



## **CABINET AGENDA**

**Wednesday, 23rd January, 2013, at 10.00 am**    Ask for:        **Louise Whitaker**  
**Darent Room, Sessions House, County Hall,**    Telephone:    **(01622) 694433**  
**Maidstone**

### Cabinet Membership:

Mr P Carter, Leader of the County Council (Chairman), Mr A King MBE, Mr M C Dance, Mr G K Gibbens, Mr R G Gough, Mr P M Hill OBE, Mr J D Simmonds, Mr B J Sweetland, Mr M J Whiting and Mrs J Whittle.

### **UNRESTRICTED ITEMS**

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

1. Introduction/Webcasting
2. Declaration of Interests by Member in Items on the Agenda for this meeting
3. Minutes of the Meeting held on 3 December 2012 (Pages 1 - 18)
4. Any items which the Chairman decides are relevant or urgent
5. Provisional Local Government Finance Settlement 2013/14 & KCC Draft Budget 2013/14 (Pages 19 - 246)
6. Revenue and Budget Monitoring Exception Report (Pages 247 - 256)
7. BDUK - Expanding and Improving Broadband Coverage in Kent (Pages 257 - 260)

### **EXEMPT ITEMS**

*That under Section 100A of the Local Government 1972 the Press and Public be excluded from the meeting for the following item of 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.*

8. BDUK - Expanding and Improving Broadband Coverage in Kent (Pages 261 - 264)

**Peter Sass**  
**Head of Democratic Services**  
**Tuesday, 15 January 2013**

*Please note that any background documents referred to in the accompanying papers maybe inspected by arrangement with the officer responsible for preparing the relevant report.*

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## KENT COUNTY COUNCIL

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### CABINET

MINUTES of a meeting of the Cabinet held in the Darent Room, Sessions House, County Hall, Maidstone on Monday, 3 December 2012.

PRESENT: Mr P B Carter (Chairman), Mr M C Dance, Mr G K Gibbens, Mr R W Gough, Mr P M Hill, OBE, Mr A J King, MBE, Mr J D Simmonds, Mr B J Sweetland, Mr M J Whiting and Mrs J Whittle

ALSO PRESENT:

Members: Mr J Kirby, Mrs E Tweed and Mr A Willicombe

Officers: Mr D Shipton (Head of Financial Strategy, BSS), Mr R Hallett (Head of Business Intelligence, BSS) and Mr R Fitzgerald (Performance Manager, BSS)

IN ATTENDANCE: Mr D Cockburn (Corporate Director of Business Strategy and Support), Mr M Austerberry (Corporate Director, Environment and Enterprise), Mrs A Beer (Corporate Director of Human Resources), Mr M Burrows, (Director of Consultation and Communications), Mr P Leeson (Corporate Director Education, Learning and Skills Directorate), Ms A Honey (Corporate Director, Customer and Communities), Mr A Ireland (Corporate Director, Families and Social Care), Ms M Peachey (Kent Director Of Public Health), Mr G Wild (Director of Governance and Law) and Mrs L Whitaker (Democratic Services)

### UNRESTRICTED ITEMS

#### 14. Apologies

No apologies were received.

#### 15. Minutes of the Meeting held on 15 October 2012

The minutes of the meeting held on 15 October 2012 were agreed and signed by the Chairman as a true record.

#### 16. Revenue and Capital Budgets, Key Activity and Risk Monitoring 2012-13

*(Item 5 – report by Mr J Simmonds, Cabinet Member for Finance and Business Support and Mr A Wood, Corporate Director of Finance and Procurement)*

Cabinet received a report of the above named Member and officer, the purpose of which was to provide the second full financial monitoring report of the 2012-13 financial year. Mr Simmonds introduced the report to cabinet and in particular referred to the following details contained within it, pertaining to the revenue budget:

- That the main themes within the report were positive and the underspend had risen in value from £5m at the last report to £6m currently
- This figure would be reduced in the future by 1.9 million as big society monies to this value had been set aside for the Kent Youth Employment Scheme and rolled forward on this budget, owing to spending restrictions that meant the money would not be utilised as planned until 2013/14.
- A pressure area, currently valued at approx £5m, was identified within Specialist Children's Services and lay particularly within the areas of fostering and residential services. The control measures and early intervention services introduced were

beginning to show results but these areas would continue to present challenges for the Council

- A further pressure estimated at £3m was identified in relation to those asylum seekers who were unaccompanied minors or had had 'Appeal Rights Exhausted' (ARE). The report to members assumed the same level of funding from central government as had been received in 2011/2012 but negotiations continued between KCC and the Government. The County Council was determined that the cost of care for these young people should not be met by the local tax payer and represented its views as such in all negotiations.
- Adult Social Care continued to show an underspend of 2.7m. Largely accredited to the increased demand nursing care and supported accommodation for older people and domiciliary care and residential care for people with learning disabilities having been offset by a lower than projected demand for direct payments, day care and older peoples residential care.
- Education, Learning and Skills reported an underspend of £3.6m, partly accredited to the unemployment programme income and the trading and psychology services. In addition Home to School Transport had started to show an underspend after changes to the policy at the start of the school year but the figures were still to be fully analysed. Any underspend would help to offset spending incurred as a result of the success of the freedom pass.
- Environment, Highways and Waste recorded an underspend in Waste of £1.95m and the annual tonnage sent to landfill had reduced, approximately 720,000 was now forecast against a budgeted figure of 730,000 tonnes.
- A forecasted shortfall in the Commercial Services contribution was recorded at £1.2m due to additional costs of restructuring and a re-phasing of the increased income target built into the current year budget, now expected to be achieved in 2013-14.
- Finance and Procurement reported savings were a result of the rephrasing of the Capital programme, absorption of cash flow on any new borrowing and the repayment of borrowing as it matured. There had also been a £690k underspend on the projected spend for settlement of insurance claims; this was partly attributed to the good work undertaken by Highways to make roads and pavements safer.
- Communities reported a small underspend of just under £1m secured through vacancy management control and some delay to the opening of further gateways.

In relation to the Capital budget Mr Simmonds reported the following:

- That there was currently a £9.2m underspend. This could largely be attributed to the following:
  - That £21m of rephrasing was planned, including the Broadband project currently underway
  - Funding variances of 12.1m
  - The forecasted future overspend on the A28 project [Although this was not money that would be found by the County Council as the project was funded elsewhere, it would continue to show on the budget.
  - 2013/14 would continue to present efficiency and other challenges for the authority.

The Corporate Director of Finance and Procurement additionally reported in response to comments and questions from the Leader of the County Council, Mr Paul Carter:

- That the £1.12m shift from last month, reported by Mr Simmonds was correct; however this was the first month in which the asylum seekers overspend had been included in the numbers. This meant that the 'real' shift was £4m and the direction of travel continued to be positive.
- That demand levels contained within the report were predicted to remain constant throughout the year with some variance for seasonal demand. This assumption was based on evidence collected throughout the first six months of reporting.

- Assumptions related to Specialist Children's Services were also expected to remain constant throughout the year therefore should a reduction be achieved the overspend forecast would be reduced and in the last month since the report had been written this downward pattern had been identified.
- Following the production of the report, figures had changed slightly in some areas. There had been a slight increase in the numbers of elderly people requiring care services, but this was not a significant rise.

The Leader of the County Council requested that a full report on the subject of asylum seekers who were unaccompanied minors or who had had 'All Rights Exhausted' be produced for consideration at a future meeting of the Cabinet. This report should detail the issues and ongoing negotiations between KCC and other Local Authorities and Ministers in a way which would allow Members and the public to understand the complex issues at hand and the outcomes towards which the Council was working.

Following a request from the Leader of the County Council the Cabinet Member for Environment Highways and Waste, Mr Bryan Sweetland, reported the following information pertinent to the budget:

- That a decision had been taken to introduce, as a pilot Scheme, charges for road use by private companies known as the Kent Lane Rental Scheme. The scheme would charge companies who required access to roads such as utility companies, for the time that road use was disrupted for residents. The scheme was not motivated by income generation but rather efficiency of service, however where funds were secured via the scheme they would be ring-fenced for use on further congestion relief measures.

The Cabinet Member for Specialist Children's Services, Mr Jenny Whittle further reported on the issues previously raised relating to the £3m net pressure related to those people seeking asylum who were unaccompanied children or ARE. She provided a précis of the situation; the Children's Act required the Council to look after young people who leave care. These unaccompanied minors fell into that category and KCC was currently supporting one hundred in total. The Home Office had informed the Council that it need not provide for asylum seekers denied asylum but not removed from Britain, but legal advice was that the council's statutory responsibilities were relevant in these circumstances. In effect the Children's Act was the ultimate legal instrument in this circumstance and therefore the council would be at risk of legal challenge should it ignore it. She agreed that a full report to Cabinet would be useful and timely and informed members that evidence had already provided to the DfE select Committee and Joint Committee of Human Rights on the matter. The UK Border Agency was not able to cope at present with the number of applications it was processing; action should be taken by the government to address this.

The Leader of the County Council voiced concerns that this continued to go unresolved and hoped ministers would address the difficulties local authorities faced by acting responsibly and quickly. He reported that KCC had implemented all requests made by the Home Office but, despite this, had received no financial support in return. He further reiterated that the view of KCC was that the costs of supporting these young people should not be incurred by the council tax payers of Kent

## RECORD OF DECISION

| <b>CABINET</b>   |  |
|--|--|
| <b>Revenue and Capital budgets, key Activity and Risk Monitoring</b> |  |
| <b>3 December 2012</b>   |  |
| 1.   | That the forecast revenue and capital budget monitoring position for 2012-13 be noted  |
| 2.   | That the residual pressures reported within the SCS portfolio and the management action to be delivered within the BSP&HR portfolio be noted |

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|--------------------------------|--|
| 3.                             | That pending approval of the Kent Lane rental scheme by the dept of transport that surplus of funds b from the scheme be transferred to a new specific ear marked reserve and drawn down as expenditure is incurred in line with initiatives approved by a board set up to oversee the administration of the surplus revenues. The board is to include reps from each utility area (ie gas comms water and elec) and KCC further details are provided in section 1.1.3.2.2.d of annex 4. |
| 4.                             | That the changes to the Capital programme as detailed in section 4.3 be agreed.  |
| 5.                             | That the Financial Health Indicators and prudential Indicators as reported in appendix 2 and 3 be noted  |
| 6.                             | That the directorate staffing levels as of the end of September 2012 be noted.   |
| REASON                         |  |
| 1,2,5&6                        | In order that the Cabinet conducts its monitoring activities effectively.  |
| 3.                             | In order that the surplus funds from the KLRS can be fairly redistributed within the Highways policy agenda  |
| 4                              | In order that the Capital budget reflects the actuality of decisions taken????   |
| ALTERNATIVE OPTIONS CONSIDERED | None.  |
| CONFLICTS OF INTEREST          | None.  |
| DISPENSATIONS GRANTED          | None.  |

### 17. Decisions from Cabinet Scrutiny Committee - 24 October 2012

*(Item 6 – report by Mr Alex King, Deputy Leader of Kent County Council and Mr P Sass, Head of Democratic Services)*

Cabinet received a report of the member and officer named above the purpose of which was to set out the decisions reached by the Council’s Scrutiny Committee at it meeting of 24 October 2012.

Two decisions had been taken and were reported for consideration and both related to the Education, Learning and Skills department, therefore the Chairman, Leader of the County Council asked the Cabinet Member for Education Learning and Skills, Mr Mike Whiting to comment.

Mr Whiting referred to his responses contained within the report and additionally thanked the scrutiny Committee, Select Committees and Schools for the work that had been undertaken. In particular he noted the level of information considered by the Educational Attainment Select Committee and the welcome result of its analysis; an improvement in Key Stage 2 standards in 2012.

It was RESOLVED:

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| <b>CABINET</b>   |  |
| <b>Decisions from Scrutiny Committee – 24 October 2012</b> |  |
| 1.   | That the decisions of the Scrutiny Committee and the Cabinet Member responses be noted |
| REASON   |  |
| 1  | In order that Cabinet conduct its monitoring activities effectively.                   |
| ALTERNATIVE OPTIONS  | None.  |

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| CONSIDERED            |       |
| CONFLICTS OF INTEREST | None. |
| DISPENSATIONS GRANTED | None. |

### **18. Changes to the Local Formula Budget for Schools in Kent - 12/01963**

*(Item 7 – report by Mr Mike Whiting, Cabinet Member for Education learning and Skills and Mr P Leeson, Corporate Director of Education, Learning and Skills)*

Cabinet received a report of the above named member and officer the purpose of which was to provide an overview of the latest DfE School Funding Reforms and the challenges inherent in their implementation for the Local Authority and for schools. In addition to the reporting of statutory changes directed by the DfE the report sought agreement to the practical approaches to be taken to the implementation in Kent.

Mr Whiting introduced the report and in particular referred to the following information contained within it:

- That many of the changes that would occur were the result of Government direction and not of local choice
- That the number of indices had been reduced. Concern had been expressed to Government that this approach would not allow the highly sensitive deprivation targeting, which had occurred under the previous system, to continue.
- That the School Funding Forum had been consulted on the local choice elements within the report and had not objected to the approaches set out.

Following comments and questions from the Leader of the County Council, the Corporate Director of Education, learning and Skills, Mr Leeson clarified some of the potential consequences of the changes, he advised:

- That the change from the mosaic method of identifying deprivation and need to the new method represented a significant change and could result in significant funding changes for Schools
- That the message from Government was that the Minimum Funding Guarantee would continue beyond the next election.

The Cabinet Member for Regeneration and Economic Development, Mr Mark Dance, voiced his concerns that changing from the Mosaic system would lead to a loss of sensitivity within the data collected and that in particular the old system would differentiate between where a child lived and where it went to school which would no longer be the case. Mr Whiting concurred and reported that KCC and other local authorities had lobbied the Government on hearing of the changes but that concerns had not been addressed.

The Leader of the County Council also reiterated the concerns expressed.

Mr Leeson commended the recommendations contained within the report to Cabinet, which he claimed constituted a radical approach to accommodating changes imposed by Government with as little disruption to services as possible.

It was RESOLVED:

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| <p><b>CABINET</b><br/> <b>Changes to the Local Formula Budget for Schools in Kent</b><br/> <b>3 December 2012</b></p> |
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| 1.                                    | That the report and the impact that the changes will have for Kent schools and academies be noted;  |
| 2.                                    | That the use of the Income Deprivation Affecting Children Index (IDACI) as the replacement for MOSAIC within the funding formula as detailed in Paragraphs 2.4 – 2.7 be agreed;   |
| 3.                                    | That the new proposals for managing the pupil growth funding (previously known as rising rolls) as agreed by the Schools' Funding Forum on 12 October 2012 and detailed in Appendix 8, be agreed;   |
| 4.                                    | That the approach to the setting of special school budgets summarised in Paragraph 4.6 be agreed. This has been previously agreed with the Schools' Funding Forum and Kent Association of Special Schools in order to minimise budget turbulence as far as is possible; |
| 5.                                    | That the approach supported by the Schools' Funding Forum for the transitional funding arrangements for Resourced Provision set out in Paragraph 4.9 of the report;   |
| 6.                                    | That the approach supported by the Schools' Funding Forum for the transitional funding arrangements for High Needs SEN pupils in mainstream schools without a Resourced Provision, as set out in Paragraph 4.18 of the report, be agreed.                               |
| <b>REASON</b>                         |   |
| 1.                                    | In order that the Cabinet be fully aware of potential impacts on schools and academies  |
| 2.                                    | In order that monitoring of deprivation in childhood can continue as effectively as possible without the MOSAIC   |
| 3,4, 5 & 6                            | In order that funding changes are managed as effectively as possible  |
| <b>ALTERNATIVE OPTIONS CONSIDERED</b> | None.   |
| <b>CONFLICTS OF INTEREST</b>          | None.   |
| <b>DISPENSATIONS GRANTED</b>          | None.   |

### **19. Cabinet Response to Budget Consultation 2013/14**

*(Item 8 – report by Mr J Simmonds, Cabinet Member for Finance and Business Support and Andy Wood, Corporate Director, Finance and Procurement)*

*(During the item Mr Gibbens declared a personal non-pecuniary interest by virtue of his wife being a member of the Canterbury and Herne Bay Volunteer Bureaux, a voluntary sector organisation which could be impacted by changes to delivery of services)*

Cabinet received a report of the above named member and officer the purpose of which was to provide the proposed response from Cabinet to the 2013 /14 Budget Consultation.

Mr Simmonds introduced the report to Cabinet for consideration. In particular he referred to the following points within it:



- That the Chancellor, Mr Osborne, would make a statement on 5<sup>th</sup> December and Mr Pickles would further qualify that statement for local government on the 19<sup>th</sup> or 20<sup>th</sup> December. The budget proposals therefore would not be finalised until after these speeches.
- That the draft document was a living document and had undergone some changes since being consulted upon. One of these changes was as a result of the announcement of the continuation of the Council Tax Freeze Grant, which had now been guaranteed for two more years.
- Early intervention grant and LACSEG, the central staffing functions carried out by KCC had been adapted by Rt Hon Michael Gove MP. The result was likely to be a lower settlement.
- Costs of the consultation have been approx £38,000. Mr Simmonds defended the spend against some reported criticism and explained that a large proportion of this had been spent on the MORI workshops which had been invaluable in collecting opinions from a genuine cross section of the County's residents.

Mr Simmonds reported that themes from respondents to the consultation included:

- Council Tax – for the first time there was no appetite for raising council tax to meet other needs. In addition residents favoured the use of reserves to meet identified need as opposed to a raise in Council Tax.
- The need for service delivery to be efficient and effective.
- Support for vulnerable adults and children continued to be important to residents in Kent and the transformational approach that was being taken would be crucial in the delivery of these services.
- Community responsibility was emphasised by respondents when considering the future provision of non-statutory duties.
- A desire to see any move towards online communications coupled with support for the elderly in order that certain demographics were not disadvantaged in their relations with the council.

Matt Burrows, Director of Communications and Engagement, Customer and Communities and Dave Shipton, Head of Financial Strategy, BSS were in attendance and made a presentation, the purpose of which was to describe the methodology behind the consultation and to report the key themes within the responses. [A copy of the presentation is attached as appendix 1 to these minutes]

In response to questions received during and after the presentation, Cabinet heard the following information from officers:

- That MORI was a well established and highly regarded research body and its services had been commissioned by KCC to conduct independent workshops. MORI recruited residents to take part in workshops that reflected the demographics of the county.

The Leader of the County Council, Mr Paul Carter, made the following comments in response to the presentation and the information contained within the report:

- He commended the consultation document and felt that it had helped to secure a genuine dialogue with residents. Many of the themes were to be expected in difficult financial times.
- In addition the Leader argued that the communication policy on health reforms must be clear and simple to understand the respondents to the consultation were sceptical and this must be properly addressed. The council must make clear that services could be delivered more efficiently without standards of care being reduced. Indeed it was predicted that services would improve.
- He was disappointed by the low number of respondents but felt that all efforts had been made to maximise this figure

The Cabinet Member for Adult Social Care and Public Health, Mr Graham Gibbens reported that the responses which related to his portfolio, in particular Adult Social Care, acknowledged that change was required. However respondents were clear that top slicing services was not acceptable. He argued therefore that the transformation agenda was the only practical and acceptable way forward. Changes planned would allow the council to continue to protect the most vulnerable in our communities.

One consistent theme within the responses received was that young people in receipt of Adult Social Care services should contribute more towards those services. The Cabinet Member endorsed that principle and referred to the recommendations contained within the Dilnott report which were also in accordance with this view. He congratulated the Leader on work already carried out to push forward the findings of the Dilnott report and welcomed the County Council decision that its recommendations should be implemented by 2015. He argued that once the recommendations were in place the insurance sector would take up its place and contributions by working age adults to social care would increase.

He reminded those present that the transformation agenda would require investment in the infrastructure to provide care and services in people's own homes, for example in the community and voluntary sectors and less in residential care.

Finally he noted that respondents were sceptical about the integration of health and social care services. He confirmed that he was committed to the agenda and that he believed it was an area where joint working would allow efficiencies to be made without compromising services.

The Leader thanked Mr Gibbens for his comments and congratulated officers and members involved in the integration programme for the good work already completed.

The Cabinet Member for Customer and Communities, Mr Mike Hill addressed Cabinet; he was encouraged by the responses related to his portfolio in particular the acceptance of respondents that new ways of working and of delivering services, were needed. In particular respondents supported better and greater use of the voluntary sector and further provision of online services. These sentiments fit well with the approaches being taken to service delivery and to the customer strategy underway.

The Leader thanked Mr Hill and additionally noted that in the last financial year work procured by Kent businesses and the Kent voluntary and community sector had increased by 10%.

The Cabinet Member for Environment, Highways and Waste, Mr Bryan Sweetland was pleased that the consensus within the consultation results was to continue to deliver the services in his portfolio from within the council and felt that this was recognition of the investments made for road improvements under this administration.

He was further encouraged to see that there was support for the safe and sensible approach to street lighting which had been on the agenda for some time. He reminded members of the themes central to the debate which were the desire to cut Co2 and spending whilst maintaining resident safety. He assured members that while the environment, light pollution and costs would be considered it would not be at the expense of the safety of residents and this desire was reflected in the responses. The subject would be further discussed with residents in the New Year.

The Cabinet Member for Specialist Children's Services, Mrs Jenny Whittle, welcomed the messages received through the consultation which related to her portfolio. She urged a cautious attitude to the sometimes held view that additional investment would necessarily equal better services and argued that this was only one of many strategies for delivering quality services for residents, for example the work recently undertaken to produce a robust workforce strategy to decrease reliance on agency social workers.

Mrs Whittle continued to report that, In line with the comments made previously with regard to Adult Services, there was a desire within Children’s Services to deliver more services through the voluntary and community sector. Part of this process had been to move from grant based funding to the commissioning of services in order to monitor and maintain agreed standards. The work done to date towards this end had shown good results for residents.

The Cabinet Member for Education, Learning and Skills, Mr Mike Whiting, addressed Cabinet. He reported that the responses related to his portfolio were positive and welcomed the support that they implied for policies and approaches already being progressed, for example the devolvement of budgets to individual schools.

The Leader referred to the recommendations, he assured Cabinet Members, in relation to the first recommendation, that all possible avenues were being explored in order to reduce the impact of any Government announcements this month, on KCC.

It was RESOLVED:

| <b>CABINET</b>   |  |
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| <b>Cabinet response to Budget Consultation – 3 December 2012</b> |  |
| 1.   | That the likely detrimental impact of announcements and consultations on funding arrangements be noted.  |
| 2.   | That updated funding, and the impact on the 2013/14 budget, be included in the revised final draft budget proposals.   |
| 3.   | That the revised final draft budget be amended to include the Executive response to the consultation feedback.   |
| 4.   | That the revised final draft, as referred to in 3.k, be launched following the announcement of the provisional settlement later in December.   |
| <b>REASON</b>  |  |
| 1  | In order that Cabinet is aware of any potential risks  |
| 2 3  | In order that the budget proposals launched contain the most relevant information available without the need for further member decisions  |
| 4.   | In order that as little delay as possible is incurred in releasing the draft budget after all relevant information is available to complete it.  |
| <b>ALTERNATIVE OPTIONS CONSIDERED</b>                            | A variety of alternatives were considered before the proposals were put forward for consultation and again on receipt of responses to the consultation. Those that appeared in the consultation had undergone much scrutiny by officers and portfolio holders. |
| <b>CONFLICTS OF INTEREST</b>                                     | None.  |
| <b>DISPENSATIONS GRANTED</b>                                     | None.  |

## **20. Corporate Risk Register**

*(Item 9 – report by Mr R Gough, Cabinet Member for Business Strategy, Performance and Health Reform and Mr D Cockburn, Corporate Director of Business Strategy and Support)*

Cabinet received a report of the above named member and officer which contained for consideration and comment the latest version of the Corporate Risk Register.

Cabinet Member for Business Strategy, Performance and Health Reform, Mr Roger Gough introduced the report to Cabinet. In particular he referred to the following information:

- That the Risk Register process had become significantly more rigorous and systematic in the past year.
- That the Corporate Risk Register for consideration was supported by division and departmental risk registers and therefore contained within this register were only those very significant or cross cutting risks which threatened the council as a whole.
- Indicators had been refreshed, removed and added. This was to help to ensure that only the most significant risks appeared.
- That the link between the Corporate Risk Register and the actions undertaken to mitigate those risks was made by the Performance and Evaluation Board and the Divisional and Departmental Business Plans. The register was intended to inform and protect KCC and was not produced for its own sake.

Mr Richard Hallett, Head of Business Intelligence for the BSS Directorate was in attendance to speak to the item; he had nothing further to add to the comments which Mr Gough had made and no further questions were received.

It was RESOLVED:

| <b>CABINET<br/>Corporate Risk Register – 3 December 2012</b> |   |
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| 1.   | That the refreshed Corporate Risk Register be noted.  |
| 2.   | That reporting of potential risks to the Corporate Director or Corporate Risk Manager be agreed.                      |
| <b>REASON</b>  |   |
| 1  | In order that Cabinet conduct its monitoring activities effectively.  |
| 2  | In order that reporting lines are clearly agreed and all Members aware of their responsibility to report such issues. |
| <b>ALTERNATIVE<br/>OPTIONS<br/>CONSIDERED</b>                | None.   |
| <b>CONFLICTS OF<br/>INTEREST</b>                             | None.   |
| <b>DISPENSATIONS<br/>GRANTED</b>                             | None.   |

## **21. Report of the recent Select Committee on Domestic Violence**

*(Item 10 – Report by Mr M Hill, Cabinet Member for Customer and Communities and Amanda Honey, Corporate Director for Customer and Communities)*

Cabinet received a report of the Select Committee: Preventing and Responding to Domestic Violence and Abuse in Kent which sought approval for the recommendations contained within.

The Leader of the County Council, Mr Paul Carter, confirmed that the full County Council meeting of 13<sup>th</sup> December 2012 would also consider the report and recommendations.

The Cabinet Member for Customer and Communities, Mr Mike Hill introduced the report and welcomed its findings and recommendations especially timely, he argued, in light of the recent election of a Police Commissioner for Kent and Medway and the launch of KCC's new website focussed on issues and resolutions related to Domestic Violence.

The Chairman of the Select Committee Mr John Kirby and Select Committee members Mrs Tweed and Mr Willicombe were in attendance to speak to the report.

Mr Kirby spoke to the report and drew on particular issues within it, including:

- The varied profiles of both victims and perpetrators of Domestic abuse and therefore the necessary variety of solutions that might be employed.
- The concern of the Select Committee regarding the withdrawal of dedicated Domestic Abuse Liaison officers owing to budgetary constraints within the Police Force. He argued that this would have a negative affect on victims. However, as mentioned previously by the Mr Hill, the election of the Police Commissioner for Kent and Medway presented an opportunity to raise the profile of domestic violence and abuse and ensure partnership working to reduce its occurrences and impacts.
- That it was important to create partnership and multi agency working via GP's, A&E departments, One Stop Shops, etc and the will to do so was evident amongst stakeholders and other organisations.
- That cyclical domestic violence within families should be targeted and schools should, and were, educating children about what was normal within a relationship and what was not.
- Finally he thanked those members who had been involved in the Committee and officers for the support they had given and he hoped that the report produced would raise awareness and offer some solutions to a challenging problem.

Mrs Tweed also spoke to the report and drew on issues within; she reiterated some of the points made by Mr Kirby and additionally referred to the following:

- That Domestic Violence was a crime that isolated the victim and therefore efforts to lift the taboo were welcome in all forms.
- That subsections of domestic violence were touched on in the report but that more work should be done on honour killings and female genital mutilation. With regard to the latter crime the CPS had introduced a ten point plan to help improve reporting.
- That although the problem was diverse and wide spread, small changes in attitude and actions could make a difference and the recommendations in the report aimed to achieve that.

The Cabinet Member for Business Strategy, Performance and Health Reform, Roger Gough addressed Cabinet; he welcomed the report and representations made by members of the Select Committee and particularly the links identified between Domestic Violence and the Health Agenda. In the spirit of an integrated approach, work being lead by the probation service was underway to secure a joint fund between various stakeholders. He reported that the shadow Health and Wellbeing Board had discussed this and had also reflected on the need for multi agency working and he welcomed the Select Committee's approach in this respect also.

The Corporate Director of Customer and Communities spoke to the item, she reported that at the launch of the website referred to earlier by the Cabinet Member for Customer and Communities those present were reminded of the victims of domestic violence including the children and young people affected by violence in families. She reported that in order to recognise this, the website had an area dedicated to children and young people and this area would be developed with the input of these young people in the future.

The Leader of the County Council welcomed the report and recommendations. He agreed that the issue was a serious one and thanked the Select Committee for their careful consideration of it and the useful recommendations. He considered that it was important for the Council to not

only accept the recommendations but act on them. He asked that the report scheduled for County Council on 13 December start to address some of the practical ways in which the recommendations might be implemented and desired result delivered.

The Kent Director of Public Health, Ms Meredith Peachy reported that Community Services had committed to using some of the new Health Visitors for work in the Domestic Violence arena but numbers had yet to be confirmed. In addition she asked members to think about how success should be measured. It was important to remember that success might mean an increase in Domestic Violence owing to greater awareness and reporting. In particular she expected the One Stop Shop Services to be well used and to provide a more user friendly service for some victims than the police in the first instance.

The Cabinet Member for Adult Services and Social Care, Graham Gibbens referred to the section of the report entitled 'Breaking the Cycle' and stressed the importance of targets and indicators of success in achieving this. He hoped that the report would be considered by the Adult Safeguarding Board.

The Cabinet Member for Special Children's Services, Mrs Jenny Whittle put forward her thoughts, in particular she argued that

- Kroner House had begun to organically grow into a One Stop Shop Service and this work could be strengthened by the addition of a dedicated Domestic Violence and Abuse Specialist.
- Home Ante-natal visits had ceased some years ago and this she argued was to the detriment of Domestic Violence work. Visiting the home was an opportunity for Health Visitors to take a holistic view of a mothers needs.
- That men must not be forgotten as victims, nor must parents abused by adolescent children who are often suffering from undiagnosed or untreated mental health disorders.

Mr Alan Willicombe, Select Committee member, addressed Cabinet; he particularly referred to the following:

- He reiterated the importance of supporting all victims of Domestic Violence. He questioned the suitability of jointly provided services for men and women in light of the kinds of abuse that had occurred and suggested separate facilities or sessions for men and women.
- That the Select Committee had not been able to address some of the issues that came to light in as much detail as it would have liked owing to time constraints. He urged KCC to continue to further investigate this crucial area of work in the future.

Mr John Kirby, Chairman of the Select Committee provided closing comments to Cabinet, he reminded those present of the emotional, physical and financial costs of Domestic Violence. He urged the Council to act quickly in negotiations with the Police Commissioner before budgets were set. In conclusion he further supported statements made previously about the benefits of joint working and funding.

The Leader of the County Council, thanked all of those involved in the production of the excellent report that had been considered. He referred to the paper that would be considered on the 13<sup>th</sup> December 2012 at the County Council meeting and welcomed the opportunity to debate what would be done to reduce Domestic Violence in the County.

It was RESOLVED:

|   |  |
|---|--|
| <b>CABINET</b>  |  |
| <b>Report of the recent Select Committee on Domestic Violence – 3 December 2012</b> |  |
| 1.  | That the Select Committee be thanked.                            |
| 2.  | That witnesses and others that gave evidence to the Committee be |

|                                |   |
|--------------------------------|---|
|                                | thanked.  |
| 3.                             | That the recommendations be welcomed and considered by the next meeting of the County Council.  |
|                                |   |
| REASON                         |   |
| 1,2 & 3                        | In order that Cabinet maintain it overview of priorities for Kent and that all councillors have the opportunity to join the debate and find solutions to Domestic Violence. |
| ALTERNATIVE OPTIONS CONSIDERED | To not welcome the recommendations or discuss the report at County Council would not reflect the importance attached to this issue by Kent County Council.                  |
| CONFLICTS OF INTEREST          | None.   |
| DISPENSATIONS GRANTED          | None.   |

## 22. Quarterly Performance Report - Quarter 2

*(Item 11 – report by Mr R Gough, Cabinet Member for Business Strategy, Performance and Health Reform and Mr D Cockburn, Corporate Director of Business Strategy and Support)*

Cabinet received a report of the member and officer named above, the purpose of which was to provide updated information on key areas of the Council's performance for consideration and comment.

The Cabinet Member for Business Strategy, Performance and Health Reform, Mr Roger Gough, spoke to the report and in particular referred to the following:

- That further work continued to establish qualitative indicators within performance measuring and reporting.
- That where performance indicators were recorded as red, particularly where the direction of travel was not positive, a report would be considered by the Performance and Evaluation Board in order to explain the issues affecting performance and the actions being taken.
- That although the direction of travel for the year was positive, having shown improvement, considerable work would need to be undertaken in order to achieve similar performance results as last year.

