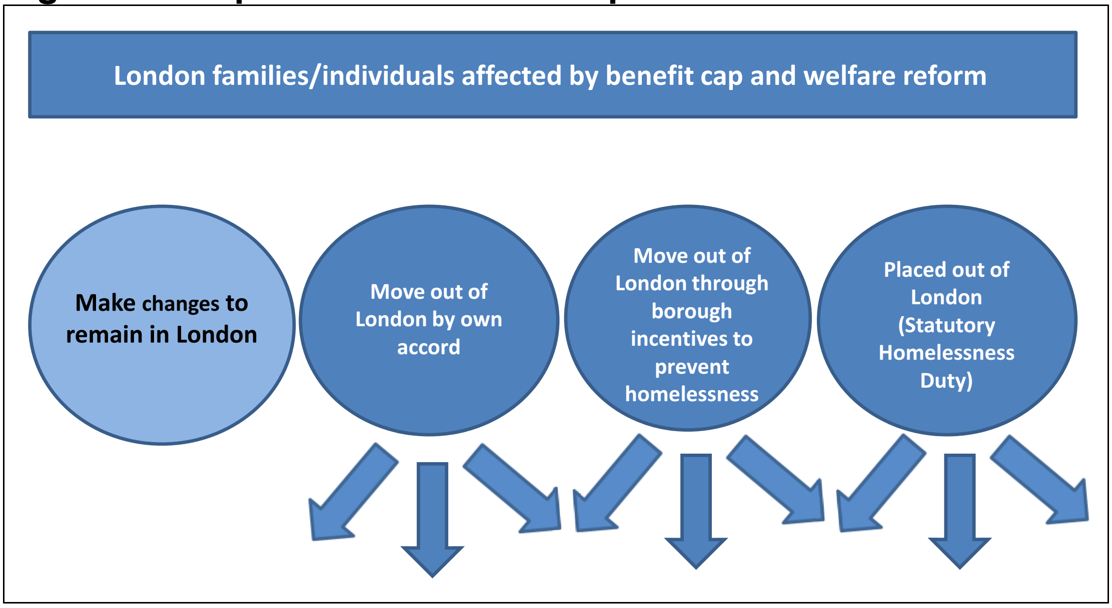
Initial research undertaken by Business Intelligence suggested that some of this displacement from London overall (potentially 9,000 families) could relocate to Kent[9], particularly to areas within Kent where rents are cheapest. This means that a proportion (possibly over 1,000 households) could move to areas within Kent from London.

This research also highlighted the likelihood that the displaced families would have a higher than average number of children (at least three per family, on average). Movement of families away from their established social networks is likely to put greater pressure on vulnerable children and families and in turn this could cause greater demands on services.

Fairly recent press reports suggest that some London Boroughs are looking to relocate families beyond the south east, with Bradford, Birmingham, Leicester and Coventry being named as potential destinations.[10] This increases the uncertainty of predicting a likely impact on Kent, as a result of displacement and migration, particularly from London.

Of families in the Greater London area impacted by the cap, it is likely that some families will make changes to be able to remain in London, some will move out of London of their own accord, some will be assisted to move by London's boroughs' efforts to 'prevent' statutory homelessness, and fewer will be placed by boroughs outside their area in discharging their statutory homelessness duty, as shown in Figure 9.

Figure 9 – Impact of the benefit cap in London



[9] Research & Evaluation estimates published in "Impact of the housing benefit cap"
[10] http://www.guardian.co.uk/uk/2013/feb/13/london-council-relocation-benefits-cap

Migration out of London will be a combination of complex ‘push’ and ‘pull’ factors, and take place in the context of various in/out patterns over time. The graphic above suggests these different population groups may be different sizes, yet it is not known what the relative proportions will be. The number of households that may move to Kent can only be estimated at this time. Kent County Council and its partners are establishing means to monitor and assess any implications of in-migration into areas within Kent.

6. Potential Impact on KCC Services

1. Children's Centres

There is likely to be an increase in families on low income struggling to cope and needing the services provided through Children's Centres. Their role in helping people to access KSAS for emergency support, in providing (or signposting to) information and advice, and in helping to develop computer skills are all seen to be vital.

2. Increase in demand on Specialist Children's Services

The financial and associated pressures contributed to by the benefit changes could potentially push more families into crisis leading to increased demands on early intervention specialist children's services. This could impact on the work of 'Teams around the family', safeguarding, the numbers of children in need, staff resources and the section 17 budget in particular. Further demand will be seen if the envisaged migration from London does take place. Business Intelligence has made an initial conservative estimate [11] (based on London's estimated 9,000 displaced households) that around 1,000 families (with over 3,000 children) could be displaced to Kent resulting in a need for an extra £2.5 million annually in the children's social care budget.