The Leader of the County Council reiterated the importance of the rigour placed on the system of performance monitoring and management and reported that this was further engrained by a culture of peer comparison with other authorities.

Mr Richard Hallett, Head of Business Intelligence for the BSS Directorate was in attendance to speak to the item, he had nothing further to add to the comments which Mr Gough had made and no further questions were received.

Mr Hallett did draw Members attention to the recommendation seeking approval of a variation to a business plan target that was being sought. This variation, he explained, was sought to reflect changes to the national target for personal budgets which had been reduced from 100% to 70%.

The Leader of the County Council confirmed with officers that each divisional section of the performance report would be taken to the relevant Cabinet Committee for consideration and comment and reminded officers that the comments, ideas and requests received should be incorporated wherever possible.

The Cabinet Member for Specialist Children’s Services, Mrs Jenny Whittle addressed Cabinet; she reported that although the adoption target was still reported as ‘red’ there had in fact been a substantial increase in numbers of children placed with families. She illustrated this by comparing figures from 2011/12 when 67 children were placed with families and the first 7 months of 2012/13 where 80 children had already been placed with families. There was a delay in the reporting of figures owing to the time lag between children being placed and adoption orders being granted and therefore she expected to see the improvement in performance occurring now registered in the figures for 2013/14.

The Cabinet Member for Regeneration and Economic Development, Mr Mark Dance spoke to the item. He reported that the performance indicator which measured the ‘Number of gross jobs created in Kent and Medway through inward investment’ was currently flagged as red but assured members that the work being carried out such as the Expansion East Kent, Regional Growth Fund, the forthcoming TIGER funding for North Kent and Thurrock and the Paramount development meant that the direction of travel was positive and the report would reflect those efforts in time. The Leader of the County Council thanked Mr Dance for his comments and suggested that a report be taken to a future meeting of the Economic Development Cabinet Committee in order to ensure that the path towards growth and jobs continued.

It was RESOLVED:

| <b>CABINET<br/>Quarterly Performance Report – 3 December 2012</b> |  |
|---|--|
| 1.  | That the variation to a Business plan, as detailed in the report, be agreed.         |
| 2.  | That the quarterly performance information be noted.                                 |
| <b>REASON</b>   |  |
| 1   | In order that the new national targets can be properly reflected locally.            |
| 2   | In order that Cabinet conduct its monitoring activities effectively                  |
| <b>ALTERNATIVE<br/>OPTIONS<br/>CONSIDERED</b>                     | The agreed change to the personal budgets target was imposed by national Government. |
| <b>CONFLICTS OF<br/>INTEREST</b>                                  | None.  |
| <b>DISPENSATIONS<br/>GRANTED</b>                                  | None.  |

**23. Other items which the Chairman decides are relevant or urgent**  
(Item 12)No urgent items were heard.

**Motion to exclude the Press and Public.**

Cabinet resolved that under Section 100A of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they contained information that could lead to the disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act.



**Exempt Items – Public minutes**

**24. Submission of the Final Business Case to DFE and Contract Award - St Augustine's Academy, Maidstone (12/01899)**

*(Item 13 – report by Mr R Gough, Cabinet Member for Business Strategy, Performance and Health Reform and David Cockburn, Corporate Director of Business Strategy and Support)*

Cabinet received a report of the member and officer named above the purpose of which was to provide the final business case for the St Augustine's Academy project and seek approval of that business case and affordability position and agreement to enter into a contract with the preferred bidder.

Cabinet member for Business Strategy, Performance and Health Reform, Mr Gough introduced the report.

The Leader of the County Council was concerned that the financial implications of the decision, although contained within the section of the report entitled 'Risk profile', were not contained separately under a specific heading as well. He requested that in the future this always be the case in order to ensure financial rigour within the process. The Leader made clear that his comment referred also to the two reports to be heard at items 14 and 15.

It was RESOLVED:

**RECORD OF DECISION**

| <b>CABINET</b>   |  |
|--|--|
| <b>Submission of the Final Business Case to DfE and Contract Award – St Augustine's Academy, Maidstone</b> |  |
| 1.   | That the Final Business Case for the St Augustine Academy be submitted to EFA and DFE for final departmental approval and to the Treasury following the receipt of planning permission for further approval;   |
| 2.   | That authority be delegated to the Director of Property and Infrastructure in consultation with Director of Governance and Law to agree final contractual terms, provided that no affordability gap occurs.  |
| 3.   | That authority be delegated to the Director of Property and Infrastructure Support to enter into any necessary contracts/ agreements on behalf of the County Council, following approval to final contractual terms as set out in (para. 5.1.2) the report in relation to St Augustine Academy and the Future Schools Agreement. |
| 4.   | That authority be delegated to the Director of Property and Infrastructure Support to act as the nominated Authority Representative within the relevant agreements and to enter into variations as envisaged under the contracts.  |
| <b>REASON</b>  |  |
| 1.   | In order for work to progress approval from the EFA and DfE must have been secured   |
| 2.   | In order that the process from the point of decision is not delayed  |
| 3.   | In order that the process from the point of decision is not delayed  |

|                                |   |
|--------------------------------|---|
| 4.                             | In order that the process from the point of decision is not delayed |
| ALTERNATIVE OPTIONS CONSIDERED | None.   |
| CONFLICTS OF INTEREST          | None.   |
| DISPENSATIONS GRANTED          | None.   |

**25. Submission of the Final Business Case to DFE and Contract Award - Duke of York's Royal Military School, Dover (12/01968)**

*(Item 14 – report by Mr R Gough, Cabinet Member for Business Strategy, Performance and Health Reform and David Cockburn, Corporate Director of Business Strategy and Support)*

Cabinet received a report of the member and officer named above the purpose of which was to provide the final business case for the Duke of York's Royal Military School project and seek approval of that business case and affordability position and agreement to enter into a contract with the preferred bidder.

Cabinet member for Business Strategy, Performance and Health Reform, Mr Gough introduced the report.

The Leader had commented on the content of this report as part of the discussion contained in minute 24 of this document.

It was RESOLVED

**RECORD OF DECISION**

|  |  |
|--|--|
| <b>CABINET</b>   |  |
| <b>Submission of the Final Business Case to DfE and Contract Award – Duke of York Military School, Dover</b> |  |
| 1.   | That the Final Business Case for the Duke of York's Royal Military School be submitted to EFA and DFE for final departmental approval and to the Treasury following the receipt of planning permission for further approval;   |
| 2.   | That authority be delegated to the Director of Property and Infrastructure in consultation with Director of Governance and Law to agree final contractual terms, provided that no affordability gap occurs.  |
| 3.   | That authority be delegated to the Director of Property and Infrastructure Support to enter into any necessary contracts/ agreements on behalf of the County Council, following approval to final contractual terms as set out in (para. 5.1.2) the report in relation to Duke of York's Royal Military School |
| 4.   | That authority be delegated to the Director of Property and Infrastructure Support to act as the nominated Authority Representative within the relevant agreements and to enter into variations as envisaged under the contracts.  |
| REASON   |  |
| 1.   | In order for work to progress approval from the EFA and DfE must have been secured   |

|                                |   |
|--------------------------------|---|
| 2.                             | In order that the process from the point of decision is not delayed |
| 3.                             | In order that the process from the point of decision is not delayed |
| 4.                             | In order that the process from the point of decision is not delayed |
| ALTERNATIVE OPTIONS CONSIDERED | None.   |
| CONFLICTS OF INTEREST          | None.   |
| DISPENSATIONS GRANTED          | None.   |

**26. Submission of the Final Business Case to DFE and Contract Award - The Knole Academy (12/01898)**

*(Item 15 – report by Mr R Gough, Cabinet Member for Business Strategy, Performance and Health Reform and David Cockburn, Corporate Director of Business Strategy and Support)*

Cabinet received a report of the member and officer named above the purpose of which was to provide the final business case for the Knole Academy project and seek approval of that business case and affordability position and agreement to enter into a contract with the preferred bidder.

Cabinet Member for Business Strategy, Performance and Health Reform, Mr Gough introduced the report.

The Leader had commented on the content of this report as part of the discussion contained in minute 24 of this document.

It was RESOLVED

**RECORD OF DECISION**

|   |   |
|---|---|
| <b>CABINET</b>  |   |
| <b>Submission of the Final Business Case to DfE and Contract Award – The Knole Academy, Sevenoaks</b> |   |
| 1.  | That the Final Business Case for Knole Academy be submitted to EFA and DFE for final departmental approval and to the Treasury following the receipt of planning permission for further approval;   |
| 2.  | That authority be delegated to the Director of Property and Infrastructure in consultation with Director of Governance and Law to agree final contractual terms, provided that no affordability gap occurs.   |
| 3.  | That authority be delegated to the Director of Property and Infrastructure Support to enter into any necessary contracts/ agreements on behalf of the County Council, following approval to final contractual terms as set out in (para. 5.1.2) the report in relation to the Knole Academy and the Future Schools Agreement. |
| 4.  | That authority be delegated to the Director of Property and Infrastructure Support to act as the nominated Authority Representative within the relevant agreements and to enter into variations as envisaged under the contracts.   |

|                                |  |
|--------------------------------|--|
|                                |  |
| REASON                         |  |
| 1.                             | In order for work to progress approval from the EFA and DfE must have been secured |
| 2.                             | In order that the process from the point of decision is not delayed                |
| 3.                             | In order that the process from the point of decision is not delayed                |
| 4.                             | In order that the process from the point of decision is not delayed                |
| ALTERNATIVE OPTIONS CONSIDERED | None.  |
| CONFLICTS OF INTEREST          | None.  |
| DISPENSATIONS GRANTED          | None.  |

BY: Paul Carter, Leader of the Council  
Alex King, Deputy Leader of the Council  
John Simmonds, Cabinet Member for Finance and Business Support  
Andy Wood, Corporate Director of Finance & Procurement

TO: Cabinet Meeting – 23<sup>rd</sup> January 2012

Subject: Provisional Local Government Finance Settlement 2013/14 and  
KCC Draft Budget 2013/14

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Summary: To update the Cabinet on the provisional local government finance settlement announced on 19<sup>th</sup> December and proposed 2013/14 Budget launched on 16<sup>th</sup> January for final comment. Cabinet is asked to endorse the proposed budget and Council Tax levels for 2013/14 for submission to the County Council on 14<sup>th</sup> February 2012. Cabinet is also asked to agree the revised Treasury Management strategy proposed in the draft budget.

The update includes:

- Details of the local government finance settlement and KCC's response
- Implications of the settlement on the draft budget issued for consultation on 6<sup>th</sup> September
- The latest forecast for spending demands for 2013/14 based on the November Second Quarter Budget Monitoring Report
- The proposed Capital Programme 2013/16
- Treasury Management strategy
- The provisional tax base information from District Councils
- Recommendation to Personnel Committee on staff pay

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

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

## 1. Introduction

- 1.1 The draft 2013/14 Budget was launched for public consultation on 6<sup>th</sup> September. This is the first time we were able to launch consultation in advance of receiving the provisional local government finance settlement. This provided an 8 week consultation period and enabled Cabinet to issue a formal response at its meeting on 3<sup>rd</sup> December. This response has informed the changes in the final draft budget launched on 16<sup>th</sup> January following assessment of the provisional local government finance settlement announced on 19<sup>th</sup> December.
- 1.2 The budget proposals have been developed in the most difficult circumstances. Not only does the Government maintain its commitment to eliminate the UK's budget deficit through public spending reductions but this year we have also had to contend with a major overhaul of the main funding arrangements for local government and significant changes to the Council Tax system. Initial estimates from the 2010 Spending Review (SR2010) indicated this would be an easier year with smaller savings targets, however, the combination of the other changes means we are facing savings of a similar magnitude as the current year.
- 1.3 At the same time as funding is reducing the demands on local authority services are increasing. Next year we are estimating new spending demands of £33.6m<sup>1</sup>. This is less than similar pressures in previous years and represents a £1.8m increase on the amount identified at the time consultation was launched. Within this there a number of increases and reductions which are outlined in draft Budget Book and MTFP attached as appendices 2 and 3 respectively.
- 1.4 The consultation set out Cabinet's commitment to freeze Council Tax at the same rates as 2010/11 for the third successive year. At the time the consultation was launched we were not planning for any support from Government Grant towards the freeze. Feedback from consultation supported this approach and Cabinet has maintained its resolve not to increase in spite of the challenging budget. Since the consultation was launched Government has announced a grant equivalent to 1% of Council Tax for those authorities freezing tax levels in 2013/14.
- 1.5 Since 2010 we have been estimating that over the 4 year period from 2011 we would need to make £340m of savings in real terms to take into account funding reductions and additional spending demands. The 2013/14 draft budget and MTFP indicates that this estimate remains an accurate forecast.
- 1.6 The draft budget is based on the forecasts in the quarter 2 monitoring reported to Cabinet in December. The exception monitoring report

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<sup>1</sup> excluding reversal of one-offs from 2012/13, spending supported by health funding and 2 year old expansion funded from DSG

presented elsewhere on this agenda does not include any material changes which would affect the proposed draft budget.

- 1.7 Personnel committee considers a report on 18<sup>th</sup> January which includes a recommendation about a pay award for all Kent Scheme staff. Their recommendation will be part of the budget recommendations to County Council on 14<sup>th</sup> February.

## **2. Provisional Local Government Finance Settlement**

- 2.1 The provisional local government finance settlement was announced on 19<sup>th</sup> December 2012. This was later than in previous years and gave very little time for analysis before Christmas. This was several weeks later than previous years and nearly two weeks later than this year. The settlement was also more complex than previous years as a result of the transfer of a number of grants into a new funding system which makes comparison with the current year very difficult. It did not help that we did not have any provisional figures and some significant changes only came to light during consultation in the autumn and we did not get the outcome from these until the settlement was announced.
- 2.2 The new arrangements are based on the authority receiving 9% of the estimated business rates to be collected locally by district councils. In addition the authority receives a top-up to ensure funding matches a business rates baseline (districts have to pay a tariff to ensure their estimated share of business rates does not exceed the baseline). In the following year the actual business rates collected in 2013/14 will be compared to the estimates included in the budget and any excess will be distributed between the districts/county council/fire and rescue authority in the ratio of 80:18:2 (similarly any deficit will also have to be shared out in the same ratio). The ratio means that variation on business rates collection is not as significant for the county as it is for the districts.
- 2.3 In addition to the business rates and top up the authority will also receive Revenue Support Grant (RSG) equivalent to 60.05% of the grants which have been transferred into the new arrangements. This is funded from the 50% of business rates which are collected locally and returned to the HM Treasury plus the other Government funding identified for local government in SR2010. This system of business rates (including top-ups and tariffs) and RSG replaces the previous grant arrangements. More detail on the new funding arrangements is included in the draft MTFP.
- 2.4 The new funding system based on business rates and RSG also include the money transferred from Department for Work and Pensions (DWP) to fund local Council Tax Support schemes (CTS). The introduction of CTS means that the County Council's tax base for 2013/14 is significantly less than 2012/13. There have also been other

changes to Council tax which allows billing authorities more discretion over discounts and exemptions. The draft Budget Book includes an explanation of the change in the tax base between 2012/13 and 2013/14.

- 2.5 Overall the provisional local government settlement shows a reduction government grant of £39m on a like for like basis between 2012/13 and 2013/14. This equates to 9.5% of the overall un-ring-fenced grants or just under 4% of the county council's net spend excluding schools. This is £13m worse than we estimated for the consultation. The Council tax base is slightly better than we forecast for the consultation and overall the net budget excluding schools shows a £40m reduction (compared to the £28m reduction at the time of the consultation).
- 2.6 We had until 15<sup>th</sup> January to respond to the provisional settlement. In our response we have commented on the difficulties the time scale has presented and have repeated our principle concerns with the new arrangements and the late changes, particularly in relation to Early Intervention Grant (EIG) and Local Authority Central Spend Equivalent Grant (LACSEG). In spite of these concerns we have urged that the government does not make any further changes at this very late stage as this would impact on ability to set the budget and therefore precept levels for Council Tax.
- 2.7 The grants to support the transfer of Public Health responsibilities were only announced on 10<sup>th</sup> January. This was too late to include in this draft of the Budget Book and MTFP and will be reported to County Council separately. There are a number of other less significant grants still to be announced/confirmed.

### **3. Draft Budget and MTFP**

- 3.1 We have included the impact of the provisional settlement into the draft budget and MTFP. We have also included the additional £1.8m spending demands referred to in paragraph 1.3. This has increased the savings/income target from the £60m outlined in the consultation launched in September to £74m on a like for like basis. This does not include the impact of one-offs or grant changes (the income from health towards social care or the income for the expansion of 2 year olds places now included in the Dedicated Schools Grant - these have to be included in MTFP analysis for completeness).
- 3.2 We have refined and re-phased some of the planned savings e.g. transformation of specialist children's services which has a knock on consequence on the amount that can be delivered in 2013/14. We have also proposed a number of new and increased savings to compensate and to balance the additional spending demands and funding changes. The new proposals are drawn from Cabinet's response to the consultation rather than the services which are notionally funded from the grants which have changed since we



launched the consultation as they have transferred into the new arrangements. In particular this means that early intervention and education support services have not faced additional savings targets compared to the consultation.

- 3.3 The ongoing uncertainty in the new arrangements means it is not considered prudent to produce a detailed medium term financial plan beyond 2013/14. In particular we need to pay close attention to Council Tax and business rate collection as these will have a significant bearing on future resources. We also need more time to analyse of the indicative figures for 2014/15 as unlike the current formula arrangements we will no longer receive grant to reflect population increases.
- 3.4 The draft Budget Book and MTFP includes the proposed capital programme for 2013/16 and a new proposed capital strategy. We did not include the capital programme in the consultation launched in September as it is heavily reliant on grant announcements from central government departments. We have still not received announcements for some of these grants e.g. schools basic need, but we must publish a draft programme based on estimates.

#### **4. Treasury Management Strategy**

- 4.1 The draft MTFP includes a revised treasury management strategy. In particular the proposed strategy includes proposals to increase the number of counterparties where the council can invest money, the types of approved investments and the maximum duration for investments. These changes are needed in order to deliver better value from the authority's treasury management and achieve £2m of savings/additional income included in the draft budget proposals.
- 4.2 Cabinet is asked to agree the changes to the Treasury Management Strategy.

#### **5. Council Tax Base**

- 5.1 KCC's calculation of Council Tax depends on the number of equivalent Band D properties within the area. This constitutes the tax base and is the basis of the precept we make on District Councils. District Councils must notify all preceptors of the tax base by the end of January. This calculation is based on the assessment of the number of properties in each band as at 30<sup>th</sup> November less each council's estimate for discounts for single occupancy, empty properties, exemptions and collection rates. This is then converted to the Band D equivalent tax base.
- 5.2 For the purposes of the draft 2013/14 Budget we are assuming a Band D equivalent tax base of 486,341.98 yielding £509,579,400 at the same

Band D rate as 2012/13 (£1047.78). This is based on the latest estimates provided by district councils. Comparison with 2012/13 Band D equivalent tax base of 551,560.84 is difficult due to the changes through CTS and the additional discretions on exemptions and discounts. On the best like for like basis we can produce this shows an increase in the tax base of 0.35%. This is encouraging in terms of tax yield and higher than we had previously estimated. As already outlined Cabinet is proposing a Council Tax freeze in the 2013/14 Budget, meaning that the Band D rate would remain £1,047.78 for the fourth successive year.

5.3 Table 1 below shows the increase in the overall Band D equivalent tax base for 2013/14 and previous years on a like for like basis.

| Table 1<br>Band D<br>Equivalentents | 2010/11 | 2011/12  | 2012/13 | 2013/14 | 2013/14<br>adjusted<br>on like for<br>like basis |
|-------------------------------------|---------|----------|---------|---------|--|
|                                     |         |          |         |         |  |
| Total                               | 543,481 | 547, 528 | 551,561 | 486,342 | 553,467  |
| % Increase                          | 0.62%   | 0.74%    | 0.74%   |         | 0.35%  |

5.5 This tax base could still change up to the deadline of 31<sup>st</sup> January. Any changes will be included in the final budget presented to County Council.

5.6 District councils must also notify major preceptors of the balance on the collection funds for previous years by 31<sup>st</sup> January. This balance has to be allocated to authorities pro rata to their respective tax base. As in previous years we will have to factor any overall surplus or deficit into the final budget although this can only be treated as a one-off.

## 6. Conclusions

6.1 In summary there have been a number of significant changes since the draft budget was launched for consultation:

- Changes to the amounts transferred into the new local government funding arrangements for EIG and LACSEG have significantly reduced the funding available in the provisional settlement by £20.5m compared to the consultation launched in September
- The additional Council Tax Freeze Grant for 2013/14 has increased the funding available in the provisional settlement by £5.8m compared to the consultation launched in September
- Changes to other grant assumptions have increased the funding available in the provisional settlement by £1.7m compared to the consultation launched in September
- The overall estimated Council Tax base including the impact of Council Tax support has increased the funding available by £1.2m compared to the consultation launched in September.

- The spending demands have increased by £1.8m compared to the estimate included in consultation launched in September
- The overall impact of the 5 points above requires an additional net £13.6m of savings to be included in the final draft budget compared to the £60.3m in the consultation launched in September.

6.2 The impact of these changes is reflected in the final draft budget Book and MTFP

6.3 Table 2 summarises the revised proposed budget requirement and proposed Council Tax precept for 2012/13.

| Table 4 – Calculation of Council Tax | 2012/13<br>Approved<br>Budget | 2013/14<br>Draft<br>Budget for<br>Consultation<br>£000s | 2013/14<br>Final Draft<br>Budget |
|--------------------------------------|-------------------------------|---|----------------------------------|
| Proposed Budget Requirement          | 904,321                       | 966,510   | 951,711                          |
| Financed from:                       |                               |   |                                  |
| Formula Grant                        | 303,446                       | 293,400   |                                  |
| Early Intervention Grant             |                               | 54,883  |                                  |
|                                      |                               | 35,627  |                                  |
| Council Tax Support Grant            |                               | 69,146  |                                  |
| Revenue Support Grant                |                               |   | 246,602                          |
| Business Rates Top-up                |                               |   | 118,241                          |
| Education Services Grant             |                               |   | 20,642                           |
| Council Tax Freeze Grant             | 14,446                        |   | 5,820                            |
| New Homes Bonus                      | 2,829                         | 4,200   | 4,383                            |
| Other Grants                         | 3,437                         | 888   | 628                              |
|                                      |                               |   |                                  |
| Business Rates                       |                               |   | 45,816                           |
|                                      |                               |   |                                  |
| Council Tax Collection Fund Surplus  | 2,239                         |   |                                  |
| Council Tax Precept                  | 577,914                       | 508,366   | 509,579                          |
|                                      |                               |   |                                  |
| Band D equivalent tax base           | 551,560.84                    | 485,183.91  | 486,341.98                       |
|                                      |                               |   |                                  |
| Council Tax Band D rate 2013/14      | £1,047.78                     |   | £1,047.78                        |

## 7. Recommendations

7.1 Cabinet is asked to endorse the following, for consideration and approval by County Council on 14<sup>th</sup> February 2013:

- (1) The Revenue Budget proposals for 2013/14 including the proposed changes since the consultation, included in the published draft Budget, and the resulting change to the overall budget requirement.

- (2) A requirement from Council Tax of £509.579m to be raised through precept on District Councils.
- (3) A Council tax freeze at 2012/13 levels. Levels for each property band as set out below.

| Council Tax Band | A       | B       | C       | D         | E         | F         | G         | H         |
|------------------|---------|---------|---------|-----------|-----------|-----------|-----------|-----------|
|                  | £698.52 | £814.94 | £831.36 | £1,047.78 | £1,280.62 | £1,513.46 | £1,746.30 | £2,095.56 |

- (4) The Capital investment proposals for 2013/14, together with the necessary borrowing, revenue, grants, capital receipts, renewals, external funding and other earmarked sums to finance the programme. Note that delivery of the programme will be subject to the approval to spend on individual schemes and the level of Government support available in future years
- (5) The Prudential Indicators as set out in Appendix B of the draft MTFP 2013/15

7.2 Cabinet is asked to agree the Treasury Management Strategy as set out in section 4 of the draft MTFP 2013/15

#### Officer Contacts

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 Cath Head – Head of Financial Management Ext. 1135  
 Dave Shipton – Head of Financial Strategy Ext. 4597

#### Appendices

Appendix 1 – Minutes of the Cabinet Scrutiny Committee meeting to be held on 21<sup>st</sup> January 2013

(At the time of agenda publication the meeting had not taken place - minutes will be circulated as soon as they are available after the meeting)

Appendix 2 - Draft Budget 2013/14 - launched 16<sup>th</sup> January 2013

Appendix 3 – Draft Medium Term Financial Plan 2013/15 - launched 16<sup>th</sup> January 2013

#### Background Documents

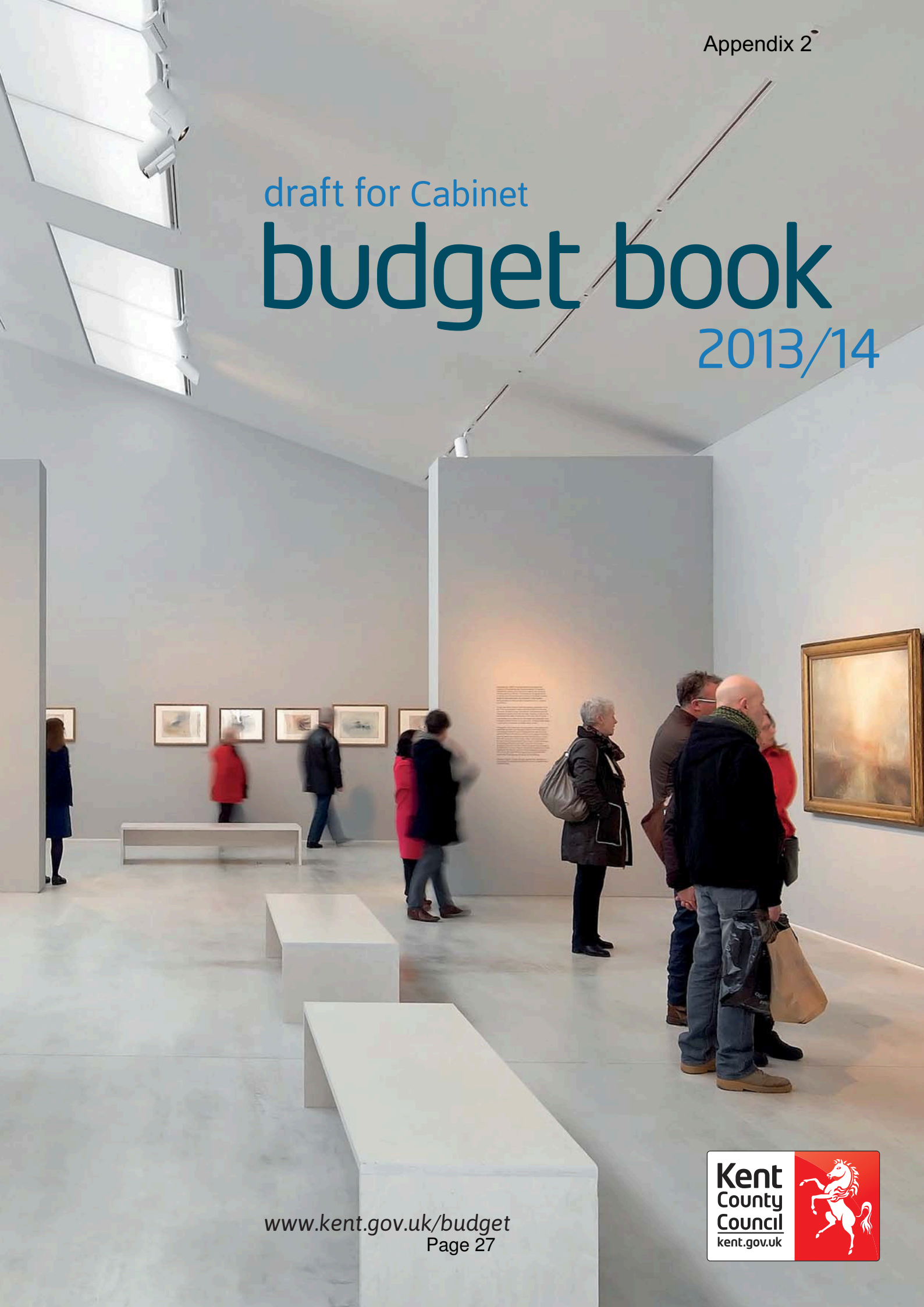
[Budget Consultation Document – Framing Our Budget launched 6<sup>th</sup> September 2012](#)

[Report to Cabinet on Budget Consultation 2013/14 – 3<sup>rd</sup> December 2012](#)

draft for Cabinet

# budget book

2013/14





# KCC Budget Book 2013/14

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## **KCC Budget Book**

# **SECTION 1**

## **Introduction**



## **Section 1 - KCC Budget Book**

### **Introduction**

- 1.1 Please see the “Medium Term Financial Plan 2013/15” for the Leader’s Foreword to this budget and the national and local context in which the budget has been set. The remainder of this introduction is a guide to help users navigate this budget book.
- 1.2 This Budget Book is presented in a user-friendly format. There are three places where you can find changes to the budget. One of those is in the Medium Term Financial Plan at Appendix A (iii), the other two are in this budget book, one within section 5 and the other within section 6 (to follow).
- 1.3 We have continued with an alphabetical list of individual service budgets (see section 5), indicating which Portfolio is responsible for each line in the Budget and showing key performance and affordable activity levels.
- 1.4 The services continue to be split into four main sections, and within those sections they have been further split into meaningful categories to guide the reader to the correct service area. The table below shows the main headings and categories, as shown in section 5, the A to Z Service Analysis presentation of the 2013/14 budget.

| <b>Main Heading</b>  | <b>Categories</b>                   |
|--|-------------------------------------|
| Direct Service to the Public   | Adults & Older People               |
|  | Children’s Services                 |
|  | Community Services                  |
|  | Environment                         |
|  | Highways                            |
|  | Local Democracy                     |
|  | Planning and Transport Strategy     |
|  | Regeneration & Economic Development |
|  | Regulatory Services                 |
|  | Schools Budgets                     |
|  | Schools Services                    |
|  | Transport Services                  |
| Waste Management   |                                     |
| Financing Items  |                                     |
| Assessment Services  |                                     |
| Management, Support Services (inc. support to front line services) and Overheads |                                     |

- 1.5 The Directorate service management and support costs are shown separately at the end of the budget pages. Following the restructuring of the council in 2012/13, a number of budgets have been centralised and no longer sit with the individual front line services e.g. premises costs.
- 1.6 In order to provide a more meaningful comparison between years, the 2012/13 budgets have been revised from what was published in the 2012/13 Budget Book to reflect where A to Z budget lines have changed and the realignments which have been reported via the 2012/13 financial monitoring.



**KCC Budget Book**

**SECTION 2**

**Council Tax 2013/14**



## **Section 2 – Council Tax**

- 2.1 There have been significant changes to the Council Tax arrangements for 2013/14 which require further explanation. In particular the previous Council Tax benefit system has been transferred to local schemes and the Local Government Finance Act has given billing authorities additional powers to alter discounts and exemptions to Council Tax. This section explores the changes and the impact on 2013/14 anticipated yield from Council Tax.
- 2.2 Determining the tax base is the responsibility of billing authorities. Billing authorities must notify the major precepting authorities of the final tax base by 31st January. They must also notify precepting authorities of the balance on the local collection fund for the previous year and their pro rata share of any surplus or deficit. The tax base figures in this draft budget book are based on the latest estimates from billing authorities. Major precepting authorities must notify billing authorities of their precept needed to finance their budget requirement by 28th February to enable them to calculate Council Tax bills before the start of the financial year.
- 2.3 Table 1 sets out the estimated tax base and precept for each district for 2013/14.

| Table 1             | 2012/13<br>Tax Base | 2012/13<br>Precept | Estimated<br>Tax Base | 2013/14<br>Estimated<br>Precept |
|---------------------|---------------------|--------------------|-----------------------|---------------------------------|
| District            |                     | £s                 |                       | £s                              |
| Ashford             | 46,075.60           | 48,277,092         | 41,180.00             | 43,147,580                      |
| Canterbury          | 52,353.00           | 54,854,426         | 46,183.00             | 48,389,624                      |
| Dartford            | 35,069.50           | 36,745,121         | 31,495.65             | 33,000,512                      |
| Dover               | 40,188.44           | 42,108,644         | 34,757.85             | 36,418,580                      |
| Gravesham           | 35,551.53           | 37,250,182         | 31,026.87             | 32,509,334                      |
| Maidstone           | 60,985.30           | 63,899,178         | 55,155.10             | 57,790,411                      |
| Sevenoaks           | 50,860.03           | 53,290,122         | 47,052.88             | 49,301,067                      |
| Shepway             | 40,019.05           | 41,931,160         | 33,562.88             | 35,166,514                      |
| Swale               | 48,401.04           | 50,713,642         | 41,225.21             | 43,194,951                      |
| Thanet              | 47,194.74           | 49,449,705         | 37,990.60             | 39,805,791                      |
| Tonbridge & Malling | 49,256.68           | 51,610,164         | 44,924.13             | 47,070,605                      |
| Tunbridge Wells     | 45,605.93           | 47,784,981         | 41,787.81             | 43,784,432                      |
| Total               | 551,560.84          | 577,914,417        | 486,341.98            | 509,579,400                     |

- 2.4 Each billing authority has to agree its local scheme for Council Tax Support. The existing benefits for pensioners are protected and authorities can only make changes in relation to working age recipients. The funds transferring to support local schemes represent a 10% reduction in the overall estimated costs of existing benefits (including pensioners). The funding to support local schemes have been incorporated into the new local government funding arrangements and the impact of local schemes will reduce the tax base for all authorities (including precepting authorities and parish/town councils).

- 2.5 The Local Government Finance Act 2012 gave local billing authorities additional powers to reduce exemptions on empty homes and discounts on second homes. The Act also gave billing authorities the power to levy a premium on long term empty properties.
- 2.6 Table 2 sets out the main changes to the estimated tax base and impact on the county precept between 2012/13 and 2013/14. The information in table 2 is derived from an initial analysis of tax base estimates and will be refined as part of final tax base and thus should only be considered indicative at this stage.

| Table 2   | Tax Base   | Precept<br>£s |
|---|------------|---------------|
| 2012/13 Base  | 551,560.84 | 577,914,417   |
| New Properties  | 1,906.48   | 1,997,572     |
| Impact of Council Tax Support   | -70,771.61 | -74,153,078   |
| Changes to Discounts and Exemptions to fund Council Tax Support schemes | 5,139.21   | 5,384,761     |
| Other changes to Discounts and Exemptions                               | 1,224.36   | 1,282,860     |
| Change to Collection Rates  | -2,717.30  | -2,847,133    |
| 2013/14 Estimate  | 486,341.98 | 509,579,400   |

- 2.7 The Council Tax Band rates for 2013/14 for the County precept remain unchanged from 2012/13 as set out below. Other authorities i.e. Police, Fire & Rescue, Districts, Parish and Town Councils are responsible for setting their own share of Council Tax as part of the overall bill. Under the Local Government Finance Act 2012 residents will be able to pay bills in 12 monthly instalments (rather than 10 instalments). Also under the act a separate explanation of Council Tax no longer needs to be included with individual bills and can be made available electronically or on request.

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



**KCC Budget Book**

**SECTION 3**

**Capital Investment  
Plans**



| Row ref   | SUMMARY  |                  |                |                |              |                |                        |                    |                  |               |                |                |                |
|---|--|------------------|----------------|----------------|--------------|----------------|------------------------|--------------------|------------------|---------------|----------------|----------------|----------------|
| SECTION 3 - CAPITAL INVESTMENT PLANS 2013/14 TO 2015/16 |  |                  |                |                |              |                |                        |                    |                  |               |                |                |                |
| 2013/16 Funded By:                                      |  |                  |                |                |              |                |                        |                    |                  |               |                |                |                |
|   | Total cost of scheme                           | Previous Spend   | Borrowing      | PEF2           | Grants       | Dev Contrs     | Other External Funding | Revenue & Renewals | Capital Receipts | PFI           | Total 2013/16  | Later Years    |                |
|   | £'000  | £'000            | £'000          | £'000          | £'000        | £'000          | £'000                  | £'000              | £'000            | £'000         | £'000          | £'000          |                |
| 1   | Adults Social Care & Public Health             | 95,508           | 2,651          | 1,190          | 1,117        | 9,217          | 1,361                  |                    | 13,173           | 66,800        | 92,857         |                |                |
| 2   | Business Strategy, Performance & Health Reform | 68,851           | 22,317         | 10,490         | 2,450        | 8,750          |                        | 160                | 24,684           |               | 46,534         |                |                |
| 3   | Customer & Communities                         | 16,170           | 4,907          | 6,224          | 400          | 2,449          | 550                    |                    | 1,640            |               | 11,263         |                |                |
| 4   | Education, Learning & Skills                   | 644,164          | 385,608        | 34,666         |              | 153,338        | 6,004                  | 600                | 27,881           | 20,667        | 243,156        | 15,400         |                |
| 5   | Environment, Highways & Waste                  | 584,169          | 213,527        | 33,231         | 26           | 116,832        | 30,049                 | 3,779              | 4,622            | 5,250         | 193,789        | 176,853        |                |
| 6   | Regeneration & Economic Development            | 126,984          | 21,077         | 22,032         |              | 70,700         |                        | 5,157              | 5,518            |               | 103,407        | 2,500          |                |
| 7   | Specialist Children's Services                 | 1,074            | 0              |                |              | 1,074          |                        |                    |                  |               | 1,074          |                |                |
| 8   | <b>Total Cash Limit</b>                        | <b>1,536,920</b> | <b>650,087</b> | <b>107,833</b> | <b>3,993</b> | <b>362,360</b> | <b>37,964</b>          | <b>9,536</b>       | <b>32,663</b>    | <b>70,932</b> | <b>66,800</b>  | <b>692,080</b> | <b>194,753</b> |
| 2013/16 Funded By:                                      |  |                  |                |                |              |                |                        |                    |                  |               |                |                |                |
|   | Three year budget                              |                  | Borrowing      | PEF2           | Grants       | Dev Contrs     | Other External Funding | Revenue & Renewals | Capital Receipts | PFI           | Total 2013/16  |                |                |
|   | £'000  |                  | £'000          | £'000          | £'000        | £'000          | £'000                  | £'000              | £'000            | £'000         | £'000          |                |                |
| <b>ROLLING PROGRAMMES</b>                               |  |                  |                |                |              |                |                        |                    |                  |               |                |                |                |
| 9   | Adults Social Care & Public Health             | 6,600            |                |                |              | 6,600          |                        |                    |                  |               | 6,600          |                |                |
| 10  | Business Strategy, Performance & Health Reform | 18,381           |                | 7,888          |              | 8,750          |                        | 160                | 1,583            |               | 18,381         |                |                |
| 11  | Customer & Communities                         | 6,609            |                | 4,160          |              | 2,449          |                        |                    |                  |               | 6,609          |                |                |
| 12  | Education, Learning & Skills                   | 60,398           |                | 457            |              | 33,941         |                        | 26,000             |                  |               | 60,398         |                |                |
| 13  | Environment, Highways & Waste                  | 121,119          |                | 8,186          |              | 107,111        | 1,922                  | 3,900              |                  |               | 121,119        |                |                |
| 14  | <b>Total Rolling Programmes</b>                | <b>213,107</b>   |                | <b>20,691</b>  |              | <b>158,851</b> | <b>1,922</b>           | <b>30,060</b>      | <b>1,583</b>     |               | <b>213,107</b> |                |                |
|   | Total cost of scheme                           | Previous Spend   | Borrowing      | PEF2           | Grants       | Dev Contrs     | Other External Funding | Revenue & Renewals | Capital Receipts | PFI           | Total 2013/16  | Later Years    |                |
|   | £'000  | £'000            | £'000          | £'000          | £'000        | £'000          | £'000                  | £'000              | £'000            | £'000         | £'000          | £'000          |                |
| <b>INDIVIDUAL PROJECTS</b>                              |  |                  |                |                |              |                |                        |                    |                  |               |                |                |                |
| 15  | Adults Social Care & Public Health             | 88,908           | 2,651          | 1,190          | 1,117        | 2,617          | 1,361                  |                    | 13,173           | 66,800        | 86,257         |                |                |
| 16  | Business Strategy, Performance & Health Reform | 50,470           | 22,317         | 2,602          | 2,450        |                |                        |                    | 23,101           |               | 28,153         |                |                |
| 17  | Customer & Communities                         | 9,561            | 4,907          | 2,064          | 400          |                | 550                    |                    | 1,640            |               | 4,654          |                |                |
| 18  | Education, Learning & Skills                   | 583,766          | 385,608        | 34,209         |              | 119,397        | 6,004                  | 600                | 1,881            | 20,667        | 182,758        | 15,400         |                |
| 19  | Environment, Highways & Waste                  | 463,050          | 213,527        | 25,045         | 26           | 9,721          | 28,127                 | 3,779              | 722              | 5,250         | 72,670         | 176,853        |                |
| 20  | Regeneration & Economic Development            | 126,984          | 21,077         | 22,032         |              | 70,700         |                        | 5,157              | 5,518            |               | 103,407        | 2,500          |                |
| 21  | Specialist Children's Services                 | 1,074            | 0              |                |              | 1,074          |                        |                    |                  |               | 1,074          |                |                |
| 22  | <b>Total Individual Projects</b>               | <b>1,323,813</b> | <b>650,087</b> | <b>87,142</b>  | <b>3,993</b> | <b>203,509</b> | <b>36,042</b>          | <b>9,536</b>       | <b>2,603</b>     | <b>69,349</b> | <b>66,800</b>  | <b>478,973</b> | <b>194,753</b> |
| 23  | <b>Total Cash Limit</b>                        | <b>1,536,920</b> | <b>650,087</b> | <b>107,833</b> | <b>3,993</b> | <b>362,360</b> | <b>37,964</b>          | <b>9,536</b>       | <b>32,663</b>    | <b>70,932</b> | <b>66,800</b>  | <b>692,080</b> | <b>194,753</b> |

| Row ref  | ADULTS SOCIAL CARE & PUBLIC HEALTH   |                |              |              |              |              |                        |                    |                  |               |               |             |
|--|--|----------------|--------------|--------------|--------------|--------------|------------------------|--------------------|------------------|---------------|---------------|-------------|
| SECTION 3 - CAPITAL INVESTMENT PLANS 2013/14 TO 2015/16  |  |                |              |              |              |              |                        |                    |                  |               |               |             |
| 2013/16 Funded By:   |  |                |              |              |              |              |                        |                    |                  |               |               |             |
|  | Three year budget  |                | Borrowing    | PEF2         | Grants       | Dev Contrs   | Other External Funding | Revenue & Renewals | Capital Receipts | PFI           | Total 2013/16 |             |
|  | £'000  |                | £'000        | £'000        | £'000        | £'000        | £'000                  | £'000              | £'000            | £'000         | £'000         | £'000       |
| <b>ROLLING PROGRAMMES</b>  |  |                |              |              |              |              |                        |                    |                  |               |               |             |
| 1  | <i>Home Support Fund*</i>  | 6,600          |              |              | 6,600        |              |                        |                    |                  |               | 6,600         |             |
| 2  | <b>Total Rolling Programmes</b>  | 6,600          |              |              | 6,600        |              |                        |                    |                  |               | 6,600         |             |
|  | Total cost of scheme   | Previous Spend | Borrowing    | PEF2         | Grants       | Dev Contrs   | Other External Funding | Revenue & Renewals | Capital Receipts | PFI           | Total 2013/16 | Later Years |
|  | £'000  | £'000          | £'000        | £'000        | £'000        | £'000        | £'000                  | £'000              | £'000            | £'000         | £'000         | £'000       |
| <b>INDIVIDUAL PROJECTS</b>   |  |                |              |              |              |              |                        |                    |                  |               |               |             |
| <b>Kent Strategy for Services for Older People (OP):</b>                                       |  |                |              |              |              |              |                        |                    |                  |               |               |             |
| 3  | <i>Community Care Centre - Ebbsfleet</i>   | 544            |              |              |              | 544          |                        |                    |                  |               | 544           |             |
| 4  | <i>Community Care Centre - Thameside Eastern Quarry</i>  | 500            |              |              |              | 500          |                        |                    |                  |               | 500           |             |
| 5  | <i>OP Strategy - Transformation/Modernisation</i>  | 8,355          | 555          | 200          |              | 76           |                        |                    | 7,524            |               | 7,800         |             |
| <b>Kent Strategy for Services for People with Learning Difficulties/Physical Disabilities:</b> |  |                |              |              |              |              |                        |                    |                  |               |               |             |
| 6  | <i>Learning Disability Good Day Programme-Community Hubs</i>   | 4,043          | 725          |              | 1,117        |              |                        |                    | 2,201            |               | 3,318         |             |
| 7  | <i>Learning Disability Good Day Programme-Community Initiatives</i>                                    | 3,178          | 748          | 56           |              |              |                        |                    | 2,374            |               | 2,430         |             |
| 8  | Mental Health Strategy - Dover Supported Accommodation   | 50             |              | 50           |              |              |                        |                    |                  |               | 50            |             |
| 9  | Mental Health Strategy - General   | 84             |              | 84           |              |              |                        |                    |                  |               | 84            |             |
| 10   | Mental Health Strategy - Sanctuary Housing, Supported Accommodation                                    | 130            |              |              | 130          |              |                        |                    |                  |               | 130           |             |
| <b>Active Care/Active Lives Strategy:</b>  |  |                |              |              |              |              |                        |                    |                  |               |               |             |
| 11   | <i>PFI - Excellent Homes for All - Development of new Social Housing for vulnerable people in Kent</i> | 66,800         |              |              |              |              |                        |                    |                  | 66,800        | 66,800        |             |
| <b>Developing Innovative and Modernising Services:</b>   |  |                |              |              |              |              |                        |                    |                  |               |               |             |
| 12   | <i>Lowfield St (Formerly Trinity Centre, Dartford)</i>   | 1,073          |              |              |              | 241          |                        |                    | 832              |               | 1,073         |             |
| 13   | <i>Information Technology Projects, eg Swift Development/Mobile working</i>                            | 2,570          | 93           | 244          | 2,104        |              |                        |                    | 129              |               | 2,477         |             |
| 14   | Public Access Development  | 1,582          | 530          | 556          | 383          |              |                        |                    | 113              |               | 1,052         |             |
| 15   | <b>Total Individual Projects</b>   | <b>88,908</b>  | <b>2,651</b> | <b>1,190</b> | <b>1,117</b> | <b>2,617</b> | <b>1,361</b>           |                    | <b>13,173</b>    | <b>66,800</b> | <b>86,257</b> |             |
| 16   | <b>TOTAL CASH LIMIT</b>  | <b>95,508</b>  | <b>2,651</b> | <b>1,190</b> | <b>1,117</b> | <b>9,217</b> | <b>1,361</b>           |                    | <b>13,173</b>    | <b>66,800</b> | <b>92,857</b> |             |

*Italic font:* these are projects that are relying on significant elements of unsecured funding and will only go ahead if the funding is achieved.

| Row ref  | <b>BUSINESS STRATEGY, PERFORMANCE &amp; HEALTH REFORM</b> |                      |                    |               |              |              |            |                        |                    |                  |       |               |               |
|--|---|----------------------|--------------------|---------------|--------------|--------------|------------|------------------------|--------------------|------------------|-------|---------------|---------------|
| <b>SECTION 3 - CAPITAL INVESTMENT PLANS 2013/14 TO 2015/16</b> |   |                      |                    |               |              |              |            |                        |                    |                  |       |               |               |
|  |   |                      | 2013/16 Funded By: |               |              |              |            |                        |                    |                  |       |               |               |
|  |   | Three year budget    |                    | Borrowing     | PEF2         | Grants       | Dev Contrs | Other External Funding | Revenue & Renewals | Capital Receipts | PFI   | Total 2013/16 |               |
|  |   | £'000                |                    | £'000         | £'000        | £'000        | £'000      | £'000                  | £'000              | £'000            | £'000 | £'000         |               |
|  | <b>ROLLING PROGRAMMES</b>                                 |                      |                    |               |              |              |            |                        |                    |                  |       |               |               |
| 1  | Corporate Property Strategic Capital                      | 7,950                |                    |               |              | 7,950        |            |                        |                    |                  |       |               | 7,950         |
| 2  | Disposal Costs  | 910                  |                    |               |              |              |            |                        | 160                | 750              |       |               | 910           |
| 3  | Modernisation of Assets                                   | 9,521                |                    | 7,888         |              | 800          |            |                        |                    | 833              |       |               | 9,521         |
| 4  | <b>Total Rolling Programmes</b>                           | <b>18,381</b>        |                    | <b>7,888</b>  |              | <b>8,750</b> |            |                        | <b>160</b>         | <b>1,583</b>     |       |               | <b>18,381</b> |
|  |   | Total cost of scheme | Previous Spend     | Borrowing     | PEF2         | Grants       | Dev Contrs | Other External Funding | Revenue & Renewals | Capital Receipts | PFI   | Total 2013/16 | Later Years   |
|  |   | £'000                | £'000              | £'000         | £'000        | £'000        | £'000      | £'000                  | £'000              | £'000            | £'000 | £'000         | £'000         |
|  | <b>INDIVIDUAL PROJECTS</b>                                |                      |                    |               |              |              |            |                        |                    |                  |       |               |               |
| 5  | Connecting with Kent                                      | 2,413                | 1,881              | 532           |              |              |            |                        |                    |                  |       |               | 532           |
| 6  | <i>HR Recruitment Management System</i>                   | 125                  |                    |               |              |              |            |                        |                    | 125              |       |               | 125           |
| 7  | <i>HR System Development</i>                              | 226                  |                    |               |              |              |            |                        |                    | 226              |       |               | 226           |
| 8  | <i>Innovative Schemes Fund</i>                            | 3,000                |                    |               |              |              |            |                        |                    | 3,000            |       |               | 3,000         |
| 9  | <i>New Work Spaces</i>                                    | 33,861               | 9,861              | 1,800         | 2,450        |              |            |                        |                    | 19,750           |       |               | 24,000        |
| 10   | Sustaining Kent - Maintaining the Infrastructure          | 10,845               | 10,575             | 270           |              |              |            |                        |                    |                  |       |               | 270           |
| 11   | <b>Total Individual Projects</b>                          | <b>50,470</b>        | <b>22,317</b>      | <b>2,602</b>  | <b>2,450</b> |              |            |                        |                    | <b>23,101</b>    |       |               | <b>28,153</b> |
| 12   | <b>TOTAL CASH LIMIT</b>                                   | <b>68,851</b>        | <b>22,317</b>      | <b>10,490</b> | <b>2,450</b> | <b>8,750</b> |            |                        | <b>160</b>         | <b>24,684</b>    |       |               | <b>46,534</b> |

*Italic font:* these are projects that are relying on significant elements of unsecured funding and will only go ahead if the funding is achieved

| Row ref   | CUSTOMER & COMMUNITIES  |                             |                       |                  |             |               |                   |                               |                               |                         |            |                      |                    |
|---|---|-----------------------------|-----------------------|------------------|-------------|---------------|-------------------|-------------------------------|-------------------------------|-------------------------|------------|----------------------|--------------------|
| SECTION 3 - CAPITAL INVESTMENT PLANS 2013/14 TO 2015/16 |   |                             |                       |                  |             |               |                   |                               |                               |                         |            |                      |                    |
| 2013/16 Funded By:                                      |   |                             |                       |                  |             |               |                   |                               |                               |                         |            |                      |                    |
|   | Three Year Budget   |                             |                       | Borrowing        | PEF2        | Grants        | Dev Contrs        | Other External Funding        | Revenue & Renewals            | Capital Receipts        | PFI        | Total 2013/16        |                    |
|   | £'000   |                             |                       | £'000            | £'000       | £'000         | £'000             | £'000                         | £'000                         | £'000                   | £'000      | £'000                |                    |
| <b>ROLLING PROGRAMMES</b>                               |   |                             |                       |                  |             |               |                   |                               |                               |                         |            |                      |                    |
| 1   | Library Modernisation Programme - adaptations and improvements to existing facilities | 1,380                       |                       | 1,380            |             |               |                   |                               |                               |                         |            |                      | 1,380              |
| 2   | Management & Modernisation of Assets - Vehicles                                       | 380                         |                       | 380              |             |               |                   |                               |                               |                         |            |                      | 380                |
| 3   | Public Rights of Way - Structural Improvements  | 2,449                       |                       |                  |             | 2,449         |                   |                               |                               |                         |            |                      | 2,449              |
| 4   | Public Sports Facilities Improvement - Capital Grant                                  | 300                         |                       | 300              |             |               |                   |                               |                               |                         |            |                      | 300                |
| 5   | Small Community Projects - Capital Grants   | 1,500                       |                       | 1,500            |             |               |                   |                               |                               |                         |            |                      | 1,500              |
| 6   | Village Halls & Community Centres - Capital Grants                                    | 600                         |                       | 600              |             |               |                   |                               |                               |                         |            |                      | 600                |
| 7   | <b>Total Rolling Programmes</b>   | <b>6,609</b>                |                       | <b>4,160</b>     |             | <b>2,449</b>  |                   |                               |                               |                         |            |                      | <b>6,609</b>       |
| Page 44   |   | <b>Total cost of scheme</b> | <b>Previous Spend</b> | <b>Borrowing</b> | <b>PEF2</b> | <b>Grants</b> | <b>Dev Contrs</b> | <b>Other External Funding</b> | <b>Revenue &amp; Renewals</b> | <b>Capital Receipts</b> | <b>PFI</b> | <b>Total 2013/16</b> | <b>Later Years</b> |
|   |   | £'000                       | £'000                 | £'000            | £'000       | £'000         | £'000             | £'000                         | £'000                         | £'000                   | £'000      | £'000                | £'000              |
| <b>INDIVIDUAL PROJECTS</b>                              |   |                             |                       |                  |             |               |                   |                               |                               |                         |            |                      |                    |
| 8   | Community Learning & Skills Service Reprovision                                       | 482                         | 25                    |                  | 400         |               |                   |                               |                               | 57                      |            |                      | 457                |
| 9   | Gateways - Continued Rollout of Programme   | 7,074                       | 4,882                 | 2,064            |             |               |                   |                               |                               | 128                     |            |                      | 2,192              |
| 10  | <i>Cheesemans Green Library, Ashford - in response to housing developments</i>        | 350                         |                       |                  |             |               | 350               |                               |                               |                         |            |                      | 350                |
| 11  | <i>Replacement and Enhancement of Core Website</i>                                    | 455                         |                       |                  |             |               |                   |                               |                               | 455                     |            |                      | 455                |
| 12  | <i>Winter Gardens Rendezvous Site - Preliminary Works</i>                             | 100                         |                       |                  |             |               |                   |                               |                               | 100                     |            |                      | 100                |
| 13  | <i>Integrated Youth Service - Youth Hub Reprovision</i>                               | 1,100                       |                       |                  |             |               | 200               |                               |                               | 900                     |            |                      | 1,100              |
| 14  | <b>Total Individual Projects</b>  | <b>9,561</b>                | <b>4,907</b>          | <b>2,064</b>     | <b>400</b>  |               | <b>550</b>        |                               |                               | <b>1,640</b>            |            |                      | <b>4,654</b>       |
| 15  | <b>TOTAL CASH LIMIT</b>   | <b>16,170</b>               | <b>4,907</b>          | <b>6,224</b>     | <b>400</b>  | <b>2,449</b>  | <b>550</b>        |                               |                               | <b>1,640</b>            |            |                      | <b>11,263</b>      |

*Italic font:* these are projects that are relying on significant elements of unsecured funding and will only go ahead if the funding is achieved and the development goes ahead

| Row ref   | EDUCATION, LEARNING & SKILLS   |                      |                    |            |        |               |                        |                        |                    |                  |               |               |               |       |
|---|--|----------------------|--------------------|------------|--------|---------------|------------------------|------------------------|--------------------|------------------|---------------|---------------|---------------|-------|
| SECTION 3 - CAPITAL INVESTMENT PLANS 2013/14 TO 2015/16         |  |                      |                    |            |        |               |                        |                        |                    |                  |               |               |               |       |
|   |  |                      | 2013/16 Funded By: |            |        |               |                        |                        |                    |                  |               |               |               |       |
|   | Three year budget  |                      | Borrowing          | PEF2       | Grants | Dev Contrs    | Other External Funding | Revenue & Renewals     | Capital Receipts   | PFI              | Total 2013/16 |               |               |       |
|   | £'000  |                      | £'000              | £'000      | £'000  | £'000         | £'000                  | £'000                  | £'000              | £'000            | £'000         |               |               |       |
| <b>ROLLING PROGRAMMES</b>                                       |  |                      |                    |            |        |               |                        |                        |                    |                  |               |               |               |       |
| 1   | <i>Annual Planned Enhancement Programme*</i>   | 24,255               |                    | 256        |        | 23,999        |                        |                        |                    |                  |               |               | 24,255        |       |
| 2   | Devolved Formula Capital Grants for Pupil Referral Units                                 | 537                  |                    | 201        |        | 336           |                        |                        |                    |                  |               |               | 537           |       |
| 3   | Devolved Formula Capital Grants for Schools  | 9,606                |                    |            |        | 9,606         |                        |                        |                    |                  |               |               | 9,606         |       |
| 4   | Schools Revenue Contribution to Capital  | 26,000               |                    |            |        |               |                        | 26,000                 |                    |                  |               |               | 26,000        |       |
| 5   | <b>Total Rolling Programmes</b>  | <b>60,398</b>        |                    | <b>457</b> |        | <b>33,941</b> |                        | <b>26,000</b>          |                    |                  |               |               | <b>60,398</b> |       |
| Page 45   |  | Total cost of scheme | Previous Spend     | Borrowing  | PEF2   | Grants        | Dev Contrs             | Other External Funding | Revenue & Renewals | Capital Receipts | PFI           | Total 2013/16 | Later Years   |       |
|   |  | £'000                | £'000              | £'000      | £'000  | £'000         | £'000                  | £'000                  | £'000              | £'000            | £'000         | £'000         | £'000         | £'000 |
| <b>INDIVIDUAL PROJECTS</b>                                      |  |                      |                    |            |        |               |                        |                        |                    |                  |               |               |               |       |
| <b>Basic Need Schemes - to provide additional pupil places:</b> |  |                      |                    |            |        |               |                        |                        |                    |                  |               |               |               |       |
| 6   | <i>Future Basic Need Schemes - East Kent*</i>  | 14,064               | 597                |            |        | 9,590         | 2,500                  |                        |                    | 1,377            |               |               | 13,467        |       |
| 7   | <i>Future Basic Need Schemes - Mid Kent*</i>   | 9,978                | 423                |            |        | 6,078         | 2,500                  |                        |                    | 977              |               |               | 9,555         |       |
| 8   | <i>Future Basic Need Schemes - West Kent*</i>  | 21,390               | 906                |            |        | 18,395        |                        |                        |                    | 2,089            |               |               | 20,484        |       |
| 9   | <i>Dunton Green</i>  | 800                  |                    |            |        |               | 800                    |                        |                    |                  |               |               | 800           |       |
| 10  | Goat Lees Primary School, Ashford  | 4,760                | 2,566              | 1,238      |        | 956           |                        |                        |                    |                  |               |               | 2,194         |       |
| 11  | Repton Park Primary School, Ashford  | 6,100                | 6,081              | 13         |        |               | 6                      |                        |                    |                  |               |               | 19            |       |
| 12  | Ryarsh Primary School, Ryarsh  | 169                  |                    |            |        |               | 169                    |                        |                    |                  |               |               | 169           |       |
| 13  | <i>Future Requirements as a Result of Proposed New Housing Development - East Kent**</i> | 4,000                |                    |            |        |               |                        |                        |                    |                  |               |               |               | 4,000 |
| 14  | <i>Future Requirements as a Result of Proposed New Housing Development - Mid Kent**</i>  | 4,300                |                    |            |        |               |                        |                        |                    |                  |               |               |               | 4,300 |
| 15  | <i>Future Requirements as a Result of Proposed New Housing Development - West Kent**</i> | 7,100                |                    |            |        |               |                        |                        |                    |                  |               |               |               | 7,100 |

| Row ref  | EDUCATION, LEARNING & SKILLS                   |                |           |        |        |            |                        |                    |                  |       |               |             |  |
|--|--|----------------|-----------|--------|--------|------------|------------------------|--------------------|------------------|-------|---------------|-------------|--|
| SECTION 3 - CAPITAL INVESTMENT PLANS 2013/14 TO 2015/16  |  |                |           |        |        |            |                        |                    |                  |       |               |             |  |
| 2013/16 Funded By:   |  |                |           |        |        |            |                        |                    |                  |       |               |             |  |
|  | Total cost of scheme                           | Previous Spend | Borrowing | PEF2   | Grants | Dev Contrs | Other External Funding | Revenue & Renewals | Capital Receipts | PFI   | Total 2013/16 | Later Years |  |
|  | £'000  | £'000          | £'000     | £'000  | £'000  | £'000      | £'000                  | £'000              | £'000            | £'000 | £'000         | £'000       |  |
| <b>INDIVIDUAL PROJECTS</b>   |  |                |           |        |        |            |                        |                    |                  |       |               |             |  |
| <b>Modernisation Programme - Improving &amp; upgrading school buildings including removal of temporary classrooms:</b> |  |                |           |        |        |            |                        |                    |                  |       |               |             |  |
| 1  | Frittenden Primary School, Tunbridge Wells     | 755            | 749       |        |        | 6          |                        |                    |                  |       |               | 6           |  |
| 2  | <i>Future Modernisation Schemes*</i>           | 10,320         | 4,363     |        |        | 5,957      |                        |                    |                  |       |               | 5,957       |  |
| 3  | Lydd Primary School                            | 142            | 113       |        |        |            | 29                     |                    |                  |       |               | 29          |  |
| 4  | St Johns/Kingsmead Primary School, Canterbury  | 2,617          | 1,073     | 944    |        |            |                        | 600                |                  |       |               | 1,544       |  |
| 5  | Wrotham School, Sevenoaks                      | 3,003          | 2,995     | 2      |        | 6          |                        |                    |                  |       |               | 8           |  |
| <b>Special Schools Review - major projects supporting the special schools review:</b>                                  |  |                |           |        |        |            |                        |                    |                  |       |               |             |  |
| 6  | Special Schools Review phase 1                 | 47,524         | 47,500    | 24     |        |            |                        |                    |                  |       |               | 24          |  |
| 7  | <i>Special Schools Review phase 2</i>          | 40,525         | 195       | 29,805 |        |            |                        |                    | 10,525           |       |               | 40,330      |  |
| 8  | The Wyvern School, Ashford (Buxford Site)      | 3,032          | 3,031     | 1      |        |            |                        |                    |                  |       |               | 1           |  |
| <b>Primary Improvement Programme Projects (PCP):</b>   |  |                |           |        |        |            |                        |                    |                  |       |               |             |  |
| 9  | Archbishops Courtney Primary School, Maidstone | 3,313          | 3,235     |        |        | 78         |                        |                    |                  |       |               | 78          |  |
| 10   | Richmond Primary School, Sheerness             | 1,208          | 1,204     | 2      |        | 2          |                        |                    |                  |       |               | 4           |  |
| 11   | West Minster Primary School, Sheerness         | 1,150          | 1,147     |        |        | 3          |                        |                    |                  |       |               | 3           |  |
|  | Total cost of scheme                           | Previous Spend | Borrowing | PEF2   | Grants | Dev Contrs | Other External Funding | Revenue & Renewals | Capital Receipts | PFI   | Total 2013/16 | Later Years |  |
|  | £'000  | £'000          | £'000     | £'000  | £'000  | £'000      | £'000                  | £'000              | £'000            | £'000 | £'000         | £'000       |  |
| <b>INDIVIDUAL PROJECTS</b>   |  |                |           |        |        |            |                        |                    |                  |       |               |             |  |
| <b>Academy Projects:</b>   |  |                |           |        |        |            |                        |                    |                  |       |               |             |  |
| 1  | Academies Unit Costs                           | 4,680          | 3,902     | 778    |        |            |                        |                    |                  |       |               | 778         |  |
| 2  | St Augustine Academy, Maidstone                | 11,545         | 2,309     |        |        | 9,236      |                        |                    |                  |       |               | 9,236       |  |
| 3  | Dover Christ Church Academy                    | 10,253         | 134       |        |        | 10,119     |                        |                    |                  |       |               | 10,119      |  |
| 4  | Duke of York Academy, Dover                    | 24,240         | 2,424     |        |        | 21,816     |                        |                    |                  |       |               | 21,816      |  |
| 5  | The John Wallis Academy, Ashford               | 7,647          | 32        |        |        | 7,615      |                        |                    |                  |       |               | 7,615       |  |
| 6  | Knole Academy, Sevenoaks                       | 16,946         | 3,389     |        |        | 13,557     |                        |                    |                  |       |               | 13,557      |  |



| Row ref  | <b>EDUCATION, LEARNING &amp; SKILLS</b>          |                |                |                           |  |                |              |            |               |               |  |                |               |
|--|--|----------------|----------------|---------------------------|--|----------------|--------------|------------|---------------|---------------|--|----------------|---------------|
| <b>SECTION 3 - CAPITAL INVESTMENT PLANS 2013/14 TO 2015/16</b> |  |                |                |                           |  |                |              |            |               |               |  |                |               |
|  |  |                |                | <b>2013/16 Funded By:</b> |  |                |              |            |               |               |  |                |               |
| 7  | Marsh Academy, New Romney                        | <b>16,627</b>  | 15,739         |                           |  | 888            |              |            |               |               |  | 888            |               |
| 8  | Isle of Sheppey Academy                          | <b>50,578</b>  | 44,470         | 294                       |  | 5,814          |              |            |               |               |  | 6,108          |               |
| 9  | Skinners Kent Academy, Tunbridge Wells           | <b>20,399</b>  | 19,910         |                           |  | 394            |              |            | 95            |               |  | 489            |               |
| 10   | Wilmington Academy, Dartford                     | <b>13,056</b>  | 5,669          |                           |  | 7,387          |              |            |               |               |  | 7,387          |               |
|  | <b>Building Schools for the Future Projects:</b> |                |                |                           |  |                |              |            |               |               |  |                |               |
| 11   | BSF Wave 3 Build Costs                           | <b>208,045</b> | 205,941        |                           |  |                |              |            | 2,104         |               |  | 2,104          |               |
|  | <b>Other Projects:</b>                           |                |                |                           |  |                |              |            |               |               |  |                |               |
| 12   | One-off Schools Revenue to Capital               | <b>5,000</b>   | 3,119          |                           |  |                |              | 1,881      |               |               |  | 1,881          |               |
| 13   | Unit Review                                      | <b>3,500</b>   | 2,392          | 1,108                     |  |                |              |            |               |               |  | 1,108          |               |
| 14   | <i>Sevenoaks Grammar School annexe</i>           | <b>5,000</b>   |                |                           |  | 1,500          |              |            | 3,500         |               |  | 5,000          |               |
|  |  |                |                |                           |  |                |              |            |               |               |  |                |               |
| 15   | <b>Total Individual Projects</b>                 | <b>583,766</b> | <b>385,608</b> | <b>34,209</b>             |  | <b>119,397</b> | <b>6,004</b> | <b>600</b> | <b>1,881</b>  | <b>20,667</b> |  | <b>182,758</b> | <b>15,400</b> |
|  |  |                |                |                           |  |                |              |            |               |               |  |                |               |
| Page 6   | <b>TOTAL CASH LIMIT</b>                          | <b>644,164</b> | <b>385,608</b> | <b>34,666</b>             |  | <b>153,338</b> | <b>6,004</b> | <b>600</b> | <b>27,881</b> | <b>20,667</b> |  | <b>243,156</b> | <b>15,400</b> |

*Italic font*: these are projects that are relying on significant elements of unsecured funding and will only go ahead if the funding is achieved.