3. Fostering service

Although the Government has announced concessions to the Housing Benefit under-occupancy rules for foster carers, it is understood that this will only apply to a single additional room, and only to current foster carers (not to prospective ones). Foster carers looking after more than one child can only be helped by applying to the discretionary pot of money held by district councils and usually help is only provided from this fund on a temporary basis.

4. Increased demand for social care from adults of working age

The reforms to incapacity and disability benefits are most likely to affect people who currently fall below KCC's eligibility criteria and/or who manage without KCC involvement. Loss of benefits may cause some people to seek assistance from KCC as they find they and their carers have insufficient income to cope and/or because loss of income and the reassessment process has contributed to a deterioration in their condition. This could affect people with any condition but there are particular concerns over people with mental health and fluctuating conditions.

[11] 'Household benefit cap – potential population shifts to kent and possible implications for children's social services', 9 July 2012, Eileen McKibbin and Richard Hallett.

5. Impact on charging for services of working age clients

This includes impact on the charging rules, on the systems involved in assessment, on training requirements and possibly on the income raised through charging. Loss of disability benefits usually means the individual is assessed as having a nil charge; any reduction in Housing Benefit or Council Tax Support is compensated for in the charging assessment.

There will be added pressures on the Financial Assessment teams who will be working with two different welfare systems - Universal Credit and the old legacy benefits. In addition Universal Credit subsumes several current benefits and it will be necessary to have a breakdown of how it was calculated in order to correctly financially assess a client. To date neither the DWP nor the Department of Health has issued any guidance on this.

6. Increase in the need for information, advice and support

Individuals and families affected by the reforms are likely to require more assistance understanding and coping with the changes and in making informed decisions about entering employment. In particular FSC service users who are turned down for benefits will need help to appeal the decision. This help is currently provided by the specialist benefit advisors in Business Strategy – Finance who work with FSC clients (both adults and children and families).

Staff in FSC (including Care Navigators, Case Managers and Social Workers), Gateways, Libraries and Children's Centres are at the forefront of providing information and advice, and are already seeing increased demand as a result of the welfare reform changes.

For people who are not eligible for services from FSC, KCC does already commission certain services that include benefits advice amongst the help they provide. Examples include Care Navigators, Advocacy Services and Community Link workers (for people with mental health problems in Thanet). Consideration may need to be given to extending these services and possibly providing support to specialist advice agencies such as Citizens Advice. This could be viewed on an "invest to save" basis as helping individuals to maintain their income could help to prevent the need for statutory services.

7. Determining eligibility for services

Determining eligibility for certain KCC services will not be straightforward as Universal Credit subsumes several current benefits, some of which do not automatically lead to entitlement. The extent to which this will be a problem cannot yet be determined. For example eligibility for Free School Meals is unlikely to be extended to everyone in receipt of Universal Credit, only to those on the benefit who also have an income below a certain level. Whether this will present problems will depend on the quality of the information provided on the Free School Meals online hub.

In addition, if fewer people qualify for the Mobility Component of the Personal Independence Payment there will be a need for more individual Blue Badge assessments.

8. Increased pressure on schools in some areas

This is a potential impact on demand for school places in certain areas if there is significant migration either from outside Kent or within Kent to cheaper areas. See section on migration on page 39. In addition increases in deprivation may lead to increased truancy rates, as well as negatively impact on children's learning and achievement.

9. Kent Support and Assistance Service

KCC started operating the Kent Support and Assistance Service (KSAS) in April 2013, in response to the ending of the DWP Community Care Grants and Crisis Loans and the transference of part of the funding to local authorities. KSAS aims to support people at times of exceptional difficulty by providing:

- Goods and services for people in emergencies.
- Support to help people leaving care/institutional settings to set up accommodation in the community or to continue to live independently in the community.
- Signposting to other sources of help

In the period 1 April 2013 to 17 May 2013 there were 3,566 enquiries, 1,064 applications for assistance and 272 individuals have been provided with support (almost all via non-cash mechanisms).

It is expected that the wider welfare reforms will have an impact on the demand for the service. In addition to the general reduction in support via the benefit system, changes such as single monthly payments are likely to cause budgeting problems for some vulnerable people. Early signs from KSAS show there is some demand from those who have experienced reductions in benefit support. Where appropriate the fund has helped and provided links to other support services.

Of particular concern is the uncertainty of future funding. Approximately £2.8 million has been allocated for 2013-14. Although funding for 2014-15 will be provided, the amount has not yet been finalised. For subsequent years the situation with regard to funding is unclear at this point.

KCC may need to take a decision on future funding of this service, bearing in mind the role it can play in helping to prevent the need for intervention by the statutory services. Decisions may also be needed on the extent to which the voluntary sector (e.g. Food Banks) should be supported as a means of meeting the need for crisis support).