\* only the 2012-13 allocation has been announced. Estimates have been included for 2013-14 and 2014-15. Individual projects are to be identified and prioritised prior to approved programmes being announced.

\*\* As a result of proposed new housing developments.

| Row ref   | ENVIRONMENT , HIGHWAYS & WASTE   |  |                       |                  |                |               |                        |                               |                               |                         |               |                      |                    |       |       |
|---|--|--|-----------------------|------------------|----------------|---------------|------------------------|-------------------------------|-------------------------------|-------------------------|---------------|----------------------|--------------------|-------|-------|
| SECTION 3 - CAPITAL INVESTMENT PLANS 2013/14 TO 2015/16 |  |  |                       |                  |                |               |                        |                               |                               |                         |               |                      |                    |       |       |
| 2013/16 Funded By:                                      |  |  |                       |                  |                |               |                        |                               |                               |                         |               |                      |                    |       |       |
|   | Three year budget  |  | Borrowing             | PEF2             | Grants         | Dev Contrs    | Other External Funding | Revenue & Renewals            | Capital Receipts              | PFI                     | Total 2013/16 |                      |                    |       |       |
|   | £'000  |  | £'000                 | £'000            | £'000          | £'000         | £'000                  | £'000                         | £'000                         | £'000                   | £'000         |                      | £'000              |       |       |
| <b>ROLLING PROGRAMMES</b>                               |  |  |                       |                  |                |               |                        |                               |                               |                         |               |                      |                    |       |       |
| 1   | Commercial Services Vehicles Plant & Equipment   | 3,900  |                       |                  |                |               |                        | 3,900                         |                               |                         |               |                      | 3,900              |       |       |
| 2   | Highway Major Enhancement/Other Capital Enhancement/Bridge Assessment & Strengthening* | 94,872   | 5,000                 |                  | 89,872         |               |                        |                               |                               |                         |               |                      | 94,872             |       |       |
| 3   | Integrated Transport Schemes under £1million   | 12,513   |                       |                  | 10,639         | 1874          |                        |                               |                               |                         |               |                      | 12,513             |       |       |
| 4   | Land compensation and Part 1 claims arising from completed Highways projects           | 2,834  | 2,786                 |                  |                | 48            |                        |                               |                               |                         |               |                      | 2,834              |       |       |
| 5   | Major Schemes - Preliminary Design Fees  | 400  | 400                   |                  |                |               |                        |                               |                               |                         |               |                      | 400                |       |       |
| 6   | Members Highway Fund   | 6,600  |                       |                  | 6,600          |               |                        |                               |                               |                         |               |                      | 6,600              |       |       |
| 7   | <b>Total Rolling Programmes</b>  | <b>121,119</b>   | <b>8,186</b>          |                  | <b>107,111</b> | <b>1,922</b>  |                        | <b>3,900</b>                  |                               |                         |               |                      | <b>121,119</b>     |       |       |
| Page 48   |  | <b>Total cost of scheme</b>                            | <b>Previous Spend</b> | <b>Borrowing</b> | <b>PEF2</b>    | <b>Grants</b> | <b>Dev Contrs</b>      | <b>Other External Funding</b> | <b>Revenue &amp; Renewals</b> | <b>Capital Receipts</b> | <b>PFI</b>    | <b>Total 2013/16</b> | <b>Later Years</b> |       |       |
|   |  | £'000  | £'000                 | £'000            | £'000          | £'000         | £'000                  | £'000                         | £'000                         | £'000                   | £'000         | £'000                | £'000              |       |       |
|   | <b>INDIVIDUAL PROJECTS</b>   |  |                       |                  |                |               |                        |                               |                               |                         |               |                      |                    |       |       |
|   | <b>Environment and Waste:</b>  |  |                       |                  |                |               |                        |                               |                               |                         |               |                      |                    |       |       |
|   | 8  | Coldharbour Gypsy Site                                 | 1,981                 | 1,309            | 312            |               | 60                     |                               | 300                           |                         |               |                      |                    | 672   |       |
|   | 9  | Energy and Water Efficiency Investment Fund - External | 1,407                 | 926              |                |               |                        |                               |                               | 481                     |               |                      |                    | 481   |       |
|   | 10   | Energy Reduction & Water Efficiency Investment - KCC   | 1,542                 | 1,301            |                |               |                        |                               |                               | 241                     |               |                      |                    | 241   |       |
|   | 11   | North Farm Development                                 | 5,000                 |                  |                |               |                        |                               | 1,500                         |                         | 1,500         |                      |                    | 3,000 | 2,000 |
|   | 12   | Sandwich Sea Defences                                  | 3,640                 | 1,312            | 2,328          |               |                        |                               |                               |                         |               |                      |                    | 2,328 |       |
|   | <b>Household Waste Recycling Centres (HWRCs) and Transfer Stations(TSs)</b>            |  |                       |                  |                |               |                        |                               |                               |                         |               |                      |                    |       |       |
|   | 13   | East Kent Joint Waste Project                          | 4,597                 | 3,021            | 1,501          |               | 75                     |                               |                               |                         |               |                      |                    | 1,576 |       |
|   | 14   | HWRC - Tonbridge & Malling                             | 1,300                 |                  | 1,300          |               |                        |                               |                               |                         |               |                      |                    | 1,300 |       |
|   | 15   | HWRC - West Kent                                       | 2,600                 |                  | 600            |               |                        |                               |                               |                         |               |                      |                    | 600   | 2,000 |
|   | 16   | Mid Kent Joint Waste Project                           | 4,440                 |                  | 4,440          |               |                        |                               |                               |                         |               |                      |                    | 4,440 |       |
| 17  | TS/HWRC - Ashford  | 5,000  | 4,500                 | 500              |                |               |                        |                               |                               |                         |               |                      | 500                |       |       |
| 18  | TS/HWRC - Swale  | 3,630  | 100                   | 3,530            |                |               |                        |                               |                               |                         |               |                      | 3,530              |       |       |

| Row ref   | ENVIRONMENT , HIGHWAYS & WASTE                                 |                |                |               |           |                |                        |                    |                  |              |                |                |  |
|---|--|----------------|----------------|---------------|-----------|----------------|------------------------|--------------------|------------------|--------------|----------------|----------------|--|
| SECTION 3 - CAPITAL INVESTMENT PLANS 2013/14 TO 2015/16 |  |                |                |               |           |                |                        |                    |                  |              |                |                |  |
| 2013/16 Funded By:                                      |  |                |                |               |           |                |                        |                    |                  |              |                |                |  |
|   | Total cost of scheme   | Previous Spend | Borrowing      | PEF2          | Grants    | Dev Contrs     | Other External Funding | Revenue & Renewals | Capital Receipts | PFI          | Total 2013/16  | Later Years    |  |
|   | £'000  | £'000          | £'000          | £'000         | £'000     | £'000          | £'000                  | £'000              | £'000            | £'000        | £'000          | £'000          |  |
| <b>INDIVIDUAL PROJECTS</b>                              |  |                |                |               |           |                |                        |                    |                  |              |                |                |  |
| <b>Kent Highway Services:</b>                           |  |                |                |               |           |                |                        |                    |                  |              |                |                |  |
| 1   | Ashford Ring Road - Major road scheme                          | 15,554         | 15,463         |               |           | 91             |                        |                    |                  |              | 91             |                |  |
| 2   | East Kent Access Phase 2 - Major road scheme                   | 86,725         | 82,467         | 3,958         |           |                |                        |                    |                  |              | 3,958          | 300            |  |
| 3   | Growth without Gridlock Initiatives                            | 5,000          |                | 5,000         |           |                |                        |                    |                  |              | 5,000          |                |  |
| 4   | <i>Kent Thameside Strategic Transport Programme</i>            | 116,199        | 882            |               | 9,127     | 2,637          |                        |                    |                  |              | 11,764         | 103,553        |  |
| 5   | Kent Highway Partnership - Co-Location Depots                  | 22,073         | 22,033         | 14            | 26        |                |                        |                    |                  |              | 40             |                |  |
| 6   | Rushenden Link (Sheppey) - Major road scheme                   | 11,468         | 10,833         | -1,344        |           |                | 1,979                  |                    |                  |              | 635            |                |  |
| 7   | Sittingbourne Northern Relief Road - Major road scheme         | 31,525         | 28,726         |               |           | 2,799          |                        |                    |                  |              | 2,799          |                |  |
| 8   | Street Lighting Column Replacement Scheme                      | 3,750          |                |               |           |                |                        |                    | 3,750            |              | 3,750          |                |  |
| 9   | Street Lighting Timing   | 2,906          |                | 2,906         |           |                |                        |                    |                  |              | 2,906          |                |  |
| 10  | <i>A228 Colts Hill Strategic Link - Major road scheme</i>      | 25,000         |                |               |           |                |                        |                    |                  |              |                | 25,000         |  |
| 11  | <i>South East Maidstone Strategic Link - Major road scheme</i> | 35,000         |                |               |           |                |                        |                    |                  |              |                | 35,000         |  |
| <b>Ashford's Future Schemes:</b>                        |  |                |                |               |           |                |                        |                    |                  |              |                |                |  |
| 12  | <i>A28 Chart Road</i>  | 16,600         |                |               |           | 7,600          |                        |                    |                  |              | 7,600          | 9,000          |  |
| 13  | Drovers roundabout junction                                    | 22,528         | 22,308         |               | 220       |                |                        |                    |                  |              | 220            |                |  |
| 14  | <i>Orchard Way Railway Bridge</i>                              | 15,000         |                |               |           | 15,000         |                        |                    |                  |              | 15,000         |                |  |
| 15  | Victoria Way   | 18,585         | 18,346         |               | 239       |                |                        |                    |                  |              | 239            |                |  |
| 16  | <b>Total Individual Projects</b>                               | <b>463,050</b> | <b>213,527</b> | <b>25,045</b> | <b>26</b> | <b>9,721</b>   | <b>28,127</b>          | <b>3,779</b>       | <b>722</b>       | <b>5,250</b> | <b>72,670</b>  | <b>176,853</b> |  |
| 17  | <b>TOTAL CASH LIMIT</b>  | <b>584,169</b> | <b>213,527</b> | <b>33,231</b> | <b>26</b> | <b>116,832</b> | <b>30,049</b>          | <b>3,779</b>       | <b>4,622</b>     | <b>5,250</b> | <b>193,789</b> | <b>176,853</b> |  |

*Italic font:* these are projects that are relying on significant elements of unsecured funding and will only go ahead if the funding is achieved.

\* Allocations only received for 2013-14 and 2014-15, an estimate is included for 2015-16.

| Row ref   | REGENERATION & ECONOMIC DEVELOPMENT                        |                      |                |                    |       |               |            |                        |                    |                  |       |                |              |
|---|--|----------------------|----------------|--------------------|-------|---------------|------------|------------------------|--------------------|------------------|-------|----------------|--------------|
| SECTION 3 - CAPITAL INVESTMENT PLANS 2013/14 TO 2015/16 |  |                      |                |                    |       |               |            |                        |                    |                  |       |                |              |
|   |  |                      |                | 2013/16 Funded By: |       |               |            |                        |                    |                  |       |                |              |
|   |  | Total cost of scheme | Previous Spend | Borrowing          | PEF2  | Grants        | Dev Contrs | Other External Funding | Revenue & Renewals | Capital Receipts | PFI   | Total 2013/16  | Later Years  |
|   |  | £'000                | £'000          | £'000              | £'000 | £'000         | £'000      | £'000                  | £'000              | £'000            | £'000 | £'000          | £'000        |
|   | <b>INDIVIDUAL PROJECTS</b>                                 |                      |                |                    |       |               |            |                        |                    |                  |       |                |              |
| 1   | <i>Broadband</i>   | 23,500               |                | 10,000             |       | 13,500        |            |                        |                    |                  |       | 23,500         |              |
| 2   | <i>Empty Property Initiative</i>                           | 17,576               | 7,576          | 647                |       |               |            |                        |                    | 6,853            |       | 7,500          | 2,500        |
| 3   | <i>Eurokent Road (East Kent)</i>                           | 6,114                | 6,049          |                    |       |               |            | 5,157                  |                    | -5,092           |       | 65             |              |
| 4   | <i>Folkestone Heritage Quarter</i>                         | 400                  | 20             | 380                |       |               |            |                        |                    |                  |       | 380            |              |
| 5   | <i>LIVE Margate</i>  | 10,000               | 3,200          | 6,800              |       |               |            |                        |                    |                  |       | 6,800          |              |
| 6   | <i>Managed Work Space - The Old Rectory</i>                | 180                  | 20             | 160                |       |               |            |                        |                    |                  |       | 160            |              |
| 7   | <i>No Use Empty - Rented Affordable Homes</i>              | 1,000                | 250            | 500                |       |               |            |                        |                    | 250              |       | 750            |              |
| 8   | <i>Old Town Hall</i>                                       | 150                  | 56             | 50                 |       |               |            |                        |                    | 44               |       | 94             |              |
| 9   | <i>Regeneration Fund Projects</i>                          | 6,106                | 1,045          | 2,582              |       |               |            |                        |                    | 2,479            |       | 5,061          |              |
| 10  | <i>Regional Growth Fund, including Expansion East Kent</i> | 40,000               | 2,800          |                    |       | 37,200        |            |                        |                    |                  |       | 37,200         |              |
| 11  | <i>Rural Broadband Demonstration Project</i>               | 1,958                | 61             | 913                |       |               |            |                        |                    | 984              |       | 1,897          |              |
| 12  | <i>TIGER</i>   | 20,000               |                |                    |       | 20,000        |            |                        |                    |                  |       | 20,000         |              |
| 13  | <b>Total Individual Projects</b>                           | <b>126,984</b>       | <b>21,077</b>  | <b>22,032</b>      |       | <b>70,700</b> |            | <b>5,157</b>           |                    | <b>5,518</b>     |       | <b>103,407</b> | <b>2,500</b> |
| 14  | <b>TOTAL CASH LIMIT</b>                                    | <b>126,984</b>       | <b>21,077</b>  | <b>22,032</b>      |       | <b>70,700</b> |            | <b>5,157</b>           |                    | <b>5,518</b>     |       | <b>103,407</b> | <b>2,500</b> |

*Italic font:* these are projects that are relying on significant elements of unsecured funding and will only go ahead if the funding is achieved.

| Row ref   | SPECIALIST CHILDREN'S SERVICES   |                |           |       |              |            |                        |                    |                  |       |               |              |  |
|---|----------------------------------|----------------|-----------|-------|--------------|------------|------------------------|--------------------|------------------|-------|---------------|--------------|--|
| SECTION 3 - CAPITAL INVESTMENT PLANS 2013/14 TO 2015/16 |                                  |                |           |       |              |            |                        |                    |                  |       |               |              |  |
| 2013/16 Funded By:                                      |                                  |                |           |       |              |            |                        |                    |                  |       |               |              |  |
|   | Total cost of scheme             | Previous Spend | Borrowing | PEF2  | Grants       | Dev Contrs | Other External Funding | Revenue & Renewals | Capital Receipts | PFI   | Total 2013/16 | Later Years  |  |
|   | £'000                            | £'000          | £'000     | £'000 | £'000        | £'000      | £'000                  | £'000              | £'000            | £'000 | £'000         | £'000        |  |
| <b>INDIVIDUAL PROJECTS</b>                              |                                  |                |           |       |              |            |                        |                    |                  |       |               |              |  |
| 1   | Transforming Short Breaks 3      | 1,074          |           |       | 1,074        |            |                        |                    |                  |       |               | 1,074        |  |
| 2   | <b>Total Individual Projects</b> | <b>1,074</b>   |           |       | <b>1,074</b> |            |                        |                    |                  |       |               | <b>1,074</b> |  |
| 3   | <b>TOTAL CASH LIMIT</b>          | <b>1,074</b>   |           |       | <b>1,074</b> |            |                        |                    |                  |       |               | <b>1,074</b> |  |

*Italic font:* these are projects that are relying on significant elements of unsecured funding and will only go ahead if the funding is achieved.



**KCC Budget Book**

**SECTION 4**

**Portfolio Revenue  
Budget Summary**





## Section 4 - Portfolio Revenue Budget Summary

Appendix 2

## WHO IS RESPONSIBLE FOR THE BUDGET?

## REVENUE SPENDING

| Ref row | 2012/13 Adjusted Approved Budget (Net Costs)<br>£000s | Portfolio  | 2013/14 Proposed Budget |                       |                            |                         |                          |                       |                   |                     |                 |
|---------|---|--|-------------------------|-----------------------|----------------------------|-------------------------|--------------------------|-----------------------|-------------------|---------------------|-----------------|
|         |   |  | Staffing<br>£000s       | Non staffing<br>£000s | Gross Expenditure<br>£000s | Service Income<br>£000s | Net Expenditure<br>£000s | Govt. Grants<br>£000s | Net Cost<br>£000s | Net Change<br>£000s | Cabinet Members |
| 1       | 335,739   | Adult Social Care and Public Health              | 73,585                  | 373,562               | 447,147                    | -107,255                | 339,892                  | -7,292                | 332,600           | -3,139              | GG              |
| 2       | 58,454  | Business Strategy, Performance and Health Reform | 45,135                  | 51,889                | 97,024                     | -35,000                 | 62,024                   | -5,578                | 56,446            | -2,008              | RG              |
| 3       | 79,452  | Customer and Communities                         | 55,469                  | 70,702                | 126,171                    | -47,296                 | 78,875                   | -3,219                | 75,656            | -3,796              | MH              |
| 4       | 7,372   | Democracy and Partnerships                       | 2,892                   | 4,590                 | 7,482                      | -260                    | 7,222                    | 0                     | 7,222             | -150                | AK              |
| 5       | 58,713  | Education, Learning and Skills                   | 577,140                 | 299,920               | 877,060                    | -79,439                 | 797,621                  | -744,013              | 53,608            | -5,105              | MW              |
| 6       | 150,161   | Environment, Highways and Waste                  | 19,929                  | 154,092               | 174,021                    | -22,519                 | 151,502                  | -854                  | 150,648           | 487                 | BS              |
| 7       | 147,423   | Finance and Business Support                     | 19,048                  | 120,325               | 139,373                    | -14,397                 | 124,976                  | -1,883                | 123,093           | -24,330             | JS              |
| 8       | 3,652   | Regeneration and Economic Development            | 2,934                   | 2,377                 | 5,311                      | -1,413                  | 3,898                    | -246                  | 3,652             | 0                   | MD              |
| 9       | 150,852   | Specialist Children's Services                   | 72,345                  | 150,681               | 223,026                    | -5,577                  | 217,449                  | -68,663               | 148,786           | -2,066              | JW              |
| 10      | <b>991,818</b>  | <b>BUDGET REQUIREMENT</b>                        | <b>868,477</b>          | <b>1,228,138</b>      | <b>2,096,615</b>           | <b>-313,156</b>         | <b>1,783,459</b>         | <b>-831,748</b>       | <b>951,711</b>    | <b>-40,107</b>      |                 |
| 11      | <i>991,818</i>  | <i>BUDGET REQUIREMENT (excl Schools Budgets)</i> | <i>329,830</i>          | <i>1,057,206</i>      | <i>1,387,036</i>           | <i>-261,139</i>         | <i>1,125,897</i>         | <i>-174,186</i>       | <i>951,711</i>    | <i>-40,107</i>      |                 |
|         |   | <b>Funded by:</b>                                |                         |                       |                            |                         |                          |                       |                   |                     |                 |
| 12      | -577,914  | Council Tax Yield                                |                         |                       |                            |                         |                          |                       | -509,579          |                     |                 |
| 13      | -2,239  | Council Tax Collection Fund                      |                         |                       |                            |                         |                          |                       | 0                 |                     |                 |
| 14      | 0   | Retained Business Rates                          |                         |                       |                            |                         |                          |                       | -45,816           |                     |                 |
| 15      |   | <u>Un-ring-fenced Grants</u>                     |                         |                       |                            |                         |                          |                       |                   |                     |                 |
| 16      | -303,446  | Formula Grant                                    |                         |                       |                            |                         |                          |                       | 0                 |                     |                 |
| 17      | -51,791   | Early Intervention Grant                         |                         |                       |                            |                         |                          |                       | 0                 |                     |                 |
| 18      | -35,706   | Learning Disability and Health Reform Grant      |                         |                       |                            |                         |                          |                       | 0                 |                     |                 |
| 19      | 0   | Revenue Support Grant                            |                         |                       |                            |                         |                          | -246,602              | -246,602          |                     |                 |
| 20      | 0   | Business Rate Top-Up                             |                         |                       |                            |                         |                          | -118,241              | -118,241          |                     |                 |
| 21      | 0   | Education Services Grant                         |                         |                       |                            |                         |                          | -20,642               | -20,642           |                     |                 |
| 22      | -14,446   | Council Tax Freeze Grant                         |                         |                       |                            |                         |                          | -5,820                | -5,820            |                     |                 |
| 23      | -2,839  | New Homes Bonus Grant                            |                         |                       |                            |                         |                          | -4,383                | -4,383            |                     |                 |
| 24      | -3,437  | Other Un-ring-fenced Grant                       |                         |                       |                            |                         |                          | -628                  | -628              |                     |                 |
| 25      | <b>0</b>  | <b>TOTAL</b>                                     | <b>868,477</b>          | <b>1,228,138</b>      | <b>2,096,615</b>           | <b>-313,156</b>         | <b>1,783,459</b>         | <b>-1,228,064</b>     | <b>0</b>          |                     |                 |



**KCC Budget Book**

**SECTION 5**

**A-Z Service Analysis**



## Section 5 - A to Z Service Analysis

## WHAT IS THE MONEY SPENT ON?

| Row Ref | 2012/13 Revised Base | Portfolio | Service                        | 2013/14 Proposed Budget |                       |                            |                         |                          |                       |                   | Affordable Activity   |
|---------|----------------------|-----------|--------------------------------|-------------------------|-----------------------|----------------------------|-------------------------|--------------------------|-----------------------|-------------------|---|
|         | Net Cost<br>£000s    |           |                                | Staffing<br>£000s       | Non staffing<br>£000s | Gross Expenditure<br>£000s | Service Income<br>£000s | Net Expenditure<br>£000s | Govt. Grants<br>£000s | Net Cost<br>£000s |   |
|         |                      |           | <b>Adults and Older People</b> |                         |                       |                            |                         |                          |                       |                   |   |
|         |                      |           | <i>Direct Payments</i>         |                         |                       |                            |                         |                          |                       |                   |   |
| 1       | 13,942               | ASC&PH    | Learning Disability            | 0                       | 14,137                | 14,137                     | 0                       | 14,137                   | 0                     | 14,137            | Approximately 1000 clients are expected to be receiving an on-going direct payment. These people have been assessed as being eligible for social care support, but have chosen to arrange and pay for their own care and support services instead of receiving them directly from the local authority. There will also be a number of one-off direct payments made during the year for such things as items of equipment and respite care.                                |
| Page 59 | 810                  | ASC&PH    | Mental Health                  | 0                       | 822                   | 822                        | 0                       | 822                      | 0                     | 822               | Approximately 190 clients are expected to be receiving an on-going direct payment; there will also be a number of one-off direct payments made during the year.   |
| 3       | 6,820                | ASC&PH    | Older People                   | 0                       | 6,711                 | 6,711                      | 0                       | 6,711                    | 0                     | 6,711             | Around 900 clients will be receiving an on-going direct payment; there will also be a number of one-off direct payments made during the year.   |
| 4       | 9,580                | ASC&PH    | Physical Disability            | 0                       | 9,718                 | 9,718                      | 0                       | 9,718                    | 0                     | 9,718             | Around 1000 clients are expected to be receiving an on-going direct payment; there will also be a number of one-off direct payments made during the year.   |
|         |                      |           | <i>Domiciliary Care</i>        |                         |                       |                            |                         |                          |                       |                   |   |
| 5       | 3,333                | ASC&PH    | Learning Disability            | 2,639                   | 1,650                 | 4,289                      | -927                    | 3,362                    | 0                     | 3,362             | Domiciliary care provided by the independent sector supporting approximately 170 people to live at home. In addition this service provides support to 120 people through the independent living scheme and other domiciliary support  |
| 6       | 41,144               | ASC&PH    | Older People                   | 5,576                   | 40,404                | 45,980                     | -9,942                  | 36,038                   | 0                     | 36,038            | Domiciliary care provided by the independent sector to support approximately 5,000 people to live at home. In addition this service provides:<br>- the Kent Enablement at Home Service which provides intensive short term support/enablement to people to allow them to regain or extend their independent living skills; and a number of small contracts for services primarily with Health, including the night sitting service, recuperative care and rapid response. |

Section 5 - A to Z Service Analysis

WHAT IS THE MONEY SPENT ON?

| Row Ref                                | 2012/13 Revised Base | Portfolio | Service                             | 2013/14 Proposed Budget |                       |                            |                         |                          |                       |                   | Affordable Activity  |
|--|----------------------|-----------|-------------------------------------|-------------------------|-----------------------|----------------------------|-------------------------|--------------------------|-----------------------|-------------------|--|
|  | Net Cost<br>£000s    |           |                                     | Staffing<br>£000s       | Non staffing<br>£000s | Gross Expenditure<br>£000s | Service Income<br>£000s | Net Expenditure<br>£000s | Govt. Grants<br>£000s | Net Cost<br>£000s |  |
| 7                                      | 6,508                | ASC&PH    | Physical Disability                 | 566                     | 6,527                 | 7,093                      | 0                       | 7,093                    | 0                     | 7,093             | Domiciliary care provided by the independent sector supporting approximately 900 people to live at home. This service also provides other domiciliary support (KCC and Independent Living Scheme).   |
| <b>Non Residential Charging Income</b> |                      |           |                                     |                         |                       |                            |                         |                          |                       |                   |  |
| 8                                      | -2,948               | ASC&PH    | Learning Disability                 | 0                       | 42                    | 42                         | -3,001                  | -2,959                   | 0                     | -2,959            | Assessed client contributions for people receiving community based services including domiciliary care, supported accommodation, day care and direct payments  |
| 9                                      | -10,330              | ASC&PH    | Older People                        | 0                       | 1,107                 | 1,107                      | -11,600                 | -10,493                  | 0                     | -10,493           | Assessed client contributions for people receiving community based services including domiciliary care, supported accommodation, day care and direct payments  |
| 10                                     | -706                 | ASC&PH    | Physical Disability / Mental Health | 0                       | 0                     | 0                          | -1,215                  | -1,215                   | 0                     | -1,215            | Assessed client contributions for people receiving community based services including domiciliary care, supported accommodation, day care and direct payments  |
| <b>Nursing and Residential Care</b>    |                      |           |                                     |                         |                       |                            |                         |                          |                       |                   |  |
| 11                                     | 69,290               | ASC&PH    | Learning Disability                 | 2,059                   | 74,703                | 76,762                     | -6,080                  | 70,682                   | 0                     | 70,682            | Around 750 clients are provided with services through the independent sector. In addition, this service provides: permanent residential care for preserved rights clients through the independent sector and 88 respite beds across various KCC sites. |
| 12                                     | 6,552                | ASC&PH    | Mental Health                       | 0                       | 7,280                 | 7,280                      | -762                    | 6,518                    | 0                     | 6,518             | Around 190 clients are provided with services through the independent sector. This service also provides permanent residential care for preserved rights clients through the independent sector.   |
| 13                                     | 23,065               | ASC&PH    | Older People - Nursing              | 0                       | 43,782                | 43,782                     | -23,656                 | 20,126                   | 0                     | 20,126            | Around 1,400 clients are provided with this service through the independent sector. This service administers the payment of the health element of the nursing cost and reclaims this from PCT's  |

Section 5 - A to Z Service Analysis

WHAT IS THE MONEY SPENT ON?

| Row Ref | 2012/13 Revised Base | Portfolio | Service   | 2013/14 Proposed Budget |                       |                            |                         |                          |                       |                   | Affordable Activity   |
|---------|----------------------|-----------|---|-------------------------|-----------------------|----------------------------|-------------------------|--------------------------|-----------------------|-------------------|---|
|         | Net Cost<br>£000s    |           |   | Staffing<br>£000s       | Non staffing<br>£000s | Gross Expenditure<br>£000s | Service Income<br>£000s | Net Expenditure<br>£000s | Govt. Grants<br>£000s | Net Cost<br>£000s |   |
| 14      | 48,727               | ASC&PH    | Older People - Residential                        | 11,577                  | 65,695                | 77,272                     | -31,416                 | 45,856                   | -1,922                | 43,934            | Approximately 2,400 clients on average provided with services through the independent sector. In addition, this service provides permanent residential care for preserved rights clients provided through the independent sector. The In-house service provides 341 residential care/respite beds and 36 nursing care beds. |
| 15      | 11,844               | ASC&PH    | Physical Disability                               | 0                       | 13,969                | 13,969                     | -2,021                  | 11,948                   | 0                     | 11,948            | Approximately 250 clients are provided with this service through the independent sector.  |
|         |                      |           | <b>Supported Accommodation</b>                    |                         |                       |                            |                         |                          |                       |                   |   |
| 16      | 31,126               | ASC&PH    | Learning Disability                               | 388                     | 30,607                | 30,995                     | -626                    | 30,369                   | -913                  | 29,456            | Services provided through the independent sector for approximately 800 people in supported accommodation/supported living.  |
| 17      | 203                  | ASC&PH    | Older People                                      | 0                       | 4,556                 | 4,556                      | 0                       | 4,556                    | -4,350                | 206               | Services provided through the independent sector in respect of individuals in supported living and supported accommodation  |
| 18      | 3,402                | ASC&PH    | Physical Disability / Mental Health               | 0                       | 3,687                 | 3,687                      | -128                    | 3,559                    | -107                  | 3,452             | Services provided through the independent sector in respect of individuals in supported living and supported accommodation  |
|         |                      |           | <b>Other Services for Adults and Older People</b> |                         |                       |                            |                         |                          |                       |                   |   |
| 19      | 15,208               | ASC&PH    | Contributions to Voluntary Organisations          | 0                       | 19,248                | 19,248                     | -5,273                  | 13,975                   | 0                     | 13,975            | Payments to voluntary organisations for a range of preventative services supporting approximately 6,000 people.   |
| 20      | 1,283                | ASC&PH    | Community Support Services for Mental Health      | 904                     | 152                   | 1,056                      | -34                     | 1,022                    | 0                     | 1,022             | Community outreach services provided by KCC supporting approximately 250 clients with mental health problems.   |
|         |                      |           | Day Care  |                         |                       |                            |                         |                          |                       |                   |   |
| 21      | 13,147               | ASC&PH    | Learning Disability                               | 6,277                   | 6,574                 | 12,851                     | -174                    | 12,677                   | 0                     | 12,677            | Day care/day services provided both in the independent sector and in-house  |
| 22      | 2,614                | ASC&PH    | Older People                                      | 834                     | 1,867                 | 2,701                      | -64                     | 2,637                    | 0                     | 2,637             | Day care/day services provided both in the independent sector and in-house  |
| 23      | 1,241                | ASC&PH    | Physical Disability                               | 46                      | 1,217                 | 1,263                      | -5                      | 1,258                    | 0                     | 1,258             | Day care/day services provided both in the independent sector and in-house  |