10. Libraries and Gateways

The Government's aim is to process the overwhelming majority of benefit claims online. This has already led to an increased demand for access to computers in public access venues such as libraries. This demand is likely to increase with the phased introduction of Universal Credit over the next few years. In addition to increased demand for access to computers, the need for help to use computers and learn computer skills is also likely to grow, with implications for staffing, including the use of volunteers. Free computers are available in libraries, along with support with basic IT, but libraries do not provide advice on interpreting and completing claims forms. Such advice is available (at specified times only, not all the time) within Gateways, which also provide access to free computers.

11. Troubled Families

Although data matching has not yet been completed on the Troubled Families cohort, it is very likely that people in this group will also be affected by the various welfare reforms. On the one hand the restrictions to benefits may add significantly to the financial pressures these households face, making it harder for them to cope and forcing some to move in some cases. On the other, the increased incentives to work may provide the added boost needed to encourage individuals in these households into work.

12. Drug and Alcohol Services

The reforms to incapacity and disability benefits may impact particularly on people with drug and alcohol problems. This client group may also find it more difficult complying with the tougher conditionality and sanctions regime in the reformed benefits system.

13. Youth Offending teams

Tougher conditionality and sanctions are likely to impact on young people claiming benefits. Whilst the increased incentives to work may benefit some, many may not have the requisite skills to enter the job market. Exacerbating the situation is the fact that people under 25 receive lower rates of means-tested benefit. With regard to Housing Benefit young people are only eligible for the shared room rate until they reach the age of 35. This has the potential to lead to an increase in the factors most strongly associated with youth crime and makes it more difficult to create alternative opportunities.

14. Kent Supported Employment

Due to the increased pressure to find work, including on those with disabilities and health problems, there may be more demand for support to prepare for and find employment. KSE is currently working mainly with FSC clients who have learning disabilities or mental health problems but are looking to widen this work to other disadvantaged groups.

15. Adult Education – Community Learning and Skills
There will be a significant demand for "back to work" training and upskilling. Many of those newly seeking paid employment will have been out of work for extended periods, and some may also have disabilities or additional needs (including, for example, child care for lone parents with young children). This all presents a range of challenges for skills development.

16. Leaving care teams
More support may be needed to help care leavers cope with the reforms, including the need to manage monthly payments, reduced support and increased conditionality.

17. Trading Standards
Trading Standards teams may face increasing demand in their role enforcing consumer credit legislation, including high-risk lending (payday loans, loan sharks).

18. Economic Development & Regeneration
There will be an increasing number of people seeking work, in addition to those who may have become unemployed in the current economic climate. Therefore, there will not only be a need to train and up-skill people to enter or re-enter the workforce, but for enough jobs in the market as well.

7. KCC's planned responses to the challenges

1. Business Intelligence to continue to develop with partners mechanisms to monitor and assess benefit take-up, service demand indicators and the potential impacts of welfare reform including population shifts. Identify local emerging issues as needed for relevant Service response, and influence regionally and nationally. If deemed necessary prepare for possible increased demand across the range of services identified.

2. Develop the next iteration of Kent and Medway's growth strategy 'Continuing to Unlock Kent's Potential' to ensure that our regeneration and economic development strategies avoid economic decline in Kent's areas of deprivation.

3. Adapt economic and skills strategies to support the high number of people who will be new and inexperienced jobseekers, and seek to influence businesses to do this too via the Business Advisory Board. Strategies and programmes to deliver this include:

- ‘Continuing to Unlock Kent’s Potential’
- Kent’s Community Literacy Strategy
- 14-24 Learning and Skills Strategy
- Employment & Skills Strategy,
- Community Learning and Skills programmes such as:
    - Skills Plus network (free training in basic/ employability skills),
    - European Social Funded projects such as “Progress”
    - Vocational training especially for younger adults
    - Help with fees to access a wide range of adult education provision throughout Kent
    - Family Learning programmes targeted at primary schools in deprived areas

4. Continue with the 'Response' provision in Kent’s poorest communities, addressing families via infrastructure agencies including childrens centres, schools, health centres, housing associations and voluntary sector organisations.

5. Continue work through ELS’ Commissioning Plan (building on the Childcare Sufficiency Assessment) to identify and address childcare shortages in areas where this is a barrier to accessing work.

6. Explore innovative options to support travel to work and school. Review investments in public transport to support employment opportunities.

7. Provide information and advice to ensure people know the financial impact on them of starting work or increasing hours worked (this is not straightforward). This is now available through the kent.gov website which enables the public to calculate benefit entitlement, see whether they would be better off working, and access other sources of support. Information for staff is also provided via the website, to enable them to advise and signpost effectively.