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Section 5 - A to Z Service Analysis

WHAT IS THE MONEY SPENT ON?

| Row Ref | 2012/13 Revised Base | Portfolio | Service                                | 2013/14 Proposed Budget |                       |                            |                         |                          |                       |                   | Affordable Activity  |
|---------|----------------------|-----------|--|-------------------------|-----------------------|----------------------------|-------------------------|--------------------------|-----------------------|-------------------|--|
|         | Net Cost<br>£000s    |           |  | Staffing<br>£000s       | Non staffing<br>£000s | Gross Expenditure<br>£000s | Service Income<br>£000s | Net Expenditure<br>£000s | Govt. Grants<br>£000s | Net Cost<br>£000s |  |
| 24      | 1,358                | C&C       | Drug & Alcohol services                | 806                     | 15,045                | 15,851                     | -13,539                 | 2,312                    | -1,070                | 1,242             | Includes provision for approximately 6,200 adults across Kent to access structured alcohol and drug treatment services and in excess of 8,000 to receive brief interventions; in excess of 3,000 young people to be engaged by substance misuse early intervention and specialist services.  |
| 25      | -7,276               | ASC&PH    | Other Adult Services                   | -30                     | 12,632                | 12,602                     | -8,247                  | 4,355                    | 0                     | 4,355             | A range of other services including:<br>- approximately 200,000 home delivered hot meals;<br>- Occupational Therapy & Sensory Disability services working in partnership with Health, Hi Kent and Kent Association for the Blind to provide approximately 56,000 items of equipment.<br>- collaborating with health on the delivery of Telehealth and Telecare services. |
| 26      | 838                  | ASC&PH    | Safeguarding                           | 613                     | 382                   | 995                        | -157                    | 838                      | 0                     | 838               | A multi agency partnership/framework to ensure a coherent policy for the protection of vulnerable adults   |
| 27      | 25,602               | C&C       | Supporting People                      | 294                     | 24,558                | 24,852                     | 0                       | 24,852                   | 0                     | 24,852            | Includes provision for 21,000 vulnerable people to receive support to enable independent living in their own home through the provision of long and short term accommodation, home improvement agency, community alarm.  |
|         |                      |           | <b>Children's Services</b>             |                         |                       |                            |                         |                          |                       |                   |  |
|         |                      |           | <i>Children in Care (Looked After)</i> |                         |                       |                            |                         |                          |                       |                   |  |
| 28      | 33,783               | SCS       | Fostering                              | 3,924                   | 32,674                | 36,598                     | -237                    | 36,361                   | 0                     | 36,361            | Short and medium term family based care (including longer term care for older children) for Kent children. Includes payments to related and non related foster carers for 1,140 children and independent fostering agencies for 170 children.  |
| 29      | 6,315                | SCS       | Legal Charges                          | 0                       | 5,567                 | 5,567                      | 0                       | 5,567                    | 0                     | 5,567             | Costs for in-house legal support and external legal fees for care proceedings for Specialist Children's Services (previously reflected within the Fostering service)   |
| 30      | 11,604               | SCS       | Residential Children's Services        | 2,371                   | 13,580                | 15,951                     | -2,144                  | 13,807                   | 0                     | 13,807            | In house and independent sector residential care for 75 children (both looked after and non looked after children, including those with a disability).   |

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Section 5 - A to Z Service Analysis

WHAT IS THE MONEY SPENT ON?

| Row Ref | 2012/13 Revised Base | Portfolio | Service                       | 2013/14 Proposed Budget |                       |                            |                         |                          |                       |                   | Affordable Activity  |
|---------|----------------------|-----------|-------------------------------|-------------------------|-----------------------|----------------------------|-------------------------|--------------------------|-----------------------|-------------------|--|
|         | Net Cost<br>£000s    |           |                               | Staffing<br>£000s       | Non staffing<br>£000s | Gross Expenditure<br>£000s | Service Income<br>£000s | Net Expenditure<br>£000s | Govt. Grants<br>£000s | Net Cost<br>£000s |  |
| 31      | 1,927                | SCS       | Virtual School Kent           | 1,808                   | 823                   | 2,631                      | 0                       | 2,631                    | -704                  | 1,927             | Supporting approx 1,600 looked after children focussing on their education & health needs  |
|         |                      |           | <b>Children in Need</b>       |                         |                       |                            |                         |                          |                       |                   |  |
| 32      | 17,687               | SCS       | Children's Centres            | 10,421                  | 6,026                 | 16,447                     | -139                    | 16,308                   | 0                     | 16,308            | 97 children's centres delivering support and advice to families  |
| 33      | 15,769               | SCS       | Preventative Services         | 480                     | 15,988                | 16,468                     | -830                    | 15,638                   | -262                  | 15,376            | Community based preventative and family support services including day care, direct payments and payments to voluntary organisations   |
|         |                      |           | <b>Education and Personal</b> |                         |                       |                            |                         |                          |                       |                   |  |
| 34      | 2,033                | ELS       | 14 to 19 year olds            | 1,818                   | 1,355                 | 3,173                      | -430                    | 2,743                    | -906                  | 1,837             | A range of services for young people including preparation for employment, vocational training, apprenticeships, Skills Force and raising the age of statutory education to 18.  |
| 35      | 1,327                | ELS       | Attendance & Behaviour        | 2,519                   | 1,328                 | 3,847                      | -55                     | 3,792                    | -2,630                | 1,162             | Investigation of overall attendance issues, particularly unauthorised absence and persistent absenteeism from school, and support and challenge to ensure full time inclusion in education.  |
| 36      | 6,275                | ELS       | Connexions                    | 0                       | 5,775                 | 5,775                      | 0                       | 5,775                    | 0                     | 5,775             | Contract with Connexions service for the provision of careers information, advice and guidance to young people   |
| 37      | 1,708                | SCS & ELS | Early Years and Childcare     | 2,610                   | 4,165                 | 6,775                      | -107                    | 6,668                    | -5,353                | 1,315             | Provision of advice, support, challenge and training to over 1,000 childcare providers, 1,600 childminders in the private and voluntary sector and local authority maintained schools with nursery and reception classes                   |
| 38      | 3,000                | SCS       | Early Years Education         | 0                       | 49,624                | 49,624                     | 0                       | 49,624                   | -49,624               | 0                 | Payments made to over 780 PVI providers for up to 15 hours a week of free entitlement places for 3 & 4 year olds (equates to over 9.5 million hours of provision) plus over 1.8 million hours of free places for disadvantaged 2 year olds |
| 39      | 2,887                | ELS       | Education Psychology Service  | 2,824                   | 199                   | 3,023                      | -400                    | 2,623                    | 0                     | 2,623             | Statutory assessment of children with special educational needs and the delivery of core and traded psychological services   |

## Section 5 - A to Z Service Analysis

Appendix 2

## WHAT IS THE MONEY SPENT ON?

| Row Ref | 2012/13 Revised Base | Portfolio | Service  | 2013/14 Proposed Budget |                       |                            |                         |                          |                       |                   | Affordable Activity  |
|---------|----------------------|-----------|--|-------------------------|-----------------------|----------------------------|-------------------------|--------------------------|-----------------------|-------------------|--|
|         | Net Cost<br>£000s    |           |  | Staffing<br>£000s       | Non staffing<br>£000s | Gross Expenditure<br>£000s | Service Income<br>£000s | Net Expenditure<br>£000s | Govt. Grants<br>£000s | Net Cost<br>£000s |  |
| 40      | 1,230                | ELS       | Individual Learner Support (incl. Minority Communities Achievement and Parent Partnership Service) | 7,992                   | 654                   | 8,646                      | -752                    | 7,894                    | -6,835                | 1,059             | A range of specialist services to support children and young people who may be at risk of not aspiring and achieving to their full potential   |
| 41      | 0                    | ELS       | Statemented Pupils   | 929                     | 5,762                 | 6,691                      | 0                       | 6,691                    | -6,691                | 0                 | Support for pupils with Statements of Special Educational Needs (SEN) which has not been delegated to individual schools or SEN units  |
| 42      | 7,079                | C&C       | Youth Service  | 5,423                   | 3,108                 | 8,531                      | -2,121                  | 6,410                    | -50                   | 6,360             | Direct delivery and commissioning of open access youth work provision in youth centres, in schools, street-based and through opportunities for residential outdoor educational activities, including the Duke of Edinburgh's Award. Targeted work with more vulnerable young people, and ensuring the voice of young people is heard. 375,000 attendances by young people in all youth work settings.  |
| 43      | 2,367                | C&C       | Youth Offending Service  | 3,320                   | 1,957                 | 5,277                      | -2,590                  | 2,687                    | 0                     | 2,687             | Targeted work to prevent children and young people from offending, to support the work of Youth Courts across Kent and to reduce the likelihood of re-offending by those within the youth justice system. The Service works with almost 3,000 young people, ranging from preventative work through to those in receipt of custodial sentences. Since 2012, the Service is working much more closely with the Youth Service to deliver a more integrated approach to services and interventions for young people across the county. |
|         |                      |           | <b>Other Social Services</b>   |                         |                       |                            |                         |                          |                       |                   |  |
| 44      | 8,515                | SCS       | Adoption   | 1,959                   | 6,355                 | 8,314                      | -49                     | 8,265                    | 0                     | 8,265             | Permanent care for Kent children who are unable to live with their birth families. Includes adoption payments & Special Guardianship Orders  |
| 45      | 280                  | SCS       | Asylum Seekers   | 4,634                   | 10,267                | 14,901                     | 0                       | 14,901                   | -14,621               | 280               | Supporting unaccompanied asylum seekers  |
| 46      | 5,123                | SCS       | Leaving Care (formerly 16+ service)  | 0                       | 5,039                 | 5,039                      | 0                       | 5,039                    | 0                     | 5,039             | Supporting children leaving care and ongoing children's services for those aged 16+ still in local authority care, and aftercare service for young people aged 18+. Now excludes residential care and fostering which are shown separately.  |

Section 5 - A to Z Service Analysis

WHAT IS THE MONEY SPENT ON?

| Row Ref | 2012/13 Revised Base | Portfolio | Service   | 2013/14 Proposed Budget |                       |                            |                         |                          |                       |                   | Affordable Activity  |
|---------|----------------------|-----------|---|-------------------------|-----------------------|----------------------------|-------------------------|--------------------------|-----------------------|-------------------|--|
|         | Net Cost<br>£000s    |           |   | Staffing<br>£000s       | Non staffing<br>£000s | Gross Expenditure<br>£000s | Service Income<br>£000s | Net Expenditure<br>£000s | Govt. Grants<br>£000s | Net Cost<br>£000s |  |
| 47      | 4,223                | SCS       | Safeguarding  | 4,105                   | 434                   | 4,539                      | -316                    | 4,223                    | 0                     | 4,223             | Performance management of services for vulnerable children in Kent   |
|         |                      |           | <b>Community Services</b>                             |                         |                       |                            |                         |                          |                       |                   |  |
| 48      | 2,042                | C&C       | Arts Development (incl. grant to Turner Contemporary) | 371                     | 1,666                 | 2,037                      | 0                       | 2,037                    | 0                     | 2,037             | Provide strategic leadership to the arts and culture sector in Kent through funding and managing/building the relationships with the cultural sector, including managing Kent Film Office, Turner Contemporary arrangements and Kent Music; provision of grants to Arts organisations and festivals, as well as organising programmes such as the Kent Youth Arts Festival.  |
| 49      | -355                 | C&C       | Community Learning & Skills (CLS)                     | 9,727                   | 5,273                 | 15,000                     | -13,675                 | 1,325                    | -1,680                | -355              | 26,000 adults attending Adult Education courses in the community for personal development, skills, pleasure and wellbeing. 2,500 families participating in family learning which helps children from disadvantaged communities. CLS supports 550 young people through apprenticeships with Kent employers and over 300 16-18 year olds not in education or employment. Skills Plus centres help 2,000 people to improve their employability skills and support Kent businesses. Over 1,500 adults, for whom English is not their first language, gain qualifications and 300 adults with learning difficulties join courses to promote independent living. |
| 50      | 972                  | C&C       | Community Safety                                      | 339                     | 256                   | 595                        | -21                     | 574                      | -205                  | 369               | Co-ordinates and manages the delivery of safer and stronger communities - in conjunction with Community Wardens - on behalf of the people of Kent. Provides the policy & performance support to the newly established Police & Crime Panel.  |
| 51      | 2,884                | C&C       | Community Wardens                                     | 2,452                   | 152                   | 2,604                      | 0                       | 2,604                    | 0                     | 2,604             | An establishment of 101 Community Wardens, serving over 70% of the Kent population and providing a key aspect of local community safety delivery. The Warden service provides a highly visible, reassuring community presence helping to build community resilience.   |

Section 5 - A to Z Service Analysis

WHAT IS THE MONEY SPENT ON?

| Row Ref | 2012/13 Revised Base | Portfolio | Service                                       | 2013/14 Proposed Budget |                       |                            |                         |                          |                       |                   | Affordable Activity  |
|---------|----------------------|-----------|---|-------------------------|-----------------------|----------------------------|-------------------------|--------------------------|-----------------------|-------------------|--|
|         | Net Cost<br>£000s    |           |   | Staffing<br>£000s       | Non staffing<br>£000s | Gross Expenditure<br>£000s | Service Income<br>£000s | Net Expenditure<br>£000s | Govt. Grants<br>£000s | Net Cost<br>£000s |  |
| 52      | 3,754                | C&C       | Contact Centre & Consumer Direct              | 4,486                   | 472                   | 4,958                      | -1,538                  | 3,420                    | -89                   | 3,331             | Contact Centre handles 1.1 million calls and 150,000 e-mails from the public annually and provides in excess of 90 services, both on behalf of the authority, as well as third party organisations. The Consumer Direct aspect of the service is working with a private sector organisation to deliver consumer advice to people in both England and Wales, as part of the Citizens Advice Consumer Advice service.  |
| 53      | 2,114                | C&C       | Gateways                                      | 363                     | 1,793                 | 2,156                      | -42                     | 2,114                    | 0                     | 2,114             | Coordination of the Gateway programme, service re-design and lead on the Customer Services Strategy. This service and budget also includes the financial contribution towards the management and running costs for 10 Gateways, in partnership with district councils and other partners.  |
| 54      | 313                  | EH&W      | Gypsies and Travellers                        | 257                     | 486                   | 743                        | -430                    | 313                      | 0                     | 313               | Responsible for securing suitable local authority and other accommodation provision for Gypsies and Travellers in Kent. The Unit currently manages 10 local authority sites, containing approximately 150 pitches  |
| 55      | 14,171               | C&C       | Libraries, Registration and Archives Services | 13,485                  | 5,655                 | 19,140                     | -5,514                  | 13,626                   | 0                     | 13,626            | Libraries Service:<br>Service comprising of 99 permanent libraries and 11 mobile vans issuing approx 4.9 million items (mostly books); supporting 5.6 million physical visits, 1.0 million virtual visits; 24,500 activities (e.g. Community Groups); 650,000 hours of free public PC use; 1,500 home library service customers; 1,110 blind and partially sighted Postal Loan service customers and 6,000 clients in Prison Library service.<br>Archives Service:<br>13,000 documents produced for researchers at Kent History and Library Centre; 36,000 archive documents accessed digitally and the management of 1,440 cubic metres of manuscript collections.<br>Registration Service:<br>Over 35,000 births and deaths registered; over 5,500 ceremonies registered and conducted and 3,000 new citizens naturalised. |

## Section 5 - A to Z Service Analysis

Appendix 2

## WHAT IS THE MONEY SPENT ON?

| Row Ref | 2012/13 Revised Base | Portfolio       | Service  | 2013/14 Proposed Budget |                       |                            |                         |                          |                       |                   | Affordable Activity   |
|---------|----------------------|-----------------|--|-------------------------|-----------------------|----------------------------|-------------------------|--------------------------|-----------------------|-------------------|---|
|         | Net Cost<br>£000s    |                 |  | Staffing<br>£000s       | Non staffing<br>£000s | Gross Expenditure<br>£000s | Service Income<br>£000s | Net Expenditure<br>£000s | Govt. Grants<br>£000s | Net Cost<br>£000s |   |
| 56      | 579                  | ASC&PH & BSP&HR | Public Health (incl. Local Involvement Network) (LINK) | 64                      | 632                   | 696                        | -117                    | 579                      | 0                     | 579               | Health Promotion and the 'Mobile House' project which delivers discreet lifestyle messages to promote behavioural change. Funding for the Kent LINK and payment to an independent company whose role it is to help the work of the Kent LINK in improving health and social care services   |
| 57      | 977                  | C&C             | Sports Development                                     | 855                     | 1,015                 | 1,870                      | -1,093                  | 777                      | 0                     | 777               | Lead the development of sport and physical activity in Kent through managing the Strategic Framework for sport; managing the Kent School Games; generating external funding; working with Public Health, and directing the County Sports Partnership to develop and support coaches, leaders, clubs and governing bodies of sport.  |
| 58      | 875                  | C&C             | Supporting Employment                                  | 916                     | 343                   | 1,259                      | -484                    | 775                      | 0                     | 775               | Provides employment support and advice to vulnerable residents from disadvantaged groups and enabling paid or voluntary employment, further education and training. Includes provision for 272 Learning Difficulty referrals and 30 mental health referrals. Another 300 participants will be supported through the externally funded Department of Work and Pension's Work Programme.  |
|         |                      |                 | <b>Environment</b>                                     |                         |                       |                            |                         |                          | 0                     |                   |   |
| 59      | 569                  | C&C             | Country Parks  | 916                     | 561                   | 1,477                      | -981                    | 496                      | -7                    | 489               | Manage 16 Country Parks covering 1,750 acres which generate 1.6 million visits per year whilst delivering education, recreation and environmental programmes.   |
| 60      | 1,847                | C&C             | Countryside Access (incl. Public Rights of Way)        | 1,676                   | 974                   | 2,650                      | -905                    | 1,745                    | -118                  | 1,627             | Statutory service to define, protect & maintain 6,847km of Public Rights of Way, maintain the register and approve the planning applications in relation to Common Land and Village Greens. Deliver the Explore Kent service which handles over 80,000 letters, phone calls and emails received from the public annually and reviews over 2 million page views on the Explore Kent website. Includes the maintenance of 2,836 bridges, surfacing and vegetation clearance to 42% of the maintainable highway network and 30,000+ pieces of Public Rights of Way furniture e.g. direction posts/signs. |

## WHAT IS THE MONEY SPENT ON?

| Row Ref | 2012/13 Revised Base | Portfolio | Service   | 2013/14 Proposed Budget |                       |                            |                         |                          |                       |                   | Affordable Activity   |
|---------|----------------------|-----------|---|-------------------------|-----------------------|----------------------------|-------------------------|--------------------------|-----------------------|-------------------|---|
|         | Net Cost<br>£000s    |           |   | Staffing<br>£000s       | Non staffing<br>£000s | Gross Expenditure<br>£000s | Service Income<br>£000s | Net Expenditure<br>£000s | Govt. Grants<br>£000s | Net Cost<br>£000s |   |
| 61      | 2,418                | EH&W      | Environmental Management (incl. Coastal Protection) | 1,698                   | 2,092                 | 3,790                      | -875                    | 2,915                    | -651                  | 2,264             | Delivery of Kent Environment Strategy including Climate Local targets and the Green Deal - saving money through fuel efficiency. Flood risk management, carbon reduction, biodiversity planning, heritage conservation & planning, coastal conservation, and sustainability & climate change. |
|         |                      |           | <b>Highways</b>                                     |                         |                       |                            |                         |                          |                       |                   |   |
|         |                      |           | <i>Highways Maintenance</i>                         |                         |                       |                            |                         |                          |                       |                   |   |
| 62      | 3,291                | EH&W      | Adverse Weather                                     | 0                       | 3,291                 | 3,291                      | 0                       | 3,291                    | 0                     | 3,291             | Includes provision for 79 salting runs, salting approximately 4,000km of the highway per run plus restocking 2,350 salt bins  |
| 63      | 2,444                | EH&W      | Bridges and other structures                        | 354                     | 2,282                 | 2,636                      | -192                    | 2,444                    | 0                     | 2,444             | Maintenance of 2,700 bridges and structures and two road tunnels  |
| 64      | 13,044               | EH&W      | General maintenance and emergency response          | 3,616                   | 9,219                 | 12,835                     | -487                    | 12,348                   | 0                     | 12,348            | Inspection, maintenance and repair of 8,500km of highway and 6,000km of pavements plus the management of all roadworks undertaken by utility companies and KCC contractors.   |
| 65      | 3,249                | EH&W      | Highways drainage                                   | 306                     | 3,131                 | 3,437                      | -96                     | 3,341                    | 0                     | 3,341             | Maintenance and repair of 340,000 road drainage gullies   |
| 66      | 3,803                | EH&W      | Streetlight maintenance                             | 412                     | 3,715                 | 4,127                      | -154                    | 3,973                    | 0                     | 3,973             | Maintenance and repair for 120,000 streetlights   |
|         |                      |           | <i>Highways Safety and Management</i>               |                         |                       |                            |                         |                          |                       |                   |   |
| 67      | 769                  | EH&W      | Development Planning                                | 1,759                   | 320                   | 2,079                      | -1,310                  | 769                      | 0                     | 769               | Includes developer agreements & developer plans, local development framework, adoption of highways and development control. Budget previously included under Highway Improvements and Sustainable Transport (now Transport Planning)  |
| 68      | 1,556                | EH&W      | Highway improvements                                | 1,979                   | -283                  | 1,696                      | -82                     | 1,614                    | 0                     | 1,614             | Support for highway resurfacing and other improvement programmes to reduce congestion, improve air quality and help prevent traffic accidents.  |
| 69      | 1,011                | EH&W      | Road safety   | 672                     | 2,573                 | 3,245                      | -2,234                  | 1,011                    | 0                     | 1,011             | Reduce road casualties through educational and publicity campaigns with engineering improvements and provide funding to support the Kent and Medway Safety Camera Partnership   |

Section 5 - A to Z Service Analysis

WHAT IS THE MONEY SPENT ON?

| Row Ref | 2012/13 Revised Base | Portfolio        | Service   | 2013/14 Proposed Budget |                       |                            |                         |                          |                       |                   | Affordable Activity   |
|---------|----------------------|------------------|---|-------------------------|-----------------------|----------------------------|-------------------------|--------------------------|-----------------------|-------------------|---|
|         | Net Cost<br>£000s    |                  |   | Staffing<br>£000s       | Non staffing<br>£000s | Gross Expenditure<br>£000s | Service Income<br>£000s | Net Expenditure<br>£000s | Govt. Grants<br>£000s | Net Cost<br>£000s |   |
| 70      | 5,845                | EH&W             | Streetlight energy  | 0                       | 4,995                 | 4,995                      | 0                       | 4,995                    | 0                     | 4,995             | Payment for electricity to light 120,000 streetlights   |
| 71      | 2,484                | EH&W             | Traffic management  | 2,445                   | 2,819                 | 5,264                      | -2,661                  | 2,603                    | 0                     | 2,603             | Running costs, inspection and maintenance for 15,000 traffic lights and providing congestion reduction measures   |
| 72      | 3,253                | EH&W             | Tree maintenance, grass cutting and weed control                    | 0                       | 3,338                 | 3,338                      | -85                     | 3,253                    | 0                     | 3,253             | Maintenance of 11 million sq metres of grass areas and 500,000 trees  |
|         |                      |                  | <b>Local Democracy</b>  |                         |                       |                            |                         |                          | 0                     |                   |   |
| 73      | 709                  | C&C              | Community Engagement  | 660                     | 49                    | 709                        | 0                       | 709                      | 0                     | 709               | Community Engagement Officers (CEOs) provide clear channels into the community for KCC to engage with Kent residents via engagement forums, social media and other channels. Also CEOs support the development and ongoing operations of both Locality Boards and Local Children's Trust Boards   |
| 74      | 2,513                | C&C & D&P & F&BS | Member Grants & Compensation to District Councils (incl. Elections) | 0                       | 5,176                 | 5,176                      | 0                       | 5,176                    | 0                     | 5,176             | Grants controlled by individual Members and Local Boards which are given to a wide range of community based groups, individuals and organisations. In addition: grants to District Councils; cost of council elections; provision for a transfer of a share of Council Tax yield to District Councils to part fund the increased costs of collection arising from a rise in the number of council tax payers, following Government changes to the council tax benefits system and to underwrite Council Tax Support Schemes.  |
|         |                      |                  | <b>Planning and Transport Strategy</b>                              |                         |                       |                            |                         |                          |                       |                   |   |
| 75      | 1,235                | EH&W             | Planning & Transport Policy   | 619                     | 781                   | 1,400                      | 0                       | 1,400                    | 0                     | 1,400             | Delivery of Growth without Gridlock - developing key strategic transport improvements such as Third Thames Crossing, A21 dualling, solutions to Operation Stack and enhancements to the rail network including new Thanet Parkway Station and reduced journey times to East Kent in particular. Strategic influencing of Government Policy and new infrastructure funding streams, co-ordinating KCC's responses to Local Plans and Community Infrastructure Levy (CIL) charging schedules, producing the Minerals & Waste Local Plan and the Local Transport Plan. |

## Section 5 - A to Z Service Analysis

Appendix 2

## WHAT IS THE MONEY SPENT ON?

| Row Ref  | 2012/13 Revised Base | Portfolio | Service                               | 2013/14 Proposed Budget |                       |                            |                         |                          |                       |                   | Affordable Activity   |
|--|----------------------|-----------|---------------------------------------|-------------------------|-----------------------|----------------------------|-------------------------|--------------------------|-----------------------|-------------------|---|
|  | Net Cost<br>£000s    |           |                                       | Staffing<br>£000s       | Non staffing<br>£000s | Gross Expenditure<br>£000s | Service Income<br>£000s | Net Expenditure<br>£000s | Govt. Grants<br>£000s | Net Cost<br>£000s |   |
| 76   | 573                  | EH&W      | Planning Applications                 | 867                     | 195                   | 1,062                      | -600                    | 462                      | 0                     | 462               | Receiving and processing over 530 planning applications and submissions each year   |
| <b>Regeneration &amp; Economic Development</b> |                      |           |                                       |                         |                       |                            |                         |                          |                       |                   |   |
| 77   | 3,484                | R&E       | Development staff and projects        | 2,766                   | 2,377                 | 5,143                      | -1,413                  | 3,730                    | -246                  | 3,484             | Staff and project work on regeneration initiatives including Visit Kent, Locate in Kent, Produced in Kent, etc.   |
| <b>Regulatory Services</b>                     |                      |           |                                       |                         |                       |                            |                         |                          |                       |                   |   |
| 78   | 2,354                | C&C       | Coroners                              | 687                     | 2,120                 | 2,807                      | -475                    | 2,332                    | 0                     | 2,332             | Inquiries into approximately 7,000 violent or unnatural deaths, sudden deaths of unknown cause and deaths which have occurred in prison, resulting in 4,000 post mortems, 3,000 body removals and 800 inquests.   |
| 79   | 642                  | C&C       | Emergency Planning                    | 566                     | 205                   | 771                        | -169                    | 602                      | 0                     | 602               | Deliver strategic direction and professional advice on the planning for, and management of, emergencies to fulfil KCC's statutory obligations under the Civil Contingencies Act and related legislation. Provide consultancy services to District / Borough Councils under Service Level Agreements as well as advice, guidance and support to residents and businesses to build resilience. Maintain community leadership through the Kent Resilience Forum and other partnerships |
| 80   | 3,309                | C&C       | Trading Standards                     | 2,917                   | 904                   | 3,821                      | -732                    | 3,089                    | 0                     | 3,089             | Provision of the Rogue Traders service; 1,250 businesses supported through advice to develop Kent economy; 80 campaigns initiated to ensure a fair and safe trading environment; operate Buy with Confidence Good Trader scheme; 20 under age sales operations; 180 Trading Standards alert messages sent. The service also incorporates the Kent Scientific Services laboratory dealing with in excess of 6,000 analytical and calibration samples.                                |
| <b>Schools Budgets</b>                         |                      |           |                                       |                         |                       |                            |                         |                          |                       |                   |   |
| 81   | 0                    | ELS       | Independent Special School placements | 0                       | 14,924                | 14,924                     | -698                    | 14,226                   | -14,226               | 0                 | Placements for over 400 children with severe special educational needs whose needs cannot be met within maintained schools  |
| 82   | 0                    | ELS       | PFI Schools Scheme                    | 0                       | 23,810                | 23,810                     | -9,012                  | 14,798                   | -14,798               | 0                 | Service charges for 11 PFI schools  |



## Section 5 - A to Z Service Analysis

Appendix 2

## WHAT IS THE MONEY SPENT ON?

| Row Ref | 2012/13 Revised Base | Portfolio | Service                                  | 2013/14 Proposed Budget |                       |                            |                         |                          |                       |                   | Affordable Activity  |
|---------|----------------------|-----------|--|-------------------------|-----------------------|----------------------------|-------------------------|--------------------------|-----------------------|-------------------|--|
|         | Net Cost<br>£000s    |           |  | Staffing<br>£000s       | Non staffing<br>£000s | Gross Expenditure<br>£000s | Service Income<br>£000s | Net Expenditure<br>£000s | Govt. Grants<br>£000s | Net Cost<br>£000s |  |
| 83      | 0                    | ELS       | Pupil Referral Units (PRUs)              | 8,466                   | 7,658                 | 16,124                     | -1,245                  | 14,879                   | -14,879               | 0                 | Budgets managed directly by pupil referral units which offer alternative education for those who have been excluded from school, or missing school for health reasons  |
| 84      | 0                    | ELS       | Schools Delegated budgets                | 538,647                 | 170,932               | 709,579                    | -52,017                 | 657,562                  | -657,562              | 0                 | Budgets managed directly by almost 460 local authority maintained schools  |
|         |                      |           | <b>Schools Services</b>                  |                         |                       |                            |                         |                          |                       |                   |  |
| 85      | 103                  | ELS       | Non delegated staff costs                | 0                       | 2,644                 | 2,644                      | -2,310                  | 334                      | -231                  | 103               | Reimbursement of schools' costs for maternity leave, public duties, trade union representatives, suspended staff and tribunals. Some of these services now operate on a fully traded basis   |
| 86      | 427                  | ELS       | Other Schools Services                   | 625                     | 6,972                 | 7,597                      | -3,685                  | 3,912                    | -3,505                | 407               | Crossing Patrols, collective licences, provision of temporary mobile classrooms, coordination of cleaning and refuse contracts, planned maintenance agreements, legionella work, asbestos and condition surveys and various other minor non delegated budgets  |
| 87      | 0                    | ELS       | Redundancy costs                         | 0                       | 1,232                 | 1,232                      | 0                       | 1,232                    | -1,232                | 0                 | Redundancy costs for school staff  |
| 88      | 3,094                | ELS       | School Improvement                       | 4,560                   | 4,835                 | 9,395                      | -3,498                  | 5,897                    | -3,495                | 2,402             | Providing advice, guidance, training and challenge to primary, secondary and special schools and Pupil Referral Units to raise standards of pupil achievement, and to implement national and local strategies. Support and training for 6,000 school governors |
| 89      | -800                 | ELS       | Special School and Hospital recoupment   | 0                       | 0                     | 0                          | 0                       | 0                        | 0                     | 0                 | Top up payments to other local authorities for Kent pupils educated in other local authority special schools, together with income from other local authorities for their pupils educated in Kent schools.   |
| 90      | 5,145                | ELS       | Teachers & Education Staff Pension costs | 0                       | 7,954                 | 7,954                      | -684                    | 7,270                    | -2,000                | 5,270             | Cost of teacher and education staff early retirements  |
|         |                      |           | <b>Transport Services</b>                |                         |                       |                            |                         |                          |                       |                   |  |
| 91      | 16,280               | EH&W      | Concessionary Fares                      | 0                       | 16,672                | 16,672                     | -27                     | 16,645                   | 0                     | 16,645            | 17 million free bus journeys for elderly people  |
| 92      | 11,489               | EH&W      | Freedom Pass                             | 0                       | 15,000                | 15,000                     | -2,459                  | 12,541                   | 0                     | 12,541            | Over 26,400 passes issued to young people aged 11 to 16 for unlimited bus travel in Kent.  |

Section 5 - A to Z Service Analysis

WHAT IS THE MONEY SPENT ON?