8. Monitor demands on the Kent Support and Assistance Service (KSAS), which has been established to provide support for people in exceptional need, in response to the demands. Need to monitor closely the demand for this service to ensure needs are met within available resources and to consider contingencies if Government funding reduces/ends.

9. Increase access to advice and support on benefit claims and financial management via Citizen’s Advice Bureaux, Children’s Centres, Gateways & selected libraries and Kent Savers (Credit Union)

10. Roll out the training and awareness-raising for frontline staff about new benefit system, processes and entitlements, using the KCC specialist benefit advisors.

11. Continue to work with our partners, particularly Jobcentre Plus and the district/borough councils on the DWP's Local Support Services Framework, the aim of which is to develop a framework for supporting the more vulnerable claimants of universal Credit (See Annex 3).

12. Continue to identify and respond to families who may be struggling through integrated, early intervention services.

13. Implement the Kent Housing Strategy. Work with Kent Housing Group and other housing partners to ensure information about the welfare reform changes reaches social and private sector tenants to help them make informed choices.

14. With regard to the Youth Service, continue with the joint Police and Youth Work initiatives within the most deprived communities, ensuring a proactive approach is taken rather than merely reactive. In addition work with schools, alternative providers and the Youth Contract training providers to ensure a fit between the youth work curriculum and skills aquisition needed.

15. Continue to work with partners in the statutory and voluntary sectors to ensure there is a cohesive and co-ordinated response to the welfare reform changes. KCC is already working with partner agencies via the Task and Finish Welfare Reform Group and other specific professional networks.

Annex 1

Sheffield Hallam University Report – data tables for Kent

The CRESR report estimates the potential financial impact at local authority level. However, its use of a standardised measure of "financial loss per working age adult" should not be misinterpreted as financial impact on those affected by the reforms, which will be much higher. Nevertheless, the great strength of this report is that it does provide a systematic and robust assessment of the *relative* impact of the reforms across the country, at local authority level.

Table 8 – Housing benefit: Local Housing Allowance

	Housing Benefit: Local Housing Allowance			
Local Authority	**No. of households affected**	**Estimated loss £m per year**	**No. of households affected per 10,000**	**Financial loss per working age adult £ per year**
Ashford	2,200	2	460	27
Canterbury	3,200	3	520	35
Dartford	1,600	2	400	25
Dover	3,500	3	730	48
Gravesham	2,400	3	590	40
Maidstone	2,600	3	400	26
Sevenoaks	1,000	1	220	15
Shepway	4,300	4	910	67
Swale	3,900	4	700	46
Thanet	7,700	7	1,290	89
Tonbridge and Malling	1,200	1	260	16
Tunbridge Wells	1,600	2	330	26

The reforms to the Local Housing Allowance element of Housing Benefit impact most on areas where the private rented sector accounts for a high proportion of households and where rent levels are highest.

Table 9 – Housing Benefit: Under Occupation (“bedroom tax”)

Local Authority	Housing Benefit: Under-occupation ('bedroom tax') No. of households affected	Estimated loss £m per year	No. of households affected per 10,000	Financial loss per working age adult £ per year
Ashford	600	0	130	6
Canterbury	700	1	110	5
Dartford	500	0	120	6
Dover	600	0	120	7
Gravesham	600	0	150	7
Maidstone	700	1	110	6
Sevenoaks	500	0	110	6
Shepway	500	0	100	6
Swale	700	1	130	7
Thanet	700	1	120	7
Tonbridge and Malling	600	0	130	6
Tunbridge Wells	500	0	120	6

New rules affecting under-occupation of social housing impact most in places where a high proportion of the housing stock is rented from councils or housing associations.

Table 10 – Non-dependent deductions

Local Authority	Non-dependant deductions No. of households affected	Estimated loss £m per year	No. of households affected per 10,000	Financial loss per working age adult £ per year
Ashford	500	1	100	7
Canterbury	600	1	100	7
Dartford	400	0	90	6
Dover	600	1	120	9
Gravesham	500	1	110	8
Maidstone	600	1	90	6
Sevenoaks	300	0	70	5
Shepway	600	1	120	10
Swale	700	1	120	9
Thanet	900	1	160	13
Tonbridge and Malling	400	0	80	6
Tunbridge Wells	400	0	80	6

The increase in non-dependent reductions, which mainly affects Housing Benefit entitlements, impacts principally on the places with high numbers on out-of-work benefits.

Table 11 – Household benefit cap

Local Authority	Household benefit cap: No. of households affected	Estimated loss £m per year	No. of households affected per 10,000	Financial loss per working age adult £ per year
Ashford	70	0	15	5
Canterbury	80	0	14	4
Dartford	50	0	13	4
Dover	70	0	14	5
Gravesham	80	0	20	6
Maidstone	70	0	11	3
Sevenoaks	40	0	9	3
Shepway	90	0	19	6
Swale	110	1	21	6
Thanet	130	1	21	8
Tonbridge and Malling	50	0	11	3
Tunbridge Wells	50	0	11	3

The new household benefit cap is estimated to have a marginal effect on Kent households (there is a far bigger impact on London), but for those relatively few households affected the loss in income could be very substantial.

Table 12 – Council Tax benefit

Local Authority	Council Tax Benefit: No. of households affected	Estimated loss £m per year	No. of households affected per 10,000	Financial loss per working age adult £ per year
Ashford	5,200	0	1,090	6
Canterbury	6,100	0	1,000	3
Dartford	4,300	0	1,070	6
Dover	6,100	0	1,260	5
Gravesham	5,700	0	1,410	7
Maidstone	6,300	1	990	6
Sevenoaks	3,400	0	720	4
Shepway	6,500	1	1,370	8
Swale	8,000	1	1,440	7
Thanet	11,000	1	1,850	7
Tonbridge and Malling	4,100	0	850	5
Tunbridge Wells	3,900	0	830	4

The government has imposed a 10% cut in council tax benefit payments to all parts of the country. Individual authorities will decide whether or not to pass this on - see Section on Council Tax Benefit (pages 9-10) which outlines how Kent Districts are intending to respond to the cut in council tax benefit.

Table 13 – Disability Living Allowance

Local Authority	Disability Living Allowance			
	No. of individuals affected	Estimated loss £m per year	No. of individuals affected per 10,000	Financial loss per working age adult £ per year
Ashford	800	3	110	34
Canterbury	1,100	3	110	34
Dartford	600	2	100	29
Dover	1,000	3	150	44
Gravesham	700	2	110	34
Maidstone	1,000	3	100	29
Sevenoaks	600	2	80	25
Shepway	1,100	3	160	48
Swale	1,300	4	150	44
Thanet	1,500	5	190	58
Tonbridge and Malling	700	2	90	27
Tunbridge Wells	600	2	80	25

The replacement of Disability Living Allowance by the Personal Independence Payment will be distributed across the country proportional to the number of claimants.

Table 14 – Incapacity Benefits

Local Authority	Incapacity benefits			
	No. of individuals affected	Estimated loss £m per year	No. of individuals affected per 10,000	Financial loss per working age adult £ per year
Ashford	1,500	5	200	73
Canterbury	2,100	8	210	78
Dartford	1,200	4	190	68
Dover	2,100	8	310	109
Gravesham	1,700	6	260	92
Maidstone	1,700	6	170	64
Sevenoaks	1,100	4	150	55
Shepway	2,200	8	330	118
Swale	2,700	10	310	111
Thanet	3,400	12	430	150
Tonbridge and Malling	1,200	4	160	58
Tunbridge Wells	1,200	4	170	61

The incapacity benefit reforms have by far the biggest impact on Britain's older industrial areas, where so many incapacity claimants are concentrated.

Table 15 – Child Benefit

Local Authority	Child Benefit			
	No. of households affected	Estimated loss £m per year	No. of households affected per 10,000	Financial loss per working age adult £ per year
Ashford	15,900	6	3,330	79
Canterbury	15,800	6	2,600	58
Dartford	13,100	5	3,270	83
Dover	13,100	5	2,720	75
Gravesham	13,300	5	3,300	79
Maidstone	19,300	8	3,050	77
Sevenoaks	14,300	6	3,040	78
Shepway	12,800	5	2,700	71
Swale	17,900	7	3,220	81
Thanet	17,000	5	2,850	65
Tonbridge and Malling	15,700	6	3,270	84
Tunbridge Wells	14,100	6	2,990	85

The cuts to child benefit have a rather more even impact across the country than most other welfare reforms – few places are more than a quarter above or below the national average.

Table 16 – Tax Credits

Local Authority	Tax Credits			
	No. of households affected	Estimated loss £m per year	No. of households affected per 10,000	Financial loss per working age adult £ per year
Ashford	8,600	7	1,800	95
Canterbury	8,700	7	1,430	72
Dartford	6,600	5	1,650	85
Dover	8,200	7	1,700	97
Gravesham	7,900	6	1,950	99
Maidstone	8,600	7	1,360	71
Sevenoaks	5,100	4	1,080	58
Shepway	8,100	7	1,710	99
Swale	10,300	8	1,850	97
Thanet	13,300	11	2,230	135
Tonbridge and Malling	6,600	5	1,370	71
Tunbridge Wells	5,400	4	1,140	61

Tax credits – Child Tax Credit and Working Families Tax Credit – are paid to lower and middle income families, so the impact of the reductions in eligibility and payment rates is felt most in places where less-well-off people live.