| Row Ref | 2012/13 Revised Base | Portfolio | Service  | 2013/14 Proposed Budget |                       |                            |                         |                          |                       |                   | Affordable Activity  |
|---------|----------------------|-----------|--|-------------------------|-----------------------|----------------------------|-------------------------|--------------------------|-----------------------|-------------------|--|
|         | Net Cost<br>£000s    |           |  | Staffing<br>£000s       | Non staffing<br>£000s | Gross Expenditure<br>£000s | Service Income<br>£000s | Net Expenditure<br>£000s | Govt. Grants<br>£000s | Net Cost<br>£000s |  |
| 93      | 1,437                | ELS       | Home to College Transport and Kent 16+ Travel Card           | 0                       | 3,174                 | 3,174                      | -1,720                  | 1,454                    | 0                     | 1,454             | Over 3,200 passes issued to young people aged over 16 for unlimited bus travel in Kent. Residual home to college transport costs                                       |
| 94      | 12,661               | ELS       | Home to School Transport (Mainstream)                        | 0                       | 11,517                | 11,517                     | -20                     | 11,497                   | 0                     | 11,497            | Transport to and from school for 14,000 eligible children  |
| 95      | 17,152               | ELS       | Home to School Transport (Special Educational Need)          | 8                       | 17,200                | 17,208                     | 0                       | 17,208                   | 0                     | 17,208            | Specialist transport arrangements for 4,000 children with special educational needs  |
| 96      | 7,378                | EH&W      | Subsidised Bus Routes  | 257                     | 8,775                 | 9,032                      | -1,454                  | 7,578                    | 0                     | 7,578             | Support for over 200 otherwise uneconomic bus routes   |
| 97      | 701                  | EH&W      | Transport Operations   | 815                     | 56                    | 871                        | -170                    | 701                      | 0                     | 701               | Arrangement, provision and monitoring of socially necessary local buses, home to school transport and public transport information                                     |
| 98      | 237                  | EH&W      | Transport Planning   | 301                     | 180                   | 481                        | -25                     | 456                      | -203                  | 253               | Improve public transport and access to key services.   |
|         |                      |           | <b>Waste Management</b>                                      |                         |                       |                            |                         |                          |                       |                   |  |
| 99      | 1,862                | EH&W      | Waste Operations   | 1,537                   | 325                   | 1,862                      | 0                       | 1,862                    | 0                     | 1,862             | Management and operational delivery of core waste management services, including the statutory duty to undertake the treatment and disposal of household waste in Kent |
|         |                      |           | <b>Recycling and diversion from landfill</b>                 |                         |                       |                            |                         |                          |                       |                   |  |
| 100     | 7,138                | EH&W      | Household Waste recycling centres                            | 0                       | 8,129                 | 8,129                      | -1,982                  | 6,147                    | 0                     | 6,147             | Operation of 19 sites providing recycling facilities for 3.5 million visitors per year   |
| 101     | 554                  | EH&W      | Partnership & waste co-ordination                            | 0                       | 504                   | 504                        | -168                    | 336                      | 0                     | 336               | Collaborative working with District Councils and public campaigns to reduce overall waste and increase recycling   |
| 102     | 5,371                | EH&W      | Payments to Waste Collection Authorities (District Councils) | 0                       | 6,167                 | 6,167                      | -102                    | 6,065                    | 0                     | 6,065             | Payments to support recycling initiatives that reduce the amount of waste that would otherwise have to be disposed of (through more costly routes, e.g. landfill)      |
| 103     | 9,915                | EH&W      | Recycling Contracts and Composting                           | 0                       | 9,030                 | 9,030                      | -1,571                  | 7,459                    | 0                     | 7,459             | Recycling and composting 338,500 tonnes (47%) of household waste   |
|         |                      |           | <b>Waste Disposal</b>  |                         |                       |                            |                         |                          | 0                     |                   |  |

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## Section 5 - A to Z Service Analysis

## Appendix 2

## WHAT IS THE MONEY SPENT ON?

| Row Ref | 2012/13 Revised Base | Portfolio | Service                                      | 2013/14 Proposed Budget |                       |                            |                         |                          |                       |                   | Affordable Activity  |
|---------|----------------------|-----------|--|-------------------------|-----------------------|----------------------------|-------------------------|--------------------------|-----------------------|-------------------|--|
|         | Net Cost<br>£000s    |           |  | Staffing<br>£000s       | Non staffing<br>£000s | Gross Expenditure<br>£000s | Service Income<br>£000s | Net Expenditure<br>£000s | Govt. Grants<br>£000s | Net Cost<br>£000s |  |
| 104     | 584                  | EH&W      | Closed Landfill Sites & Abandoned Vehicles   | 0                       | 864                   | 864                        | -180                    | 684                      | 0                     | 684               | Pollution monitoring and control of 19 Closed Landfills to ensure public safety and environmental protection is maintained. Removal and disposal of 300 abandoned vehicles |
| 105     | 29,141               | EH&W      | Disposal Contracts                           | 0                       | 28,745                | 28,745                     | -156                    | 28,589                   | 0                     | 28,589            | Treatment and/or disposal of 376,500 tonnes (53%) of domestic waste produced in Kent through waste to energy recovery (300,000 tonnes) or landfill (76,500 tonnes)         |
| 106     | 8,500                | EH&W      | Haulage & Transfer Stations                  | 65                      | 9,717                 | 9,782                      | -75                     | 9,707                    | 0                     | 9,707             | Operation of 6 facilities to provide local disposal points for the efficient delivery of District Council collection services and outlets for some commercial waste.       |
| 107     | 7,165                | EH&W      | Landfill Tax                                 | 0                       | 7,571                 | 7,571                      | 0                       | 7,571                    | 0                     | 7,571             | Unavoidable tax on waste disposed of via landfill  |
| 108     | 683,771              |           | <b>Total Direct Services to the Public</b>   | <b>703,197</b>          | <b>1,033,305</b>      | <b>1,736,502</b>           | <b>-251,049</b>         | <b>1,485,453</b>         | <b>-811,165</b>       | <b>674,288</b>    |  |
|         |                      |           | <b>Financing Items</b>                       |                         |                       |                            |                         |                          |                       |                   |  |
| 109     | 464                  | D&P       | Audit Fees                                   | 0                       | 314                   | 314                        | 0                       | 314                      | 0                     | 314               |  |
| 110     | 400                  | F&BS      | Carbon Reduction Commitment                  | 0                       | 400                   | 400                        | 0                       | 400                      | 0                     | 400               |  |
| 111     | -6,568               | EH&W      | Commercial Services (net contribution)       | 0                       | 0                     | 0                          | -4,899                  | -4,899                   | 0                     | -4,899            | Contribution from Commercial Services towards KCC overheads  |
| 112     | 3,302                | BSP&HR    | Contribution to IT Asset Maintenance Reserve | 0                       | 2,352                 | 2,352                      | 0                       | 2,352                    | 0                     | 2,352             | Annual contribution towards ICT infrastructure replacement   |
| 113     | 4,790                | F&BS      | Contribution to/from reserves                | 0                       | -12,130               | -12,130                    | 0                       | -12,130                  | 0                     | -12,130           |  |
| 114     | 4,679                | F&BS      | Insurance Fund                               | 0                       | 4,679                 | 4,679                      | 0                       | 4,679                    | 0                     | 4,679             | Contribution to self insurance fund  |
| 115     | 3,500                | F&BS      | Modernisation of the Council                 | 0                       | 3,500                 | 3,500                      | 0                       | 3,500                    | 0                     | 3,500             | One-off costs associated with restructure of the council including redundancy provision  |
| 116     | 123,494              | F&BS      | Net Debt costs (incl. Investment Income)     | 0                       | 131,132               | 131,132                    | -8,648                  | 122,484                  | 0                     | 122,484           |  |
| 117     | 2,328                | F&BS      | Other  | 0                       | 1,364                 | 1,364                      | 0                       | 1,364                    | -36                   | 1,328             |  |
| 118     | 0                    | F&BS      | Unallocated                                  | 2,700                   | -3,500                | -800                       | 0                       | -800                     | 0                     | -800              |  |

Section 5 - A to Z Service Analysis

WHAT IS THE MONEY SPENT ON?

| Row Ref | 2012/13 Revised Base | Portfolio            | Service   | 2013/14 Proposed Budget |                       |                            |                         |                          |                       |                   | Affordable Activity   |
|---------|----------------------|----------------------|---|-------------------------|-----------------------|----------------------------|-------------------------|--------------------------|-----------------------|-------------------|---|
|         | Net Cost<br>£000s    |                      |   | Staffing<br>£000s       | Non staffing<br>£000s | Gross Expenditure<br>£000s | Service Income<br>£000s | Net Expenditure<br>£000s | Govt. Grants<br>£000s | Net Cost<br>£000s |   |
| 119     | -3,079               | F&BS                 | Underspend rolled forward from previous years                   | 0                       | -10,000               | -10,000                    | 0                       | -10,000                  | 0                     | -10,000           |   |
| 120     | <b>133,310</b>       |                      | <b>Total Financing Items</b>                                    | <b>2,700</b>            | <b>118,111</b>        | <b>120,811</b>             | <b>-13,547</b>          | <b>107,264</b>           | <b>-36</b>            | <b>107,228</b>    |   |
|         |                      |                      | <b>Assessment Services</b>                                      |                         |                       |                            |                         |                          |                       |                   |   |
| 121     | 37,227               | ASC&PH               | Adult's Social Care Staffing                                    | 36,289                  | 2,359                 | 38,648                     | -1,439                  | 37,209                   | 0                     | 37,209            | Social care staffing providing assessment of community care needs undertaken by Case Managers and Mental Health Social Workers  |
| 122     | 39,017               | SCS                  | Children's Social Care Staffing                                 | 40,439                  | 3,074                 | 43,513                     | -1,862                  | 41,651                   | -3,277                | 38,374            | Social Care staffing providing assessment of children & families needs and ongoing support to looked after children   |
| 123     | 2,206                | ELS                  | Assessment and Support of Children with Special Education Needs | 2,539                   | 2,938                 | 5,477                      | 0                       | 5,477                    | -3,582                | 1,895             | Assessment and support of children with Special Educational Needs. Top up payments to other local authorities for Kent pupils educated in other local authority special schools.  |
| 124     | <b>78,450</b>        |                      | <b>Total Assessment Services</b>                                | <b>79,267</b>           | <b>8,371</b>          | <b>87,638</b>              | <b>-3,301</b>           | <b>84,337</b>            | <b>-6,859</b>         | <b>77,478</b>     |   |
|         |                      |                      | <b>Management, Support Services and Overheads</b>               |                         |                       |                            |                         |                          |                       |                   |   |
|         |                      |                      | Directorate Management and Support for:                         |                         |                       |                            |                         |                          |                       |                   | These budgets include the directorate centrally held costs, which include the budgets for, amongst other things, the strategic directors and heads of service.  |
| 125     | 1,828                | ELS                  | Education, Learning and Skills                                  | 3,603                   | 4,892                 | 8,495                      | -2,806                  | 5,689                    | -6,088                | -399              |   |
| 126     | 9,327                | SCS & ASC&PH         | Families and Social Care (FSC)                                  | 4,817                   | 4,765                 | 9,582                      | -431                    | 9,151                    | -175                  | 8,976             |   |
| 127     | 5,126                | EH&W                 | Enterprise and Environment (E&E)                                | 1,970                   | 3,403                 | 5,373                      | -45                     | 5,328                    | 0                     | 5,328             |   |
| 128     | 2,209                | C&C                  | Customer & Communities (C&C)                                    | 2,970                   | 353                   | 3,323                      | -1,017                  | 2,306                    | 0                     | 2,306             |   |
| 129     | -1,445               | R&E, BSP&HR & ASC&PH | Business Strategy & Support (BSS)                               | 618                     | 2,637                 | 3,255                      | -132                    | 3,123                    | -4,388                | -1,265            |   |
|         |                      |                      | Support to Frontline Services:                                  |                         |                       |                            |                         |                          |                       |                   |   |
| 130     | 3,350                | ASC&PH               | Adult's Social Care Commissioning & Performance Monitoring      | 3,234                   | 115                   | 3,349                      | 0                       | 3,349                    | 0                     | 3,349             | Responsible for developing and delivering a commissioning strategy and procurement priorities for both Accommodation Solutions and Community Support for all vulnerable adults; responsible for performance monitoring and information services for adults social care. |

## Section 5 - A to Z Service Analysis

Appendix 2

## WHAT IS THE MONEY SPENT ON?

| Row Ref | 2012/13 Revised Base | Portfolio           | Service  | 2013/14 Proposed Budget |                       |                            |                         |                          |                       |                   | Affordable Activity  |
|---------|----------------------|---------------------|--|-------------------------|-----------------------|----------------------------|-------------------------|--------------------------|-----------------------|-------------------|--|
|         | Net Cost<br>£000s    |                     |  | Staffing<br>£000s       | Non staffing<br>£000s | Gross Expenditure<br>£000s | Service Income<br>£000s | Net Expenditure<br>£000s | Govt. Grants<br>£000s | Net Cost<br>£000s |  |
| 131     | 2,733                | C&C                 | Communications & Consultation                    | 2,240                   | 614                   | 2,854                      | -11                     | 2,843                    | 0                     | 2,843             | Responsible for the Council's public reputation, ensuring residents are informed about services and how to access them, and promoting and defending KCC's reputation in the public domain. Advises on and delivers consultations, which support robust decision making processes for the authority. Also responsible for ensuring all council decisions take into account the impact they will have on residents or service user groups. |
| 132     | 12,320               | D&P & F&BS          | Finance and Procurement                          | 17,178                  | 2,430                 | 19,608                     | -5,783                  | 13,825                   | -1,847                | 11,978            | Responsible for planning, managing and reporting upon the Council's financial resources, in liaison with both Members and senior management, in accordance with the Council's Financial Regulations.   |
| 133     | 10,753               | F&BS & BSP&HR       | Human Resources                                  | 11,063                  | 4,964                 | 16,027                     | -5,572                  | 10,455                   | 0                     | 10,455            | Responsible for delivering the strategic and operational HR requirement for KCC. The function has an advisory role to help ensure that KCC meets its statutory responsibility in terms of Health and Safety, Employment Law and Equality legislation in relation to employment.  |
| 134     | 24,497               | BSP&HR              | Property and Infrastructure                      | 5,733                   | 23,602                | 29,335                     | -3,878                  | 25,457                   | -527                  | 24,930            | Responsibility for the management of KCC's land and property portfolio. This involves strategic asset management across the estate (Corporate Landlord) and is supported by the provision of professional property services delivered in-house and via external consultants.   |
| 135     | 20,036               | BSP&HR              | Information, Communications and Technology (ICT) | 17,815                  | 14,263                | 32,078                     | -12,749                 | 19,329                   | -663                  | 18,666            | The division works collaboratively with the business to deliver value for money ICT products and services which enable KCC to better serve the people of Kent. The Kent Public Services Network and the majority of telecommunication costs for KCC, are included here.  |
| 136     | 3,863                | F&BS & D&P & BSP&HR | Business Strategy                                | 3,419                   | 803                   | 4,222                      | -362                    | 3,860                    | 0                     | 3,860             | The division supports the political and managerial leadership of KCC in a number of ways including strategic policy development across the whole council, economic development, effective performance management, research and business intelligence, international affairs and partnerships.  |

## Section 5 - A to Z Service Analysis

Appendix 2

## WHAT IS THE MONEY SPENT ON?

| Row Ref | 2012/13 Revised Base | Portfolio | Service   | 2013/14 Proposed Budget |                       |                            |                         |                          |                       |                   | Affordable Activity   |
|---------|----------------------|-----------|---|-------------------------|-----------------------|----------------------------|-------------------------|--------------------------|-----------------------|-------------------|---|
|         | Net Cost<br>£000s    |           |   | Staffing<br>£000s       | Non staffing<br>£000s | Gross Expenditure<br>£000s | Service Income<br>£000s | Net Expenditure<br>£000s | Govt. Grants<br>£000s | Net Cost<br>£000s |   |
| 137     | -2,171               | BSP&HR    | Governance and Law                                      | 7,326                   | 2,973                 | 10,299                     | -12,470                 | -2,171                   | 0                     | -2,171            | Provides legal advice and services to KCC, public bodies and other local authorities.   |
| 138     | 3,861                | D&P       | Democratic and Members                                  | 1,327                   | 2,537                 | 3,864                      | -3                      | 3,861                    | 0                     | 3,861             | The cost of supporting the 84 elected members of the County Council and the responsibility for the Council's Overview and Scrutiny function in accordance with the provisions of the Local Government Act 2000, the Health and Social Care Act 2001, as amended in 2012 for the transfer of Public Health responsibilities, and the Local Government and Public Involvement in Health Act 2007. |
| 139     | 96,287               |           | <b>Total Management, Support Services and Overheads</b> | <b>83,313</b>           | <b>68,351</b>         | <b>151,664</b>             | <b>-45,259</b>          | <b>106,405</b>           | <b>-13,688</b>        | <b>92,717</b>     | A number of budgets have been centralised and no longer sit with the individual frontline services so 2013/14 budgets are not directly comparable with 2012/13.   |
| 140     | 991,818              |           | <b>TOTAL</b>  | <b>868,477</b>          | <b>1,228,138</b>      | <b>2,096,615</b>           | <b>-313,156</b>         | <b>1,783,459</b>         | <b>-831,748</b>       | <b>951,711</b>    |   |

**KCC Budget Book**

**Appendix A**

**Portfolio specific A to Z  
Service Analysis**





## Appendix A - Portfolio specific A to Z Service Analysis

## Adult Social Care and Public Health

| Row Ref | 2012/13 Revised Base | Portfolio | Service                        | 2013/14 Proposed Budget |                       |                            |                         |                          |                       |                   | Affordable Activity  |
|---------|----------------------|-----------|--------------------------------|-------------------------|-----------------------|----------------------------|-------------------------|--------------------------|-----------------------|-------------------|--|
|         | Net Cost<br>£000s    |           |                                | Staffing<br>£000s       | Non staffing<br>£000s | Gross Expenditure<br>£000s | Service Income<br>£000s | Net Expenditure<br>£000s | Govt. Grants<br>£000s | Net Cost<br>£000s |  |
|         |                      |           | <b>Adults and Older People</b> |                         |                       |                            |                         |                          |                       |                   |  |
|         |                      |           | <i>Direct Payments</i>         |                         |                       |                            |                         |                          |                       |                   |  |
| 1       | 13,942               | ASC&PH    | Learning Disability            | 0                       | 14,137                | 14,137                     | 0                       | 14,137                   | 0                     | 14,137            | Approximately 1000 clients are expected to be receiving an on-going direct payment. These people have been assessed as being eligible for social care support, but have chosen to arrange and pay for their own care and support services instead of receiving them directly from the local authority. There will also be a number of one-off direct payments made during the year for such things as items of equipment and respite care. |
| Page 79 | 810                  | ASC&PH    | Mental Health                  | 0                       | 822                   | 822                        | 0                       | 822                      | 0                     | 822               | Approximately 190 clients are expected to be receiving an on-going direct payment; there will also be a number of one-off direct payments made during the year.  |
| 3       | 6,820                | ASC&PH    | Older People                   | 0                       | 6,711                 | 6,711                      | 0                       | 6,711                    | 0                     | 6,711             | Around 900 clients will be receiving an on-going direct payment; there will also be a number of one-off direct payments made during the year.  |
| 4       | 9,580                | ASC&PH    | Physical Disability            | 0                       | 9,718                 | 9,718                      | 0                       | 9,718                    | 0                     | 9,718             | Around 1000 clients are expected to be receiving an on-going direct payment; there will also be a number of one-off direct payments made during the year.  |
|         |                      |           | <i>Domiciliary Care</i>        |                         |                       |                            |                         |                          |                       |                   |  |
| 5       | 3,333                | ASC&PH    | Learning Disability            | 2,639                   | 1,650                 | 4,289                      | -927                    | 3,362                    | 0                     | 3,362             | Domiciliary care provided by the independent sector supporting approximately 170 people to live at home. In addition this service provides support to 120 people through the independent living scheme and other domiciliary support   |

## Adult Social Care and Public Health

| Row Ref                                | 2012/13 Revised Base | Portfolio | Service                             | 2013/14 Proposed Budget |                       |                            |                         |                          |                       |                   | Affordable Activity   |
|--|----------------------|-----------|-------------------------------------|-------------------------|-----------------------|----------------------------|-------------------------|--------------------------|-----------------------|-------------------|---|
|  | Net Cost<br>£000s    |           |                                     | Staffing<br>£000s       | Non staffing<br>£000s | Gross Expenditure<br>£000s | Service Income<br>£000s | Net Expenditure<br>£000s | Govt. Grants<br>£000s | Net Cost<br>£000s |   |
| 6                                      | 41,144               | ASC&PH    | Older People                        | 5,576                   | 40,404                | 45,980                     | -9,942                  | 36,038                   | 0                     | 36,038            | Domiciliary care provided by the independent sector to support approximately 5,000 people to live at home. In addition this service provides:<br>- the Kent Enablement at Home Service which provides intensive short term support/enablement to people to allow them to regain or extend their independent living skills; and a number of small contracts for services primarily with Health, including the night sitting service, recuperative care and rapid response. |
| 7                                      | 6,508                | ASC&PH    | Physical Disability                 | 566                     | 6,527                 | 7,093                      | 0                       | 7,093                    | 0                     | 7,093             | Domiciliary care provided by the independent sector supporting approximately 900 people to live at home. This service also provides other domiciliary support (KCC and Independent Living Scheme).  |
| <b>Non Residential Charging Income</b> |                      |           |                                     |                         |                       |                            |                         |                          |                       |                   |   |
| 8                                      | -2,948               | ASC&PH    | Learning Disability                 | 0                       | 42                    | 42                         | -3,001                  | -2,959                   | 0                     | -2,959            | Assessed client contributions for people receiving community based services including domiciliary care, supported accommodation, day care and direct payments   |
| 9                                      | -10,330              | ASC&PH    | Older People                        | 0                       | 1,107                 | 1,107                      | -11,600                 | -10,493                  | 0                     | -10,493           | Assessed client contributions for people receiving community based services including domiciliary care, supported accommodation, day care and direct payments   |
| 10                                     | -706                 | ASC&PH    | Physical Disability / Mental Health | 0                       | 0                     | 0                          | -1,215                  | -1,215                   | 0                     | -1,215            | Assessed client contributions for people receiving community based services including domiciliary care, supported accommodation, day care and direct payments   |
| <b>Nursing and Residential Care</b>    |                      |           |                                     |                         |                       |                            |                         |                          |                       |                   |   |
| 11                                     | 69,290               | ASC&PH    | Learning Disability                 | 2,059                   | 74,703                | 76,762                     | -6,080                  | 70,682                   | 0                     | 70,682            | Around 750 clients are provided with services through the independent sector. In addition, this service provides: permanent residential care for preserved rights clients through the independent sector and 88 respite beds across various KCC sites.  |

## Adult Social Care and Public Health

| Row Ref | 2012/13 Revised Base | Portfolio | Service   | 2013/14 Proposed Budget |                       |                            |                         |                          |                       |                   | Affordable Activity   |
|---------|----------------------|-----------|---|-------------------------|-----------------------|----------------------------|-------------------------|--------------------------|-----------------------|-------------------|---|
|         | Net Cost<br>£000s    |           |   | Staffing<br>£000s       | Non staffing<br>£000s | Gross Expenditure<br>£000s | Service Income<br>£000s | Net Expenditure<br>£000s | Govt. Grants<br>£000s | Net Cost<br>£000s |   |
| 12      | 6,552                | ASC&PH    | Mental Health                                     | 0                       | 7,280                 | 7,280                      | -762                    | 6,518                    | 0                     | 6,518             | Around 190 clients are provided with services through the independent sector. This service also provides permanent residential care for preserved rights clients through the independent sector.  |
| 13      | 23,065               | ASC&PH    | Older People - Nursing                            | 0                       | 43,782                | 43,782                     | -23,656                 | 20,126                   | 0                     | 20,126            | Around 1,400 clients are provided with this service through the independent sector. This service administers the payment of the health element of the nursing cost and reclaims this from PCT's   |
| 14      | 48,727               | ASC&PH    | Older People - Residential                        | 11,577                  | 65,695                | 77,272                     | -31,416                 | 45,856                   | -1,922                | 43,934            | Approximately 2,400 clients on average provided with services through the independent sector. In addition, this service provides permanent residential care for preserved rights clients provided through the independent sector. The In-house service provides 341 residential care/respice beds and 36 nursing care beds. |
| 15      | 11,844               | ASC&PH    | Physical Disability                               | 0                       | 13,969                | 13,969                     | -2,021                  | 11,948                   | 0                     | 11,948            | Approximately 250 clients are provided with this service through the independent sector.  |
|         |                      |           | <b>Supported Accommodation</b>                    |                         |                       |                            |                         |                          |                       |                   |   |
| 16      | 31,126               | ASC&PH    | Learning Disability                               | 388                     | 30,607                | 30,995                     | -626                    | 30,369                   | -913                  | 29,456            | Services provided through the independent sector for approximately 800 people in supported accommodation/supported living.  |
| 17      | 203                  | ASC&PH    | Older People                                      | 0                       | 4,556                 | 4,556                      | 0                       | 4,556                    | -4,350                | 206               | Services provided through the independent sector in respect of individuals in supported living and supported accommodation  |
| 18      | 3,402                | ASC&PH    | Physical Disability / Mental Health               | 0                       | 3,687                 | 3,687                      | -128                    | 3,559                    | -107                  | 3,452             | Services provided through the independent sector in respect of individuals in supported living and supported accommodation  |
|         |                      |           | <b>Other Services for Adults and Older People</b> |                         |                       |                            |                         |                          |                       |                   |   |
| 19      | 15,208               | ASC&PH    | Contributions to Voluntary Organisations          | 0                       | 19,248                | 19,248                     | -5,273                  | 13,975                   | 0                     | 13,975            | Payments to voluntary organisations for a range of preventative services supporting approximately 6,000 people.   |
| 20      | 1,283                | ASC&PH    | Community Support Services for Mental Health      | 904                     | 152                   | 1,056                      | -34                     | 1,022                    | 0                     | 1,022             | Community outreach services provided by KCC supporting approximately 250 clients with mental health problems.   |

## Adult Social Care and Public Health

| Row Ref | 2012/13 Revised Base | Portfolio | Service  | 2013/14 Proposed Budget |                       |                            |                         |                          |                       |                   | Affordable Activity  |
|---------|----------------------|-----------|--|-------------------------|-----------------------|----------------------------|-------------------------|--------------------------|-----------------------|-------------------|--|
|         | Net Cost<br>£000s    |           |  | Staffing<br>£000s       | Non staffing<br>£000s | Gross Expenditure<br>£000s | Service Income<br>£000s | Net Expenditure<br>£000s | Govt. Grants<br>£000s | Net Cost<br>£000s |  |
|         |                      |           | Day Care   |                         |                       |                            |                         |                          |                       |                   |  |
| 21      | 13,147               | ASC&PH    | Learning Disability                                    | 6,277                   | 6,574                 | 12,851                     | -174                    | 12,677                   | 0                     | 12,677            | Day care/day services provided both in the independent sector and in-house   |
| 22      | 2,614                | ASC&PH    | Older People   | 834                     | 1,867                 | 2,701                      | -64                     | 2,637                    | 0                     | 2,637             | Day care/day services provided both in the independent sector and in-house   |
| 23      | 1,241                | ASC&PH    | Physical Disability                                    | 46                      | 1,217                 | 1,263                      | -5                      | 1,258                    | 0                     | 1,258             | Day care/day services provided both in the independent sector and in-house   |
| 24      | -7,276               | ASC&PH    | Other Adult Services                                   | -30                     | 12,632                | 12,602                     | -8,247                  | 4,355                    | 0                     | 4,355             | A range of other services including:<br>- approximately 200,000 home delivered hot meals;<br>- Occupational Therapy & Sensory Disability services working in partnership with Health, Hi Kent and Kent Association for the Blind to provide approximately 56,000 items of equipment.<br>- collaborating with health on the delivery of Telehealth and Telecare services. |
| 25      | 838                  | ASC&PH    | Safeguarding   | 613                     | 382                   | 995                        | -157                    | 838                      | 0                     | 838               | A multi agency partnership/framework to ensure a coherent policy for the protection of vulnerable adults   |
|         |                      |           | <b>Community Services</b>                              |                         |                       |                            |                         |                          |                       |                   |  |
| 26      | 27                   | ASC&PH    | Public Health (incl. Local Involvement Network) (LINK) | 0                       | 84                    | 84                         | -57                     | 27                       | 0                     | 27                | Health Promotion and the 'Mobile House' project which delivers discreet lifestyle messages to promote behavioural change. Funding for the Kent LINK and payment to an independent company whose role it is to help the work of the Kent LINK in improving health and social care services  |
| 27      | <b>289,444</b>       |           | <b>Total Direct Services to the Public</b>             | <b>31,449</b>           | <b>367,553</b>        | <b>399,002</b>             | <b>-105,385</b>         | <b>293,617</b>           | <b>-7,292</b>         | <b>286,325</b>    |  |
|         |                      |           | <b>Assessment Services</b>                             |                         |                       |                            |                         |                          |                       |                   |  |
| 28      | 37,227               | ASC&PH    | Adult's Social Care Staffing                           | 36,289                  | 2,359                 | 38,648                     | -1,439                  | 37,209                   | 0                     | 37,209            | Social care staffing providing assessment of community care needs undertaken by Case Managers and Mental Health Social Workers   |
| 29      | <b>37,227</b>        |           | <b>Total Assessment Services</b>                       | <b>36,289</b>           | <b>2,359</b>          | <b>38,648</b>              | <b>-1,439</b>           | <b>37,209</b>            | <b>0</b>              | <b>37,209</b>     |  |

## Adult Social Care and Public Health

| Row Ref | 2012/13 Revised Base | Portfolio | Service  | 2013/14 Proposed Budget |                       |                            |                         |                          |                       |                   | Affordable Activity   |
|---------|----------------------|-----------|--|-------------------------|-----------------------|----------------------------|-------------------------|--------------------------|-----------------------|-------------------|---|
|         | Net Cost<br>£000s    |           |  | Staffing<br>£000s       | Non staffing<br>£000s | Gross Expenditure<br>£000s | Service Income<br>£000s | Net Expenditure<br>£000s | Govt. Grants<br>£000s | Net Cost<br>£000s |   |
|         |                      |           | <b>Management, Support Services and Overheads</b>          |                         |                       |                            |                         |                          |                       |                   |   |
|         |                      |           | Directorate Management and Support for:                    |                         |                       |                            |                         |                          |                       |                   | These budgets include the directorate centrally held costs, which include the budgets for, amongst other things, the strategic directors and heads of service.  |
| 30      | 5,718                | ASC&PH    | Families and Social Care (FSC)                             | 2,613                   | 3,535                 | 6,148                      | -431                    | 5,717                    | 0                     | 5,717             |   |
|         |                      |           | Support to Frontline Services:                             |                         |                       |                            |                         |                          |                       |                   |   |
| 31      | 3,350                | ASC&PH    | Adult's Social Care Commissioning & Performance Monitoring | 3,234                   | 115                   | 3,349                      | 0                       | 3,349                    | 0                     | 3,349             | Responsible for developing and delivering a commissioning strategy and procurement priorities for both Accommodation Solutions and Community Support for all vulnerable adults; responsible for performance monitoring and information services for adults social care. |
| 32      | 9,068                |           | <b>Total Management, Support Services and Overheads</b>    | <b>5,847</b>            | <b>3,650</b>          | <b>9,497</b>               | <b>-431</b>             | <b>9,066</b>             | <b>0</b>              | <b>9,066</b>      | A number of budgets have been centralised and no longer sit with the individual frontline services so 2013/14 budgets are not directly comparable with 2012/13.   |
| 33      | 335,739              |           | <b>TOTAL</b>   | <b>73,585</b>           | <b>373,562</b>        | <b>447,147</b>             | <b>-107,255</b>         | <b>339,892</b>           | <b>-7,292</b>         | <b>332,600</b>    |   |

| Appendix A - Portfolio specific A to Z Service Analysis |                      |           |   |                         |                       |                            |                         |                          |                       |                   |   |
|---|----------------------|-----------|---|-------------------------|-----------------------|----------------------------|-------------------------|--------------------------|-----------------------|-------------------|---|
| Business Strategy, Performance and Health Reform        |                      |           |   |                         |                       |                            |                         |                          |                       |                   |   |
| Row Ref   | 2012/13 Revised Base | Portfolio | Service   | 2013/14 Proposed Budget |                       |                            |                         |                          |                       |                   | Affordable Activity   |
|   | Net Cost<br>£000s    |           |   | Staffing<br>£000s       | Non staffing<br>£000s | Gross Expenditure<br>£000s | Service Income<br>£000s | Net Expenditure<br>£000s | Govt. Grants<br>£000s | Net Cost<br>£000s |   |
|   |                      |           | <b>Community Services</b>                         |                         |                       |                            |                         |                          |                       |                   |   |
| 1   | 552                  | BSP&HR    | Public Health (incl. Local Involvement Network)   | 64                      | 548                   | 612                        | -60                     | 552                      | 0                     | 552               | Health Promotion and the 'Mobile House' project which delivers discreet lifestyle messages to promote behavioural change. Funding for the Kent LINK and payment to an independent company whose role it is to help the work of the Kent LINK in improving health and social care services |
| 2   | 552                  |           | <b>Total Direct Services to the Public</b>        | <b>64</b>               | <b>548</b>            | <b>612</b>                 | <b>-60</b>              | <b>552</b>               | <b>0</b>              | <b>552</b>        |   |
|   |                      |           | <b>Financing Items</b>                            |                         |                       |                            |                         |                          |                       |                   |   |
| 3   | 3,302                | BSP&HR    | Contribution to IT Asset Maintenance Reserve      | 0                       | 2,352                 | 2,352                      | 0                       | 2,352                    | 0                     | 2,352             | Annual contribution towards ICT infrastructure replacement  |
| 4   | 3,302                |           | <b>Total Financing Items</b>                      | <b>0</b>                | <b>2,352</b>          | <b>2,352</b>               | <b>0</b>                | <b>2,352</b>             | <b>0</b>              | <b>2,352</b>      |   |
|   |                      |           | <b>Management, Support Services and Overheads</b> |                         |                       |                            |                         |                          |                       |                   |   |
|   |                      |           | Directorate Management and Support for:           |                         |                       |                            |                         |                          |                       |                   | These budgets include the directorate centrally held costs, which include the budgets for, amongst other things, the strategic directors and heads of service.  |
| 5   | -1,613               | BSP&HR    | Business Strategy & Support (BSS)                 | 450                     | 2,637                 | 3,087                      | -132                    | 2,955                    | -4,388                | -1,433            |   |
|   |                      |           | Support to Frontline Services:                    |                         |                       |                            |                         |                          |                       |                   |   |
| 6   | 10,753               | BSP&HR    | Human Resources                                   | 11,063                  | 4,964                 | 16,027                     | -5,572                  | 10,455                   | 0                     | 10,455            | Responsible for delivering the strategic and operational HR requirement for KCC. The function has an advisory role to help ensure that KCC meets its statutory responsibility in terms of Health and Safety, Employment Law and Equality legislation in relation to employment.           |
| 7   | 24,497               | BSP&HR    | Property and Infrastructure                       | 5,733                   | 23,602                | 29,335                     | -3,878                  | 25,457                   | -527                  | 24,930            | Responsibility for the management of KCC's land and property portfolio. This involves strategic asset management across the estate (Corporate Landlord) and is supported by the provision of professional property services delivered in-house and via external consultants.              |