Table 17 – 1% uprating

Local Authority	1 per cent uprating: Estimated loss £m per year	1 per cent uprating: Financial loss per working age adult £ per year
Ashford	6	78
Canterbury	7	68
Dartford	5	73
Dover	6	92
Gravesham	6	90
Maidstone	6	64
Sevenoaks	4	50
Shepway	7	102
Swale	8	95
Thanet	11	138
Tonbridge and Malling	4	58
Tunbridge Wells	4	54

The 1% uprating of a wide range of working-age benefits inevitably impacts most where these benefits are claimed by the largest number of people; out-of-work benefits, housing benefit or in-work-benefit.

Table 18 – Total Welfare Reform Impact

Local Authority	Total Impact: Estimated loss £m per year	Total Impact: Financial loss per working age adult £ per year	National Rank (out of 379 authorities) 1 = hardest hit
Ashford	30	410	223
Canterbury	36	366	264
Dartford	24	384	251
Dover	34	491	131
Gravesham	30	463	160
Maidstone	35	352	272
Sevenoaks	21	300	341
Shepway	36	535	95
Swale	43	504	123
Thanet	54	670	18
Tonbridge and Malling	25	335	295
Tunbridge Wells	24	330	303

The estimated overall impact of the benefit reforms are shown in Table 1, page 14.

Annex 2

Glossary of terms

CPI	Consumer Price Index.
CRESR	Centre for Regional Economic and Social Research (at Sheffield Hallam University).
DCLG	Department for Communities and Local Government.
DLA	Disability Living Allowance
DWP	Department for Work and Pensions
ESA	Employment Support Allowance (ESA) which replaces Incapacity Benefit and other old incapacity-based benefits
IFS	Institute for Fiscal Studies
JRF	Joseph Rowntree Foundation
JSA	Jobseeker's Allowance (JSA).
PIP	Personal Independence Payment (PIP)
WCA	Work Capability Assessment – test for assessing if a person qualifies for ESA.

Annex 3

Letter from DWP on the Local Support Services Framework.

Caxton House, Tothill Street, London SW1H 9DA

Website: www.dwp.gov.uk E-mail Ministers at: ministers@dwp.gsi.gov.uk

20 May 2013

In February this year I published the Local Support Services Framework, which was developed in partnership with local authorities and sets out the principles for providing support for claimants with additional or complex needs to help them make and manage Universal Credit claims and prepare for work.

The Framework sought comments on the proposed approach and I am pleased to be able to confirm that we have received 149 responses from across the local government, housing and voluntary sectors. This feedback will be invaluable as we develop the local delivery partnerships that will assist claimants in the new system.

We are recording and analysing the feedback in detail and will be using it in three main ways:

- To finalise aspects of the design of the framework that we need in place before Universal Credit is rolled out more widely – for example, the details of how funding will be arranged and managed;
- To inform the development of overarching and local partnership agreements that will be put in place over the coming months;
- To help us develop a revised framework that will provide planning baselines for 2014/15.

Responses to the consultation strongly endorsed the Delivery Partnerships Approach to providing localised support, and highlighted a range of existing partnerships that have the potential to deliver local services for Universal Credit claimants. These included Community Planning Partnerships in Scotland, local authority led Welfare Reform Groups and local Economic Regeneration Partnerships.

In addition, many of you consider it important that partnerships include a wide range of organisations to ensure good local knowledge and make the most of existing services. We remain committed to supporting localism and will highlight examples of inclusive and innovative partnerships in the revised framework document which will be published in October this year. Some of you suggested additions to the list of vulnerable claimant categories set out in the framework or emphasised the importance of thinking beyond "categories" when delivering services. I concur with this view and am keen that, while claimant support should be holistic and joined-up, it should also be tailored to meet differing and individual needs.

Many of you also suggested there was a need to more clearly distinguish between those claimants who need only a little help to engage with Universal

Credit, and those who may need longer term support to move towards financial independence. We will continue to discuss these issues with our reference groups with a view to reflecting our learning in our approach to funding and outcomes, and in the revised framework.

The need for clarity about funding and associated outcomes was a central concern in many responses. Work is already underway, through the Local Support Services Taskforce, to develop a detailed funding instrument. In addition, we will be working with a range of stakeholders to develop an approach to outcomes that balances the need for certainty about funding for service providers with the need to achieve positive outcomes for claimants and value for money for the taxpayer. The funding instrument will address key questions, such as the minimum offer for local support services, and the way in which both funding and outcomes should reflect variations in local needs (e.g. to take account of factors like rurality and levels of deprivation). We hope to be able to say more about the funding instrument over the next couple of months.

In developing the framework we drew on insights from organisations working directly with claimants, and worked in close partnership with Local Authorities Associations. As we work towards the national roll out of Universal Credit, and accompanying Local Support Services we will continue these conversations with local authorities, housing providers and the voluntary and community sector through the work of the Taskforce and Reference Groups.

Locally, our JobCentre Plus District Managers are already working to support the development of partnerships that will deliver services to support claimants. Responses to the framework, as well as learning from the Direct Payment Demonstration Projects and Local Authority led Pilots, will inform this work. Universal Credit will make work pay – so that people are better off in work. It is essential that claimants with additional needs are supported to be successful in using the new system, to move towards independence and, wherever appropriate, to find work or better paid work.

I look forward to continuing to work in partnership with you to make sure this happens.

Lord Freud
Minister for Welfare Reform
Weblink to the framework: www.dwp.gov.uk/ucla

From: **Gary Cooke, Cabinet Member for Corporate and Democratic Services**

David Cockburn, Corporate Director, Business Strategy & Support

To: **Policy and Resources Cabinet Committee – 20 June 2013**

Decision No: **13/00030**

Subject: **Cavendish Road - The granting of a lease for the purposes of providing supported accommodation and completion of a nominations agreement.**

Classification: **Unrestricted.**

FOR INFORMATION ONLY

Summary: The attached urgent decision was taken between meetings as it could not reasonably be deferred to the next programmed meeting of the Policy & Resources Cabinet Committee for the reason(s) set out below.

1.1 For the reason(s) set out below it has not been possible for this decision to be discussed by the Cabinet Committee prior to it being taken by the Cabinet Member. Therefore, in accordance with the process set out in Appendix 4 Part 7 paragraph 7.18 of the Constitution, the Chairman and Group Spokespersons for this Cabinet Committee and the Chairman and Spokesmen for the Scrutiny Committee were consulted prior to the decision being taken and their views were recorded on the Record of Decision (attached at Appendix 1). After the decision was taken, it was published to all Members of this Cabinet Committee and the Scrutiny Committee.

1.2 This decision was initially approved by Graham Gibbons in 2010 (the Cabinet member for FSC at the time) and also supported by the local Member for Herne Bay at the time, Jean Law. A formal decision report was undertaken delegating authority to complete this lease and was signed by Roger Gough (Cabinet Member for Corporate Support Services & Performance Management at that time) in July 2010.

1.3 However, as all of legal documentation became ready for completion, it became evident that certain statutory requirements had not been fulfilled. Therefore Democratic Services Officers recommended that in order to satisfy legislative requirements, a new decision should be taken.

1.4 The deadlines and dates of the Policy & Resource Committee would have delayed the decision and it was imperative that the legal documentation completed in March. If the lease and nominations agreement had not been completed by then, Town and Country Housing Association would have lost their 'Homes and Community Agency' funding and the project would have fallen. With this deadline in mind, Democratic Services advised that KCC urgency provisions should be followed and that the decision should be taken as a matter of urgency in order to meet the tight deadline.

2. Recommendation: Members of the Cabinet Committee are asked to note Decision no 13/00030 - Cavendish Road – taken in accordance with the process in Appendix 4 Part 7 paragraph 7.18 :-

i) a 125 year lease be granted to the Town and Country Housing Group for the purposes of providing supported accommodation for KCC Families and Social Care (FSC) Clients on the site at Cavendish Road, Herne Bay;

ii) authority be delegated to the Director of Property and Infrastructure Support to negotiate the final terms and conditions;

iii) a nominations agreement between TCHG and KCC to allow KCC to nominate clients to receive services for the duration of the lease be established; and

iv) authority be delegated to the Director of Learning Disability and Mental Health to sign the nominations agreement, subject to him being satisfied as to the detailed terms and conditions.

Background documents:

- Record of Decision No. 13/00030 – Attached at Appendix 1

Contact details:

Rebecca Spore, Director of Property & Infrastructure Support
01622 221151 - Rebecca.spore@kent.gov.uk

Rebecca Frier – Assistant Surveyor (East)
01622 696981 - Rebecca.frier@kent.gov.uk

KENT COUNTY COUNCIL - RECORD OF DECISION

DECISION TAKEN BY	DECISION NO.
Mr Roger Gough, Cabinet Member for Business Strategy, Performance and Health Reform	13/00030

Unrestricted

URGENT: This decision is taken in accordance with the statutory and local procedures for urgency owing to the negative impacts that a delay would cause and detailed within the accompanying report.

Subject:

The granting of a lease for the purposes of providing supported accommodation and completion of a nominations agreement.