## Business Strategy, Performance and Health Reform

| Row Ref | 2012/13 Revised Base | Portfolio | Service   | 2013/14 Proposed Budget |                       |                            |                         |                          |                       |                   | Affordable Activity   |
|---------|----------------------|-----------|---|-------------------------|-----------------------|----------------------------|-------------------------|--------------------------|-----------------------|-------------------|---|
|         | Net Cost<br>£000s    |           |   | Staffing<br>£000s       | Non staffing<br>£000s | Gross Expenditure<br>£000s | Service Income<br>£000s | Net Expenditure<br>£000s | Govt. Grants<br>£000s | Net Cost<br>£000s |   |
| 8       | 20,036               | BSP&HR    | Information, Communications and Technology (ICT)        | 17,815                  | 14,263                | 32,078                     | -12,749                 | 19,329                   | -663                  | 18,666            | The division works collaboratively with the business to deliver value for money ICT products and services which enable KCC to better serve the people of Kent. The Kent Public Services Network and the majority of telecommunication costs for KCC, are included here.                       |
| 9       | 3,098                | BSP&HR    | Business Strategy                                       | 2,684                   | 550                   | 3,234                      | -139                    | 3,095                    | 0                     | 3,095             | The division supports the political and managerial leadership of KCC in a number of ways including strategic policy development across the whole council, economic development, effective performance management, research and business intelligence, international affairs and partnerships. |
| 10      | -2,171               | BSP&HR    | Governance and Law                                      | 7,326                   | 2,973                 | 10,299                     | -12,470                 | -2,171                   | 0                     | -2,171            | Provides legal advice and services to KCC, public bodies and other local authorities.   |
| 11      | 54,600               |           | <b>Total Management, Support Services and Overheads</b> | <b>45,071</b>           | <b>48,989</b>         | <b>94,060</b>              | <b>-34,940</b>          | <b>59,120</b>            | <b>-5,578</b>         | <b>53,542</b>     | A number of budgets have been centralised and no longer sit with the individual frontline services so 2013/14 budgets are not directly comparable with 2012/13.   |
| 12      | 58,454               |           | <b>TOTAL</b>  | <b>45,135</b>           | <b>51,889</b>         | <b>97,024</b>              | <b>-35,000</b>          | <b>62,024</b>            | <b>-5,578</b>         | <b>56,446</b>     |   |

## Appendix A - Portfolio specific A to Z Service Analysis

## Customer and Communities

| Row Ref | 2012/13 Revised Base | Portfolio | Service   | 2013/14 Proposed Budget |                       |                            |                         |                          |                       |                   | Affordable Activity  |
|---------|----------------------|-----------|---|-------------------------|-----------------------|----------------------------|-------------------------|--------------------------|-----------------------|-------------------|--|
|         | Net Cost<br>£000s    |           |   | Staffing<br>£000s       | Non staffing<br>£000s | Gross Expenditure<br>£000s | Service Income<br>£000s | Net Expenditure<br>£000s | Govt. Grants<br>£000s | Net Cost<br>£000s |  |
|         |                      |           | <b>Adults and Older People</b>                    |                         |                       |                            |                         |                          |                       |                   |  |
|         |                      |           | <i>Other Services for Adults and Older People</i> |                         |                       |                            |                         |                          |                       |                   |  |
| 1       | 1,358                | C&C       | Drug & Alcohol services                           | 806                     | 15,045                | 15,851                     | -13,539                 | 2,312                    | -1,070                | 1,242             | Includes provision for approximately 6,200 adults across Kent to access structured alcohol and drug treatment services and in excess of 8,000 to receive brief interventions; in excess of 3,000 young people to be engaged by substance misuse early intervention and specialist services.  |
| 2       | 25,602               | C&C       | Supporting People                                 | 294                     | 24,558                | 24,852                     | 0                       | 24,852                   | 0                     | 24,852            | Includes provision for 21,000 vulnerable people to receive support to enable independent living in their own home through the provision of long and short term accommodation, home improvement agency, community alarm.  |
|         |                      |           | <b>Children's Services</b>                        |                         |                       |                            |                         |                          |                       |                   |  |
|         |                      |           | <i>Education and Personal</i>                     |                         |                       |                            |                         |                          |                       |                   |  |
| 3       | 7,079                | C&C       | Youth Service                                     | 5,423                   | 3,108                 | 8,531                      | -2,121                  | 6,410                    | -50                   | 6,360             | Direct delivery and commissioning of open access youth work provision in youth centres, in schools, street-based and through opportunities for residential outdoor educational activities, including the Duke of Edinburgh's Award. Targeted work with more vulnerable young people, and ensuring the voice of young people is heard. 375,000 attendances by young people in all youth work settings.  |
| 4       | 2,367                | C&C       | Youth Offending Service                           | 3,320                   | 1,957                 | 5,277                      | -2,590                  | 2,687                    | 0                     | 2,687             | Targeted work to prevent children and young people from offending, to support the work of Youth Courts across Kent and to reduce the likelihood of re-offending by those within the youth justice system. The Service works with almost 3,000 young people, ranging from preventative work through to those in receipt of custodial sentences. Since 2012, the Service is working much more closely with the Youth Service to deliver a more integrated approach to services and interventions for young people across the county. |



## Customer and Communities

| Row Ref       | 2012/13 Revised Base | Portfolio | Service   | 2013/14 Proposed Budget |                       |                            |                         |                          |                       |                   |  |
|---------------|----------------------|-----------|---|-------------------------|-----------------------|----------------------------|-------------------------|--------------------------|-----------------------|-------------------|--|
|               | Net Cost<br>£000s    |           |   | Staffing<br>£000s       | Non staffing<br>£000s | Gross Expenditure<br>£000s | Service Income<br>£000s | Net Expenditure<br>£000s | Govt. Grants<br>£000s | Net Cost<br>£000s | Affordable Activity  |
|               |                      |           | <b>Community Services</b>                             |                         |                       |                            |                         |                          |                       |                   |  |
| 5             | 2,042                | C&C       | Arts Development (incl. grant to Turner Contemporary) | 371                     | 1,666                 | 2,037                      | 0                       | 2,037                    | 0                     | 2,037             | Provide strategic leadership to the arts and culture sector in Kent through funding and managing/building the relationships with the cultural sector, including managing Kent Film Office, Turner Contemporary arrangements and Kent Music; provision of grants to Arts organisations and festivals, as well as organising programmes such as the Kent Youth Arts Festival.  |
| Page 87<br>68 | -355                 | C&C       | Community Learning & Skills (CLS)                     | 9,727                   | 5,273                 | 15,000                     | -13,675                 | 1,325                    | -1,680                | -355              | 26,000 adults attending Adult Education courses in the community for personal development, skills, pleasure and wellbeing. 2,500 families participating in family learning which helps children from disadvantaged communities. CLS supports 550 young people through apprenticeships with Kent employers and over 300 16-18 year olds not in education or employment. Skills Plus centres help 2,000 people to improve their employability skills and support Kent businesses. Over 1,500 adults, for whom English is not their first language, gain qualifications and 300 adults with learning difficulties join courses to promote independent living. |
| 7             | 972                  | C&C       | Community Safety                                      | 339                     | 256                   | 595                        | -21                     | 574                      | -205                  | 369               | Co-ordinates and manages the delivery of safer and stronger communities - in conjunction with Community Wardens - on behalf of the people of Kent. Provides the policy & performance support to the newly established Police & Crime Panel.  |
| 8             | 2,884                | C&C       | Community Wardens                                     | 2,452                   | 152                   | 2,604                      | 0                       | 2,604                    | 0                     | 2,604             | An establishment of 101 Community Wardens, serving over 70% of the Kent population and providing a key aspect of local community safety delivery. The Warden service provides a highly visible, reassuring community presence helping to build community resilience.   |

## Customer and Communities

| Row Ref | 2012/13 Revised Base | Portfolio | Service                                       | 2013/14 Proposed Budget |                       |                            |                         |                          |                       |                   | Affordable Activity  |
|---------|----------------------|-----------|---|-------------------------|-----------------------|----------------------------|-------------------------|--------------------------|-----------------------|-------------------|--|
|         | Net Cost<br>£000s    |           |   | Staffing<br>£000s       | Non staffing<br>£000s | Gross Expenditure<br>£000s | Service Income<br>£000s | Net Expenditure<br>£000s | Govt. Grants<br>£000s | Net Cost<br>£000s |  |
| 9       | 3,754                | C&C       | Contact Centre & Consumer Direct              | 4,486                   | 472                   | 4,958                      | -1,538                  | 3,420                    | -89                   | 3,331             | Contact Centre handles 1.1 million calls and 150,000 e-mails from the public annually and provides in excess of 90 services, both on behalf of the authority, as well as third party organisations. The Consumer Direct aspect of the service is working with a private sector organisation to deliver consumer advice to people in both England and Wales, as part of the Citizens Advice Consumer Advice service.  |
| 10      | 2,114                | C&C       | Gateways                                      | 363                     | 1,793                 | 2,156                      | -42                     | 2,114                    | 0                     | 2,114             | Coordination of the Gateway programme, service redesign and lead on the Customer Services Strategy. This service and budget also includes the financial contribution towards the management and running costs for 10 Gateways, in partnership with district councils and other partners.   |
| 11      | 14,171               | C&C       | Libraries, Registration and Archives Services | 13,485                  | 5,655                 | 19,140                     | -5,514                  | 13,626                   | 0                     | 13,626            | <p>Libraries Service:<br/>Service comprising of 99 permanent libraries and 11 mobile vans issuing approx 4.9 million items (mostly books); supporting 5.6 million physical visits, 1.0 million virtual visits; 24,500 activities (e.g. Community Groups); 650,000 hours of free public PC use; 1,500 home library service customers; 1,110 blind and partially sighted Postal Loan service customers and 6,000 clients in Prison Library service.</p> <p>Archives Service:<br/>13,000 documents produced for researchers at Kent History and Library Centre; 36,000 archive documents accessed digitally and the management of 1,440 cubic metres of manuscript collections.</p> <p>Registration Service:<br/>Over 35,000 births and deaths registered; over 5,500 ceremonies registered and conducted and 3,000 new citizens naturalised.</p> |

## Customer and Communities

| Row Ref | 2012/13 Revised Base | Portfolio | Service   | 2013/14 Proposed Budget |                       |                            |                         |                          |                       |                   | Affordable Activity   |
|---------|----------------------|-----------|---|-------------------------|-----------------------|----------------------------|-------------------------|--------------------------|-----------------------|-------------------|---|
|         | Net Cost<br>£000s    |           |   | Staffing<br>£000s       | Non staffing<br>£000s | Gross Expenditure<br>£000s | Service Income<br>£000s | Net Expenditure<br>£000s | Govt. Grants<br>£000s | Net Cost<br>£000s |   |
| 12      | 977                  | C&C       | Sports Development                              | 855                     | 1,015                 | 1,870                      | -1,093                  | 777                      | 0                     | 777               | Lead the development of sport and physical activity in Kent through managing the Strategic Framework for sport; managing the Kent School Games; generating external funding; working with Public Health, and directing the County Sports Partnership to develop and support coaches, leaders, clubs and governing bodies of sport.  |
| 13      | 875                  | C&C       | Supporting Employment                           | 916                     | 343                   | 1,259                      | -484                    | 775                      | 0                     | 775               | Provides employment support and advice to vulnerable residents from disadvantaged groups and enabling paid or voluntary employment, further education and training. Includes provision for 272 Learning Difficulty referrals and 30 mental health referrals. Another 300 participants will be supported through the externally funded Department of Work and Pension's Work Programme.  |
|         |                      |           | <b>Environment</b>                              |                         |                       |                            |                         |                          | 0                     |                   |   |
| 14      | 569                  | C&C       | Country Parks                                   | 916                     | 561                   | 1,477                      | -981                    | 496                      | -7                    | 489               | Manage 16 Country Parks covering 1,750 acres which generate 1.6 million visits per year whilst delivering education, recreation and environmental programmes.   |
| 15      | 1,847                | C&C       | Countryside Access (incl. Public Rights of Way) | 1,676                   | 974                   | 2,650                      | -905                    | 1,745                    | -118                  | 1,627             | Statutory service to define, protect & maintain 6,847km of Public Rights of Way, maintain the register and approve the planning applications in relation to Common Land and Village Greens. Deliver the Explore Kent service which handles over 80,000 letters, phone calls and emails received from the public annually and reviews over 2 million page views on the Explore Kent website. Includes the maintenance of 2,836 bridges, surfacing and vegetation clearance to 42% of the maintainable highway network and 30,000+ pieces of Public Rights of Way furniture e.g. direction posts/signs. |

## Customer and Communities

| Row Ref | 2012/13 Revised Base | Portfolio | Service   | 2013/14 Proposed Budget |                       |                            |                         |                          |                       |                   |   |
|---------|----------------------|-----------|---|-------------------------|-----------------------|----------------------------|-------------------------|--------------------------|-----------------------|-------------------|---|
|         | Net Cost<br>£000s    |           |   | Staffing<br>£000s       | Non staffing<br>£000s | Gross Expenditure<br>£000s | Service Income<br>£000s | Net Expenditure<br>£000s | Govt. Grants<br>£000s | Net Cost<br>£000s | Affordable Activity   |
|         |                      |           | <b>Local Democracy</b>  |                         |                       |                            |                         |                          |                       |                   |   |
| 16      | 709                  | C&C       | Community Engagement  | 660                     | 49                    | 709                        | 0                       | 709                      | 0                     | 709               | Community Engagement Officers (CEOs) provide clear channels into the community for KCC to engage with Kent residents via engagement forums, social media and other channels. Also CEOs support the development and ongoing operations of both Locality Boards and Local Children's Trust Boards   |
| 17      | 1,240                | C&C       | Member Grants & Compensation to District Councils (incl. Elections) | 0                       | 1,240                 | 1,240                      | 0                       | 1,240                    | 0                     | 1,240             | Grants controlled by individual Members and Local Boards which are given to a wide range of community based groups, individuals and organisations.  |
|         |                      |           | <b>Regulatory Services</b>  |                         |                       |                            |                         |                          |                       |                   |   |
| 18      | 2,354                | C&C       | Coroners  | 687                     | 2,120                 | 2,807                      | -475                    | 2,332                    | 0                     | 2,332             | Inquiries into approximately 7,000 violent or unnatural deaths, sudden deaths of unknown cause and deaths which have occurred in prison, resulting in 4,000 post mortems, 3,000 body removals and 800 inquests.   |
| 19      | 642                  | C&C       | Emergency Planning  | 566                     | 205                   | 771                        | -169                    | 602                      | 0                     | 602               | Deliver strategic direction and professional advice on the planning for, and management of, emergencies to fulfil KCC's statutory obligations under the Civil Contingencies Act and related legislation. Provide consultancy services to District / Borough Councils under Service Level Agreements as well as advice, guidance and support to residents and businesses to build resilience. Maintain community leadership through the Kent Resilience Forum and other partnerships |
| 20      | 3,309                | C&C       | Trading Standards   | 2,917                   | 904                   | 3,821                      | -732                    | 3,089                    | 0                     | 3,089             | Provision of the Rogue Traders service; 1,250 businesses supported through advice to develop Kent economy; 80 campaigns initiated to ensure a fair and safe trading environment; operate Buy with Confidence Good Trader scheme; 20 under age sales operations; 180 Trading Standards alert messages sent. The service also incorporates the Kent Scientific Services laboratory dealing with in excess of 6,000 analytical and calibration samples.                                |
| 21      | <b>74,510</b>        |           | <b>Total Direct Services to the Public</b>                          | <b>50,259</b>           | <b>69,735</b>         | <b>119,994</b>             | <b>-46,268</b>          | <b>73,726</b>            | <b>-3,219</b>         | <b>70,507</b>     |   |

## Customer and Communities

| Row Ref | 2012/13<br>Revised<br>Base | Portfolio | Service   | 2013/14 Proposed Budget |                       |                               |                            |                             |                          |                   | Affordable Activity  |
|---------|----------------------------|-----------|---|-------------------------|-----------------------|-------------------------------|----------------------------|-----------------------------|--------------------------|-------------------|--|
|         | Net Cost<br>£000s          |           |   | Staffing<br>£000s       | Non staffing<br>£000s | Gross<br>Expenditure<br>£000s | Service<br>Income<br>£000s | Net<br>Expenditure<br>£000s | Govt.<br>Grants<br>£000s | Net Cost<br>£000s |  |
|         |                            |           | <b>Management, Support Services and Overheads</b>       |                         |                       |                               |                            |                             |                          |                   |  |
|         |                            |           | Directorate Management and Support for:                 |                         |                       |                               |                            |                             |                          |                   | These budgets include the directorate centrally held costs, which include the budgets for, amongst other things, the strategic directors and heads of service.   |
| 22      | 2,209                      | C&C       | Customer & Communities (C&C)                            | 2,970                   | 353                   | 3,323                         | -1,017                     | 2,306                       | 0                        | 2,306             |  |
|         |                            |           | Support to Frontline Services:                          |                         |                       |                               |                            |                             |                          |                   |  |
| 23      | 2,733                      | C&C       | Communications & Consultation                           | 2,240                   | 614                   | 2,854                         | -11                        | 2,843                       | 0                        | 2,843             | Responsible for the Council's public reputation, ensuring residents are informed about services and how to access them, and promoting and defending KCC's reputation in the public domain. Advises on and delivers consultations, which support robust decision making processes for the authority. Also responsible for ensuring all council decisions take into account the impact they will have on residents or service user groups. |
| 24      | 4,942                      |           | <b>Total Management, Support Services and Overheads</b> | <b>5,210</b>            | <b>967</b>            | <b>6,177</b>                  | <b>-1,028</b>              | <b>5,149</b>                | <b>0</b>                 | <b>5,149</b>      | A number of budgets have been centralised and no longer sit with the individual frontline services so 2013/14 budgets are not directly comparable with 2012/13.  |
| 25      | 79,452                     |           | <b>TOTAL</b>  | <b>55,469</b>           | <b>70,702</b>         | <b>126,171</b>                | <b>-47,296</b>             | <b>78,875</b>               | <b>-3,219</b>            | <b>75,656</b>     |  |

## Appendix A - Portfolio specific A to Z Service Analysis

## Democracy and Partnerships

| Row Ref | 2012/13 Revised Base | Portfolio | Service   | 2013/14 Proposed Budget |                       |                            |                         |                          |                       |                   | Affordable Activity   |
|---------|----------------------|-----------|---|-------------------------|-----------------------|----------------------------|-------------------------|--------------------------|-----------------------|-------------------|---|
|         | Net Cost<br>£000s    |           |   | Staffing<br>£000s       | Non staffing<br>£000s | Gross Expenditure<br>£000s | Service Income<br>£000s | Net Expenditure<br>£000s | Govt. Grants<br>£000s | Net Cost<br>£000s |   |
|         |                      |           | <b>Local Democracy</b>  |                         |                       |                            |                         |                          | 0.000                 |                   |   |
| 1       | 1,273                | D&P       | Member Grants & Compensation to District Councils (incl. Elections) | 0                       | 1,273                 | 1,273                      | 0                       | 1,273                    | 0                     | 1,273             | Grants to District Councils; cost of council elections.   |
| 2       | 1,273                |           | <b>Total Direct Services to the Public</b>                          | <b>0</b>                | <b>1,273</b>          | <b>1,273</b>               | <b>0</b>                | <b>1,273</b>             | <b>0</b>              | <b>1,273</b>      |   |
|         |                      |           | <b>Financing Items</b>  |                         |                       |                            |                         |                          |                       |                   |   |
| 3       | 464                  | D&P       | Audit Fees  | 0                       | 314                   | 314                        | 0                       | 314                      | 0                     | 314               |   |
| 4       | 464                  |           | <b>Total Financing Items</b>  | <b>0</b>                | <b>314</b>            | <b>314</b>                 | <b>0</b>                | <b>314</b>               | <b>0</b>              | <b>314</b>        |   |
| Page 92 |                      |           | <b>Management, Support Services and Overheads</b>                   |                         |                       |                            |                         |                          |                       |                   |   |
|         |                      |           | Support to Frontline Services:                                      |                         |                       |                            |                         |                          |                       |                   |   |
| 5       | 1,009                | D&P       | Finance and Procurement   | 830                     | 213                   | 1,043                      | -34                     | 1,009                    | 0                     | 1,009             | Responsible for planning, managing and reporting upon the Council's financial resources, in liaison with both Members and senior management, in accordance with the Council's Financial Regulations.  |
| 6       | 765                  | D&P       | Business Strategy   | 735                     | 253                   | 988                        | -223                    | 765                      | 0                     | 765               | The division supports the political and managerial leadership of KCC in a number of ways including strategic policy development across the whole council, economic development, effective performance management, research and business intelligence, international affairs and partnerships.   |
| 7       | 3,861                | D&P       | Democratic and Members  | 1,327                   | 2,537                 | 3,864                      | -3                      | 3,861                    | 0                     | 3,861             | The cost of supporting the 84 elected members of the County Council and the responsibility for the Council's Overview and Scrutiny function in accordance with the provisions of the Local Government Act 2000, the Health and Social Care Act 2001, as amended in 2012 for the transfer of Public Health responsibilities, and the Local Government and Public Involvement in Health Act 2007. |

Appendix A - Portfolio specific A to Z Service Analysis

Democracy and Partnerships

| Row Ref | 2012/13 Revised Base | Portfolio | Service   | 2013/14 Proposed Budget |                       |                            |                         |                          |                       |                   | Affordable Activity   |
|---------|----------------------|-----------|---|-------------------------|-----------------------|----------------------------|-------------------------|--------------------------|-----------------------|-------------------|---|
|         | Net Cost<br>£000s    |           |   | Staffing<br>£000s       | Non staffing<br>£000s | Gross Expenditure<br>£000s | Service Income<br>£000s | Net Expenditure<br>£000s | Govt. Grants<br>£000s | Net Cost<br>£000s |   |
| 8       | 5,635                |           | <b>Total Management, Support Services and Overheads</b> | 2,892                   | 3,003                 | 5,895                      | -260                    | 5,635                    | 0                     | 5,635             | A number of budgets have been centralised and no longer sit with the individual frontline services so 2013/14 budgets are not directly comparable with 2012/13. |
| 9       | 7,372                |           | <b>TOTAL</b>  | 2,892                   | 4,590                 | 7,482                      | -260                    | 7,222                    | 0                     | 7,222             |   |

## Appendix A - Portfolio specific A to Z Service Analysis

## Education, Learning and Skills

| Row Ref | 2012/13 Revised Base | Portfolio | Service  | 2013/14 Proposed Budget |                       |                            |                         |                          |                       |                   | Affordable Activity  |
|---------|----------------------|-----------|--|-------------------------|-----------------------|----------------------------|-------------------------|--------------------------|-----------------------|-------------------|--|
|         | Net Cost<br>£000s    |           |  | Staffing<br>£000s       | Non staffing<br>£000s | Gross Expenditure<br>£000s | Service Income<br>£000s | Net Expenditure<br>£000s | Govt. Grants<br>£000s | Net Cost<br>£000s |  |
|         |                      |           | <b>Children's Services</b>   |                         |                       |                            |                         |                          |                       |                   |  |
|         |                      |           | <i>Education and Personal</i>  |                         |                       |                            |                         |                          |                       |                   |  |
| 1       | 2,033                | ELS       | 14 to 19 year olds   | 1,818                   | 1,355                 | 3,173                      | -430                    | 2,743                    | -906                  | 1,837             | A range of services for young people including preparation for employment, vocational training, apprenticeships, Skills Force and raising the age of statutory education to 18.  |
| 2       | 1,327                | ELS       | Attendance & Behaviour   | 2,519                   | 1,328                 | 3,847                      | -55                     | 3,792                    | -2,630                | 1,162             | Investigation of overall attendance issues, particularly unauthorised absence and persistent absenteeism from school, and support and challenge to ensure full time inclusion in education.                              |
| 3       | 6,275                | ELS       | Connexions   | 0                       | 5,775                 | 5,775                      | 0                       | 5,775                    | 0                     | 5,775             | Contract with Connexions service for the provision of careers information, advice and guidance to young people   |
| 4       | 1,708                | ELS       | Early Years and Childcare  | 2,610                   | 4,165                 | 6,775                      | -107                    | 6,668                    | -5,353                | 1,315             | Provision of advice, support, challenge and training to over 1,000 childcare providers, 1,600 childminders in the private and voluntary sector and local authority maintained schools with nursery and reception classes |
| 5       | 2,887                | ELS       | Education Psychology Service   | 2,824                   | 199                   | 3,023                      | -400                    | 2,623                    | 0                     | 2,623             | Statutory assessment of children with special educational needs and the delivery of core and traded psychological services   |
| 6       | 1,230                | ELS       | Individual Learner Support (incl. Minority Communities Achievement and Parent Partnership Service) | 7,992                   | 654                   | 8,646                      | -752                    | 7,894                    | -6,835                | 1,059             | A range of specialist services to support children and young people who may be at risk of not aspiring and achieving to their full potential   |
| 7       | 0                    | ELS       | Statemented Pupils   | 929                     | 5,762                 | 6,691                      | 0                       | 6,691                    | -6,691                | 0                 | Support for pupils with Statements of Special Educational Needs (SEN) which has not been delegated to individual schools or SEN units  |
|         |                      |           | <b>Schools Budgets</b>   |                         |                       |                            |                         |                          |                       |                   |  |
| 8       | 0                    | ELS       | Independent Special School placements  | 0                       | 14,924                | 14,924                     | -698                    | 14,226                   | -14,226               | 0                 | Placements for over 400 children with severe special educational needs whose needs cannot be met within maintained schools   |
| 9       | 0                    | ELS       | PFI Schools Scheme   | 0                       | 23,810                | 23,810                     | -9,012                  | 14,798                   | -14,798               | 0                 | Service charges for 11 PFI schools   |



## Education, Learning and Skills

| Row Ref | 2012/13 Revised Base | Portfolio | Service  | 2013/14 Proposed Budget |                       |                            |                         |                          |                       |                   | Affordable Activity  |
|---------|----------------------|-----------|--|-------------------------|-----------------------|----------------------------|-------------------------|--------------------------|-----------------------|-------------------|--|
|         | Net Cost<br>£000s    |           |  | Staffing<br>£000s       | Non staffing<br>£000s | Gross Expenditure<br>£000s | Service Income<br>£000s | Net Expenditure<br>£000s | Govt. Grants<br>£000s | Net Cost<br>£000s |  |
| 10      | 0                    | ELS       | Pupil Referral Units                               | 8,466                   | 7,658                 | 16,124                     | -1,245                  | 14,879                   | -14,879               | 0                 | Budgets managed directly by pupil referral units which offer alternative education for those who have been excluded from school, or missing school for health reasons  |
| 11      | 0                    | ELS       | Schools Delegated budgets                          | 538,647                 | 170,932               | 709,579                    | -52,017                 | 657,562                  | -657,562              | 0                 | Budgets managed directly by almost 460 local authority maintained schools  |
|         |                      |           | <b>Schools Services</b>                            |                         |                       |                            |                         |                          |                       |                   |  |
| 12      | 103                  | ELS       | Non delegated staff costs                          | 0                       | 2,644                 | 2,644                      | -2,310                  | 334                      | -231                  | 103               | Reimbursement of schools' costs for maternity leave, public duties, trade union representatives, suspended staff and tribunals. Some of these services now operate on a fully traded basis   |
| 13      | 427                  | ELS       | Other Schools Services                             | 625                     | 6,972                 | 7,597                      | -3,685                  | 3,912                    | -3,505                | 407               | Crossing Patrols, collective licences, provision of temporary mobile classrooms, coordination of cleaning and refuse contracts, planned maintenance agreements, legionella work, asbestos and condition surveys and various other minor non delegated budgets  |
| 14      | 0                    | ELS       | Redundancy costs                                   | 0                       | 1,232                 | 1,232                      | 0                       | 1,232                    | -1,232                | 0                 | Redundancy costs for school staff  |
| 15      | 3,094                | ELS       | School Improvement                                 | 4,560                   | 4,835                 | 9,395                      | -3,498                  | 5,897                    | -3,495                | 2,402             | Providing advice, guidance, training and challenge to primary, secondary and special schools and Pupil Referral Units to raise standards of pupil achievement, and to implement national and local strategies. Support and training for 6,000 school governors |
| 16      | -800                 | ELS       | Special School and Hospital recoupment             | 0                       | 0                     | 0                          | 0                       | 0                        | 0                     | 0                 | Top up payments to other local authorities for Kent pupils educated in other local authority special schools, together with income from other local authorities for their pupils educated in Kent schools.   |
| 17      | 5,145                | ELS       | Teachers & Education Staff Pension costs           | 0                       | 7,954                 | 7,954                      | -684                    | 7,270                    | -2,000                | 5,270             | Cost of teacher and education staff early retirements  |
|         |                      |           | <b>Transport Services</b>                          |                         |                       |                            |                         |                          |                       |                   |  |
| 18      | 1,437                | ELS       | Home to College Transport and Kent 16+ Travel Card | 0                       | 3,174                 | 3,174                      | -1,720                  | 1,454                    | 0                     | 1,454             | Over 3,200 passes issued to young people aged over 16 for unlimited bus travel in Kent. Residual home to college transport costs   |
| 19      | 12,661               | ELS       | Home to School Transport (Mainstream)              | 0                       | 11,517                | 11,517                     | -20                     | 11,497                   | 0                     | 11,497            | Transport to and from school for 14,000 eligible children  |