Decision:

As Cabinet Member for Business Strategy, Performance and Health Reform I hereby agree that:

i) a 125 year lease be granted to the Town and Country Housing Group for the purposes of providing supported accommodation for KCC Families and Social Care (FSC) Clients on the site at Cavendish Road, Herne Bay;

ii) authority be delegated to the Director of Property and Infrastructure Support to negotiate the final terms and conditions;

iii) a nominations agreement between TCHG and KCC to allow KCC to nominate clients to receive services for the duration of the lease be established; and

iv) authority be delegated to the Director of Learning Disability and Mental Health to sign the nominations agreement, subject to him being satisfied as to the detailed terms and conditions.

Reason(s) for decision

Kent County Council (KCC) are to grant a 125 year lease to Town and Country Housing Group (TCHG) for the purposes of providing supported accommodation for KCC Families and Social Care (FSC) Clients on the site at Cavendish Road, Herne Bay.

Families and Social Care (FSC) have worked in partnership with Canterbury City Council, the local housing authority, to develop a range of services to meet individual local need. Canterbury City Council has a range of preferred 'Registered Social Landlords' (RSL) providers on their established "Preferred Partner List" and on KCC's behalf identified two partners working in the Herne Bay area. Town and Country Housing Group (TCHG) was the only Housing Association identified as being pro-active in the smaller, more development intensive schemes.

TCHG will create six units on the Cavendish Road site, the design and specification of which was subject to KCC's input. TCHG are also working in partnership on an intensive supported accommodation scheme in Central Parade, Herne Bay. The link with the Central Parade scheme is important because the support for the six KCC units will be provided by outreach from this service, by the Kent and Medway NHS and Social Care Partnership Trust. Therefore no further revenue funding will be required.

This scheme does not require any direct capital contribution by KCC/ FSC.budgets. KCC's contribution is the deferment of a capital receipt that could be otherwise sought from a disposal of this land.

The Capital costs for the build (estimated at £470,000) are being met through Homes and Community Agency (HCA) funding and TCHG have agreed that they would be prepared to take the site on a 125 year lease with a peppercorn rent.

TCHG will also sign upto a 125 year 'nominations agreement' giving KCC the right to nominate KCC clients to live in the accommodation. The nominations agreement is extremely robust and ensures that KCC can use the property for the primary purpose of providing accommodation for mental health clients. If KCC cannot nominate mental health clients then KCC has the option of nominating another client group. If no KCC clients can be found, then the property has to be used for general needs accommodation. This agreement will be signed by the Director of Learning Disability and Mental Health.

TCHG have obtained internal approval from their board to continue to work with FSC on this development, and have received the HCA funding. A planning application has been nearly completed by TCHG.

Due to its priorities in relation to mental health care and the associated costs to the Council, FSC viewed that the recycling of this site for the provision of care/facilities by an external provider would be a more cost effective use of the property asset. Therefore, whilst the original decision was taken in 2010, the premise of the proposal still stands in relation to both cost savings and KCC/FSC objectives. It is clear that to ensure full compliance with legislative requirements; a new decision needs to be completed to conclude this matter.

The decision was approved by Graham Gibbons in 2010 (the Cabinet member for FSC at the time) and also supported by the local Member for Herne Bay, Jean Law. A formal decision report was undertaken delegating authority to complete this lease and was signed by Roger Gough (Cabinet Member for Corporate Support Services & Performance Management at that time) in July 2010.

However, as all of legal documentation became ready for completion, it became evident that certain statutory requirements had not been fulfilled. Therefore Democratic Services Officers have recommended that in order to satisfy legislative requirements, a new decision should be taken.

The legal documentation must be complete in March; if the lease and nominations agreement are not completed by then, Town and Country Housing Association will lose their 'Homes and Community Agency' funding and the project will fall. With this deadline in mind, Democratic Services have advised that KCC urgency provisions should be followed and that this decision should be taken as a matter of urgency in order to meet this tight deadline.

Cabinet Committee recommendations and other consultation

The decision has not been considered by the Policy and Resources Cabinet Committee as the decision has been taken via urgency procedures. In line with those requirements, the following members have agreed that this decision cannot be reasonably be deferred, and urgent measures can be utilised:

Roger Manning (Chairman of Scrutiny Committee), Eric Hotson (Chairman of the Policy & Resource Committee), Trudy Dean and Gordon Cowan (Group Spokespeople for the Policy and Resource Committee).

Roger Manning requested that KCC Legal confirmed that all of the legal documentation was ready to complete. This was confirmed.

The Cabinet Member for FSC, Graham Gibbons, has been briefed and has re-signed a briefing note from FSC Officers; and the local Member Jean Law has been consulted.

Any alternatives considered:

There were no other suitable sites in this location which KCC could contribute to this scheme.

Any interest declared when the decision was taken and any dispensation granted by the Proper Officer:

None

Roger Gough
signed

14/3/13
date

This page is intentionally left blank