## Education, Learning and Skills

| Row Ref | 2012/13 Revised Base | Portfolio | Service   | 2013/14 Proposed Budget        |                       |                            |                         |                          |                       |                   | Affordable Activity  |
|---------|----------------------|-----------|---|--------------------------------|-----------------------|----------------------------|-------------------------|--------------------------|-----------------------|-------------------|--|
|         | Net Cost<br>£000s    |           |   | Staffing<br>£000s              | Non staffing<br>£000s | Gross Expenditure<br>£000s | Service Income<br>£000s | Net Expenditure<br>£000s | Govt. Grants<br>£000s | Net Cost<br>£000s |  |
| 20      | 17,152               | ELS       | Home to School Transport (Special Educational Need)             | 8                              | 17,200                | 17,208                     | 0                       | 17,208                   | 0                     | 17,208            | Specialist transport arrangements for 4,000 children with special educational needs  |
| 21      | <b>54,679</b>        |           | <b>Total Direct Services to the Public</b>                      | <b>570,998</b>                 | <b>292,090</b>        | <b>863,088</b>             | <b>-76,633</b>          | <b>786,455</b>           | <b>-734,343</b>       | <b>52,112</b>     |  |
|         |                      |           | <b>Assessment Services</b>                                      |                                |                       |                            |                         |                          |                       |                   |  |
| 22      | 2,206                | ELS       | Assessment and Support of Children with Special Education Needs | 2,539                          | 2,938                 | 5,477                      | 0                       | 5,477                    | -3,582                | 1,895             | Assessment and support of children with Special Educational Needs. Top up payments to other local authorities for Kent pupils educated in other local authority special schools. |
| 23      | <b>2,206</b>         |           | <b>Total Assessment Services</b>                                | <b>2,539</b>                   | <b>2,938</b>          | <b>5,477</b>               | <b>0</b>                | <b>5,477</b>             | <b>-3,582</b>         | <b>1,895</b>      |  |
|         |                      |           | <b>Management, Support Services and Overheads</b>               |                                |                       |                            |                         |                          |                       |                   |  |
| Page 96 |                      |           | Directorate Management and Support for:                         |                                |                       |                            |                         |                          |                       |                   | These budgets include the directorate centrally held costs, which include the budgets for, amongst other things, the strategic directors and heads of service.                   |
|         | 24                   | 1,828     | ELS   | Education, Learning and Skills | 3,603                 | 4,892                      | 8,495                   | -2,806                   | 5,689                 | -6,088            | -399   |
| 25      | <b>1,828</b>         |           | <b>Total Management, Support Services and Overheads</b>         | <b>3,603</b>                   | <b>4,892</b>          | <b>8,495</b>               | <b>-2,806</b>           | <b>5,689</b>             | <b>-6,088</b>         | <b>-399</b>       | A number of budgets have been centralised and no longer sit with the individual frontline services so 2013/14 budgets are not directly comparable with 2012/13.                  |
| 26      | 58,713               |           | <b>TOTAL</b>  | <b>577,140</b>                 | <b>299,920</b>        | <b>877,060</b>             | <b>-79,439</b>          | <b>797,621</b>           | <b>-744,013</b>       | <b>53,608</b>     |  |

## Appendix A - Portfolio specific A to Z Service Analysis

## Environment, Highways &amp; Waste

| Row Ref | 2012/13 Revised Base | Portfolio | Service   | 2013/14 Proposed Budget |                       |                            |                         |                          |                       |                   | Affordable Activity   |
|---------|----------------------|-----------|---|-------------------------|-----------------------|----------------------------|-------------------------|--------------------------|-----------------------|-------------------|---|
|         | Net Cost<br>£000s    |           |   | Staffing<br>£000s       | Non staffing<br>£000s | Gross Expenditure<br>£000s | Service Income<br>£000s | Net Expenditure<br>£000s | Govt. Grants<br>£000s | Net Cost<br>£000s |   |
|         |                      |           | <b>Community Services</b>                           |                         |                       |                            |                         |                          |                       |                   |   |
| 1       | 313                  | EH&W      | Gypsies and Travellers                              | 257                     | 486                   | 743                        | -430                    | 313                      | 0                     | 313               | Responsible for securing suitable local authority and other accommodation provision for Gypsies and Travellers in Kent. The Unit currently manages 10 local authority sites, containing approximately 150 pitches   |
|         |                      |           | <b>Environment</b>                                  |                         |                       |                            |                         |                          | 0                     |                   |   |
| 2       | 2,418                | EH&W      | Environmental Management (incl. Coastal Protection) | 1,698                   | 2,092                 | 3,790                      | -875                    | 2,915                    | -651                  | 2,264             | Delivery of Kent Environment Strategy including Climate Local targets and the Green Deal - saving money through fuel efficiency. Flood risk management, carbon reduction, biodiversity planning, heritage conservation & planning, coastal conservation, and sustainability & climate change. |
|         |                      |           | <b>Highways</b>                                     |                         |                       |                            |                         |                          |                       |                   |   |
|         |                      |           | <b>Highways Maintenance</b>                         |                         |                       |                            |                         |                          |                       |                   |   |
| 3       | 3,291                | EH&W      | Adverse Weather                                     | 0                       | 3,291                 | 3,291                      | 0                       | 3,291                    | 0                     | 3,291             | Includes provision for 79 salting runs, salting approximately 4,000km of the highway per run plus restocking 2,350 salt bins  |
| 4       | 2,444                | EH&W      | Bridges and other structures                        | 354                     | 2,282                 | 2,636                      | -192                    | 2,444                    | 0                     | 2,444             | Maintenance of 2,700 bridges and structures and two road tunnels  |
| 5       | 13,044               | EH&W      | General maintenance and emergency response          | 3,616                   | 9,219                 | 12,835                     | -487                    | 12,348                   | 0                     | 12,348            | Inspection, maintenance and repair of 8,500km of highway and 6,000km of pavements plus the management of all roadworks undertaken by utility companies and KCC contractors.   |
| 6       | 3,249                | EH&W      | Highways drainage                                   | 306                     | 3,131                 | 3,437                      | -96                     | 3,341                    | 0                     | 3,341             | Maintenance and repair of 340,000 road drainage gullies   |
| 7       | 3,803                | EH&W      | Streetlight maintenance                             | 412                     | 3,715                 | 4,127                      | -154                    | 3,973                    | 0                     | 3,973             | Maintenance and repair for 120,000 streetlights   |

## Environment, Highways &amp; Waste

| Row Ref | 2012/13 Revised Base | Portfolio | Service  | 2013/14 Proposed Budget |                       |                            |                         |                          |                       |                   | Affordable Activity   |
|---------|----------------------|-----------|--|-------------------------|-----------------------|----------------------------|-------------------------|--------------------------|-----------------------|-------------------|---|
|         | Net Cost<br>£000s    |           |  | Staffing<br>£000s       | Non staffing<br>£000s | Gross Expenditure<br>£000s | Service Income<br>£000s | Net Expenditure<br>£000s | Govt. Grants<br>£000s | Net Cost<br>£000s |   |
|         |                      |           | <b>Highways Safety and Management</b>            |                         |                       |                            |                         |                          |                       |                   |   |
| 8       | 769                  | EH&W      | Development Planning                             | 1,759                   | 320                   | 2,079                      | -1,310                  | 769                      | 0                     | 769               | Includes developer agreements & developer plans, local development framework, adoption of highways and development control. Budget previously included under Highway Improvements and Sustainable Transport (now Transport Planning)  |
| 9       | 1,556                | EH&W      | Highway improvements                             | 1,979                   | -283                  | 1,696                      | -82                     | 1,614                    | 0                     | 1,614             | Support for highway resurfacing and other improvement programmes to reduce congestion, improve air quality and help prevent traffic accidents.  |
| 10      | 1,011                | EH&W      | Road safety                                      | 672                     | 2,573                 | 3,245                      | -2,234                  | 1,011                    | 0                     | 1,011             | Reduce road casualties through educational and publicity campaigns with engineering improvements and provide funding to support the Kent and Medway Safety Camera Partnership   |
| 11      | 5,845                | EH&W      | Streetlight energy                               | 0                       | 4,995                 | 4,995                      | 0                       | 4,995                    | 0                     | 4,995             | Payment for electricity to light 120,000 streetlights   |
| 12      | 2,484                | EH&W      | Traffic management                               | 2,445                   | 2,819                 | 5,264                      | -2,661                  | 2,603                    | 0                     | 2,603             | Running costs, inspection and maintenance for 15,000 traffic lights and providing congestion reduction measures   |
| 13      | 3,253                | EH&W      | Tree maintenance, grass cutting and weed control | 0                       | 3,338                 | 3,338                      | -85                     | 3,253                    | 0                     | 3,253             | Maintenance of 11 million sq metres of grass areas and 500,000 trees  |
|         |                      |           | <b>Planning and Transport Strategy</b>           |                         |                       |                            |                         |                          |                       |                   |   |
| 14      | 1,235                | EH&W      | Planning & Transport Policy                      | 619                     | 781                   | 1,400                      | 0                       | 1,400                    | 0                     | 1,400             | Delivery of Growth without Gridlock - developing key strategic transport improvements such as Third Thames Crossing, A21 dualling, solutions to Operation Stack and enhancements to the rail network including new Thanet Parkway Station and reduced journey times to East Kent in particular. Strategic influencing of Government Policy and new infrastructure funding streams, co-ordinating KCC's responses to Local Plans and Community Infrastructure Levy (CIL) charging schedules, producing the Minerals & Waste Local Plan and the Local Transport Plan. |

## Environment, Highways &amp; Waste

| Row Ref | 2012/13 Revised Base | Portfolio | Service  | 2013/14 Proposed Budget |                       |                            |                         |                          |                       |                   | Affordable Activity  |
|---------|----------------------|-----------|--|-------------------------|-----------------------|----------------------------|-------------------------|--------------------------|-----------------------|-------------------|--|
|         | Net Cost<br>£000s    |           |  | Staffing<br>£000s       | Non staffing<br>£000s | Gross Expenditure<br>£000s | Service Income<br>£000s | Net Expenditure<br>£000s | Govt. Grants<br>£000s | Net Cost<br>£000s |  |
| 15      | 573                  | EH&W      | Planning Applications  | 867                     | 195                   | 1,062                      | -600                    | 462                      | 0                     | 462               | Receiving and processing over 530 planning applications and submissions each year  |
|         |                      |           | <b>Transport Services</b>                                    |                         |                       |                            |                         |                          |                       |                   |  |
| 16      | 16,280               | EH&W      | Concessionary Fares  | 0                       | 16,672                | 16,672                     | -27                     | 16,645                   | 0                     | 16,645            | 17 million free bus journeys for elderly people  |
| 17      | 11,489               | EH&W      | Freedom Pass   | 0                       | 15,000                | 15,000                     | -2,459                  | 12,541                   | 0                     | 12,541            | Over 26,400 passes issued to young people aged 11 to 16 for unlimited bus travel in Kent.  |
| 18      | 7,378                | EH&W      | Subsidised Bus Routes  | 257                     | 8,775                 | 9,032                      | -1,454                  | 7,578                    | 0                     | 7,578             | Support for over 200 otherwise uneconomic bus routes   |
| 19      | 701                  | EH&W      | Transport Operations   | 815                     | 56                    | 871                        | -170                    | 701                      | 0                     | 701               | Arrangement, provision and monitoring of socially necessary local buses, home to school transport and public transport information                                     |
| 20      | 237                  | EH&W      | Transport Planning   | 301                     | 180                   | 481                        | -25                     | 456                      | -203                  | 253               | Improve public transport and access to key services.   |
|         |                      |           | <b>Waste Management</b>                                      |                         |                       |                            |                         |                          |                       |                   |  |
| 21      | 1,862                | EH&W      | Waste Operations   | 1,537                   | 325                   | 1,862                      | 0                       | 1,862                    | 0                     | 1,862             | Management and operational delivery of core waste management services, including the statutory duty to undertake the treatment and disposal of household waste in Kent |
|         |                      |           | <b>Recycling and diversion from landfill</b>                 |                         |                       |                            |                         |                          |                       |                   |  |
| 22      | 7,138                | EH&W      | Household Waste recycling centres                            | 0                       | 8,129                 | 8,129                      | -1,982                  | 6,147                    | 0                     | 6,147             | Operation of 19 sites providing recycling facilities for 3.5 million visitors per year   |
| 23      | 554                  | EH&W      | Partnership & waste co-ordination                            | 0                       | 504                   | 504                        | -168                    | 336                      | 0                     | 336               | Collaborative working with District Councils and public campaigns to reduce overall waste and increase recycling   |
| 24      | 5,371                | EH&W      | Payments to Waste Collection Authorities (District Councils) | 0                       | 6,167                 | 6,167                      | -102                    | 6,065                    | 0                     | 6,065             | Payments to support recycling initiatives that reduce the amount of waste that would otherwise have to be disposed of (through more costly routes, e.g. landfill)      |
| 25      | 9,915                | EH&W      | Recycling Contracts and Composting                           | 0                       | 9,030                 | 9,030                      | -1,571                  | 7,459                    | 0                     | 7,459             | Recycling and composting 338,500 tonnes (47%) of household waste   |

## Environment, Highways &amp; Waste

| Row Ref | 2012/13 Revised Base | Portfolio | Service   | 2013/14 Proposed Budget |                       |                            |                         |                          |                       |                   | Affordable Activity  |
|---------|----------------------|-----------|---|-------------------------|-----------------------|----------------------------|-------------------------|--------------------------|-----------------------|-------------------|--|
|         | Net Cost<br>£000s    |           |   | Staffing<br>£000s       | Non staffing<br>£000s | Gross Expenditure<br>£000s | Service Income<br>£000s | Net Expenditure<br>£000s | Govt. Grants<br>£000s | Net Cost<br>£000s |  |
|         |                      |           | <b>Waste Disposal</b>                                   |                         |                       |                            |                         |                          |                       |                   |  |
| 26      | 584                  | EH&W      | Closed Landfill Sites & Abandoned Vehicles              | 0                       | 864                   | 864                        | -180                    | 684                      | 0                     | 684               | Pollution monitoring and control of 19 Closed Landfills to ensure public safety and environmental protection is maintained. Removal and disposal of 300 abandoned vehicles |
| 27      | 29,141               | EH&W      | Disposal Contracts                                      | 0                       | 28,745                | 28,745                     | -156                    | 28,589                   | 0                     | 28,589            | Treatment and/or disposal of 376,500 tonnes (53%) of domestic waste produced in Kent through waste to energy recovery (300,000 tonnes) or landfill (76,500 tonnes)         |
| 28      | 8,500                | EH&W      | Haulage & Transfer Stations                             | 65                      | 9,717                 | 9,782                      | -75                     | 9,707                    | 0                     | 9,707             | Operation of 6 facilities to provide local disposal points for the efficient delivery of District Council collection services and outlets for some commercial waste.       |
| 29      | 7,165                | EH&W      | Landfill Tax  | 0                       | 7,571                 | 7,571                      | 0                       | 7,571                    | 0                     | 7,571             | Unavoidable tax on waste disposed of via landfill  |
| 30      | 151,603              |           | <b>Total Direct Services to the Public</b>              | <b>17,959</b>           | <b>150,689</b>        | <b>168,648</b>             | <b>-17,575</b>          | <b>151,073</b>           | <b>-854</b>           | <b>150,219</b>    |  |
|         |                      |           | <b>Financing Items</b>                                  |                         |                       |                            |                         |                          |                       |                   |  |
| 31      | -6,568               | EH&W      | Commercial Services (net contribution)                  | 0                       | 0                     | 0                          | -4,899                  | -4,899                   | 0                     | -4,899            | Contribution from Commercial Services towards KCC overheads  |
| 32      | -6,568               |           | <b>Total Financing Items</b>                            | <b>0</b>                | <b>0</b>              | <b>0</b>                   | <b>-4,899</b>           | <b>-4,899</b>            | <b>0</b>              | <b>-4,899</b>     |  |
|         |                      |           | <b>Management, Support Services and Overheads</b>       |                         |                       |                            |                         |                          |                       |                   |  |
|         |                      |           | Directorate Management and Support for:                 |                         |                       |                            |                         |                          |                       |                   | These budgets include the directorate centrally held costs, which include the budgets for, amongst other things, the strategic directors and heads of service.             |
| 33      | 5,126                | EH&W      | Enterprise and Environment (E&E)                        | 1,970                   | 3,403                 | 5,373                      | -45                     | 5,328                    | 0                     | 5,328             |  |
| 34      | 5,126                |           | <b>Total Management, Support Services and Overheads</b> | <b>1,970</b>            | <b>3,403</b>          | <b>5,373</b>               | <b>-45</b>              | <b>5,328</b>             | <b>0</b>              | <b>5,328</b>      | A number of budgets have been centralised and no longer sit with the individual frontline services so 2013/14 budgets are not directly comparable with 2012/13.            |
| 35      | 150,161              |           | <b>TOTAL</b>  | <b>19,929</b>           | <b>154,092</b>        | <b>174,021</b>             | <b>-22,519</b>          | <b>151,502</b>           | <b>-854</b>           | <b>150,648</b>    |  |

## Appendix A - Portfolio specific A to Z Service Analysis

## Finance &amp; Business Support

| Row Ref | 2012/13 Revised Base | Portfolio | Service   | 2013/14 Proposed Budget |                       |                            |                         |                          |                       |                   | Affordable Activity  |
|---------|----------------------|-----------|---|-------------------------|-----------------------|----------------------------|-------------------------|--------------------------|-----------------------|-------------------|--|
|         | Net Cost<br>£000s    |           |   | Staffing<br>£000s       | Non staffing<br>£000s | Gross Expenditure<br>£000s | Service Income<br>£000s | Net Expenditure<br>£000s | Govt. Grants<br>£000s | Net Cost<br>£000s |  |
|         |                      |           | <b>Local Democracy</b>  |                         |                       |                            |                         |                          | 0.000                 |                   |  |
| 1       | 0                    | F&BS      | Member Grants & Compensation to District Councils (incl. Elections) | 0                       | 2,663                 | 2,663                      | 0                       | 2,663                    | 0                     | 2,663             | Provision for a transfer of a share of Council Tax yield to District Councils to part fund the increased costs of collection arising from a rise in the number of council tax payers, following Government changes to the council tax benefits system and to underwrite Council Tax Support Schemes. |
| 2       | 0                    |           | <b>Total Direct Services to the Public</b>                          | <b>0</b>                | <b>2,663</b>          | <b>2,663</b>               | <b>0</b>                | <b>2,663</b>             | <b>0</b>              | <b>2,663</b>      |  |
|         |                      |           | <b>Financing Items</b>  |                         |                       |                            |                         |                          |                       |                   |  |
| 3       | 400                  | F&BS      | Carbon Reduction Commitment   | 0                       | 400                   | 400                        | 0                       | 400                      | 0                     | 400               |  |
| 4       | 4,790                | F&BS      | Contribution to/from reserves                                       | 0                       | -12,130               | -12,130                    | 0                       | -12,130                  | 0                     | -12,130           |  |
| 5       | 4,679                | F&BS      | Insurance Fund  | 0                       | 4,679                 | 4,679                      | 0                       | 4,679                    | 0                     | 4,679             | Contribution to self insurance fund  |
| 6       | 3,500                | F&BS      | Modernisation of the Council  | 0                       | 3,500                 | 3,500                      | 0                       | 3,500                    | 0                     | 3,500             | One-off costs associated with restructure of the council including redundancy provision  |
| 7       | 123,494              | F&BS      | Net Debt costs (incl. Investment Income)                            | 0                       | 131,132               | 131,132                    | -8,648                  | 122,484                  | 0                     | 122,484           |  |
| 8       | 2,328                | F&BS      | Other   | 0                       | 1,364                 | 1,364                      | 0                       | 1,364                    | -36                   | 1,328             |  |
| 9       | 0                    | F&BS      | Unallocated   | 2,700                   | -3,500                | -800                       | 0                       | -800                     | 0                     | -800              |  |
| 10      | -3,079               | F&BS      | Underspend rolled forward from previous years                       | 0                       | -10,000               | -10,000                    | 0                       | -10,000                  | 0                     | -10,000           |  |
| 11      | 136,112              |           | <b>Total Financing Items</b>  | <b>2,700</b>            | <b>115,445</b>        | <b>118,145</b>             | <b>-8,648</b>           | <b>109,497</b>           | <b>-36</b>            | <b>109,461</b>    |  |
|         |                      |           | <b>Management, Support Services and Overheads</b>                   |                         |                       |                            |                         |                          |                       |                   |  |
|         |                      |           | Support to Frontline Services:                                      |                         |                       |                            |                         |                          |                       |                   |  |
| 12      | 11,311               | F&BS      | Finance and Procurement   | 16,348                  | 2,217                 | 18,565                     | -5,749                  | 12,816                   | -1,847                | 10,969            | Responsible for planning, managing and reporting upon the Council's financial resources, in liaison with both Members and senior management, in accordance with the Council's Financial Regulations.   |

Appendix A - Portfolio specific A to Z Service Analysis

Finance & Business Support

| Row Ref | 2012/13 Revised Base | Portfolio | Service   | 2013/14 Proposed Budget |                       |                            |                         |                          |                       |                   | Affordable Activity   |
|---------|----------------------|-----------|---|-------------------------|-----------------------|----------------------------|-------------------------|--------------------------|-----------------------|-------------------|---|
|         | Net Cost<br>£000s    |           |   | Staffing<br>£000s       | Non staffing<br>£000s | Gross Expenditure<br>£000s | Service Income<br>£000s | Net Expenditure<br>£000s | Govt. Grants<br>£000s | Net Cost<br>£000s |   |
| 13      | 11,311               |           | <b>Total Management, Support Services and Overheads</b> | 16,348                  | 2,217                 | 18,565                     | -5,749                  | 12,816                   | -1,847                | 10,969            | A number of budgets have been centralised and no longer sit with the individual frontline services so 2013/14 budgets are not directly comparable with 2012/13. |
| 14      | 147,423              |           | <b>TOTAL</b>  | 19,048                  | 120,325               | 139,373                    | -14,397                 | 124,976                  | -1,883                | 123,093           |   |



| Appendix A - Portfolio specific A to Z Service Analysis |                      |           |   |                         |                       |                            |                         |                          |                       |                   |   |
|---|----------------------|-----------|---|-------------------------|-----------------------|----------------------------|-------------------------|--------------------------|-----------------------|-------------------|---|
| Regeneration & Economic Development                     |                      |           |   |                         |                       |                            |                         |                          |                       |                   |   |
| Row Ref   | 2012/13 Revised Base | Portfolio | Service   | 2013/14 Proposed Budget |                       |                            |                         |                          |                       |                   | Affordable Activity   |
|   | Net Cost<br>£000s    |           |   | Staffing<br>£000s       | Non staffing<br>£000s | Gross Expenditure<br>£000s | Service Income<br>£000s | Net Expenditure<br>£000s | Govt. Grants<br>£000s | Net Cost<br>£000s |   |
|   |                      |           | <b>Regeneration &amp; Economic Development</b>          |                         |                       |                            |                         |                          |                       |                   |   |
| 1   | 3,484                | R&E       | Development staff and projects                          | 2,766                   | 2,377                 | 5,143                      | -1,413                  | 3,730                    | -246                  | 3,484             | Staff and project work on regeneration initiatives including Visit Kent, Locate in Kent, Produced in Kent, etc.   |
| 2   | 3,484                |           | <b>Total Direct Services to the Public</b>              | <b>2,766</b>            | <b>2,377</b>          | <b>5,143</b>               | <b>-1,413</b>           | <b>3,730</b>             | <b>-246</b>           | <b>3,484</b>      |   |
|   |                      |           | <b>Management, Support Services and Overheads</b>       |                         |                       |                            |                         |                          |                       |                   |   |
|   |                      |           | Directorate Management and Support for:                 |                         |                       |                            |                         |                          |                       |                   | These budgets include the directorate centrally held costs, which include the budgets for, amongst other things, the strategic directors and heads of service.  |
| 3   | 168                  | R&E       | Business Strategy & Support (BSS)                       | 168                     | 0                     | 168                        | 0                       | 168                      | 0                     | 168               |   |
| 4   | 168                  |           | <b>Total Management, Support Services and Overheads</b> | <b>168</b>              | <b>0</b>              | <b>168</b>                 | <b>0</b>                | <b>168</b>               | <b>0</b>              | <b>168</b>        | A number of budgets have been centralised and no longer sit with the individual frontline services so 2013/14 budgets are not directly comparable with 2012/13. |
| 5   | 3,652                |           | <b>TOTAL</b>  | <b>2,934</b>            | <b>2,377</b>          | <b>5,311</b>               | <b>-1,413</b>           | <b>3,898</b>             | <b>-246</b>           | <b>3,652</b>      |   |

## Appendix A - Portfolio specific A to Z Service Analysis

## Specialist Children's Services

| Row Ref | 2012/13 Revised Base | Portfolio | Service                                | 2013/14 Proposed Budget |                       |                            |                         |                          |                       |                   | Affordable Activity   |
|---------|----------------------|-----------|--|-------------------------|-----------------------|----------------------------|-------------------------|--------------------------|-----------------------|-------------------|---|
|         | Net Cost<br>£000s    |           |  | Staffing<br>£000s       | Non staffing<br>£000s | Gross Expenditure<br>£000s | Service Income<br>£000s | Net Expenditure<br>£000s | Govt. Grants<br>£000s | Net Cost<br>£000s |   |
|         |                      |           | <b>Children's Services</b>             |                         |                       |                            |                         |                          |                       |                   |   |
|         |                      |           | <i>Children in Care (Looked After)</i> |                         |                       |                            |                         |                          |                       |                   |   |
| 1       | 33,783               | SCS       | Fostering                              | 3,924                   | 32,674                | 36,598                     | -237                    | 36,361                   | 0                     | 36,361            | Short and medium term family based care (including longer term care for older children) for Kent children. Includes payments to related and non related foster carers for 1,140 children and independent fostering agencies for 170 children. |
| 2       | 6,315                | SCS       | Legal Charges                          | 0                       | 5,567                 | 5,567                      | 0                       | 5,567                    | 0                     | 5,567             | Costs for in-house legal support and external legal fees for care proceedings for Specialist Children's Services (previously reflected within the Fostering service)  |
| 3       | 11,604               | SCS       | Residential Children's Services        | 2,371                   | 13,580                | 15,951                     | -2,144                  | 13,807                   | 0                     | 13,807            | In house and independent sector residential care for 75 children (both looked after and non looked after children, including those with a disability).  |
| 4       | 1,927                | SCS       | Virtual School Kent                    | 1,808                   | 823                   | 2,631                      | 0                       | 2,631                    | -704                  | 1,927             | Supporting approx 1,600 looked after children focussing on their education & health needs   |
|         |                      |           | <i>Children in Need</i>                |                         |                       |                            |                         |                          |                       |                   |   |
| 5       | 17,687               | SCS       | Children's Centres                     | 10,421                  | 6,026                 | 16,447                     | -139                    | 16,308                   | 0                     | 16,308            | 97 children's centres delivering support and advice to families   |
| 6       | 15,769               | SCS       | Preventative Services                  | 480                     | 15,988                | 16,468                     | -830                    | 15,638                   | -262                  | 15,376            | Community based preventative and family support services including day care, direct payments and payments to voluntary organisations  |
|         |                      |           | <i>Education and Personal</i>          |                         |                       |                            |                         |                          |                       |                   |   |
| 7       | 3,000                | SCS       | Early Years Education                  | 0                       | 49,624                | 49,624                     | 0                       | 49,624                   | -49,624               | 0                 | Payments made to over 780 PVI providers for up to 15 hours a week of free entitlement places for 3 & 4 year olds (equates to over 9.5 million hours of provision) plus over 1.8 million hours of free places for disadvantaged 2 year olds    |

## Specialist Children's Services

| Row Ref | 2012/13 Revised Base | Portfolio | Service   | 2013/14 Proposed Budget |                       |                            |                         |                          |                       |                   | Affordable Activity   |
|---------|----------------------|-----------|---|-------------------------|-----------------------|----------------------------|-------------------------|--------------------------|-----------------------|-------------------|---|
|         | Net Cost<br>£000s    |           |   | Staffing<br>£000s       | Non staffing<br>£000s | Gross Expenditure<br>£000s | Service Income<br>£000s | Net Expenditure<br>£000s | Govt. Grants<br>£000s | Net Cost<br>£000s |   |
|         |                      |           | <b>Other Social Services</b>                            |                         |                       |                            |                         |                          |                       |                   |   |
| 8       | 8,515                | SCS       | Adoption  | 1,959                   | 6,355                 | 8,314                      | -49                     | 8,265                    | 0                     | 8,265             | Permanent care for Kent children who are unable to live with their birth families. Includes adoption payments & Special Guardianship Orders   |
| 9       | 280                  | SCS       | Asylum Seekers  | 4,634                   | 10,267                | 14,901                     | 0                       | 14,901                   | -14,621               | 280               | Supporting unaccompanied asylum seekers   |
| 10      | 5,123                | SCS       | Leaving Care (formerly 16+ service)                     | 0                       | 5,039                 | 5,039                      | 0                       | 5,039                    | 0                     | 5,039             | Supporting children leaving care and ongoing children's services for those aged 16+ still in local authority care, and aftercare service for young people aged 18+. Now excludes residential care and fostering which are shown separately. |
| 11      | 4,223                | SCS       | Safeguarding  | 4,105                   | 434                   | 4,539                      | -316                    | 4,223                    | 0                     | 4,223             | Performance management of services for vulnerable children in Kent  |
| 12      | 108,226              |           | <b>Total Direct Services to the Public</b>              | <b>29,702</b>           | <b>146,377</b>        | <b>176,079</b>             | <b>-3,715</b>           | <b>172,364</b>           | <b>-65,211</b>        | <b>107,153</b>    |   |
|         |                      |           | <b>Assessment Services</b>                              |                         |                       |                            |                         |                          |                       |                   |   |
| 13      | 39,017               | SCS       | Children's Social Care Staffing                         | 40,439                  | 3,074                 | 43,513                     | -1,862                  | 41,651                   | -3,277                | 38,374            | Social Care staffing providing assessment of children & families needs and ongoing support to looked after children   |
| 14      | 39,017               |           | <b>Total Assessment Services</b>                        | <b>40,439</b>           | <b>3,074</b>          | <b>43,513</b>              | <b>-1,862</b>           | <b>41,651</b>            | <b>-3,277</b>         | <b>38,374</b>     |   |
|         |                      |           | <b>Management, Support Services and Overheads</b>       |                         |                       |                            |                         |                          |                       |                   |   |
|         |                      |           | Directorate Management and Support for:                 |                         |                       |                            |                         |                          |                       |                   | These budgets include the directorate centrally held costs, which include the budgets for, amongst other things, the strategic directors and heads of service.  |
| 15      | 3,609                | SCS       | Families and Social Care (FSC)                          | 2,204                   | 1,230                 | 3,434                      | 0                       | 3,434                    | -175                  | 3,259             |   |
| 16      | 3,609                |           | <b>Total Management, Support Services and Overheads</b> | <b>2,204</b>            | <b>1,230</b>          | <b>3,434</b>               | <b>0</b>                | <b>3,434</b>             | <b>-175</b>           | <b>3,259</b>      | A number of budgets have been centralised and no longer sit with the individual frontline services so 2013/14 budgets are not directly comparable with 2012/13.   |
| 17      | 150,852              |           | <b>TOTAL</b>  | <b>72,345</b>           | <b>150,681</b>        | <b>223,026</b>             | <b>-5,577</b>           | <b>217,449</b>           | <b>-68,663</b>        | <b>148,786</b>    |   |



**KCC Budget Book**

# **Appendix B**

**2012/13 Forecast  
Outturn (half year  
position) in A to Z  
Service Analysis  
format**



**Appendix B - 2012/13 Forecast Outturn (half year position) in A to Z Service Analysis format  
(incl. budgets delegated to schools)**

**WHAT IS THE MONEY SPENT ON?**

| Row Ref | Portfolio | Service   | 2012/13 Forecast Outturn (half year monitoring position) |                 |              |                |                 |              |                |                 |              |
|---------|-----------|---|--|-----------------|--------------|----------------|-----------------|--------------|----------------|-----------------|--------------|
|         |           |   | Cash Limit   |                 |              | Forecast       |                 |              | Variance       |                 |              |
|         |           |   | Gross<br>£000s   | Income<br>£000s | Net<br>£000s | Gross<br>£000s | Income<br>£000s | Net<br>£000s | Gross<br>£000s | Income<br>£000s | Net<br>£000s |
|         |           | <b>Adults and Older People</b>                    |  |                 |              |                |                 |              |                |                 |              |
|         |           | <b>Direct Payments</b>                            |  |                 |              |                |                 |              |                |                 |              |
| 1       | ASC&PH    | Learning Disability                               | 12,769   | -547            | 12,222       | 11,796         | -275            | 11,521       | -973           | 272             | -701         |
| 2       | ASC&PH    | Mental Health                                     | 710  |                 | 710          | 714            | 0               | 714          | 4              |                 | 4            |
| 3       | ASC&PH    | Older People                                      | 6,924  | -787            | 6,137        | 6,299          | -794            | 5,505        | -625           | -7              | -632         |
| 4       | ASC&PH    | Physical Disability                               | 9,580  | -374            | 9,206        | 9,196          | -447            | 8,749        | -384           | -73             | -457         |
|         |           | <b>Domiciliary Care</b>                           |  |                 |              |                |                 |              |                |                 |              |
| 5       | ASC&PH    | Learning Disability                               | 5,268  | -1,532          | 3,736        | 5,748          | -1,599          | 4,149        | 480            | -67             | 413          |
| 6       | ASC&PH    | Mental Health                                     | 532  | -114            | 418          | 489            | -112            | 377          | -43            | 2               | -41          |
| 7       | ASC&PH    | Older People                                      | 44,431   | -12,405         | 32,026       | 43,014         | -10,912         | 32,102       | -1,417         | 1,493           | 76           |
| 8       | ASC&PH    | Physical Disability                               | 7,403  | -595            | 6,808        | 7,309          | -657            | 6,652        | -94            | -62             | -156         |
|         |           | <b>Nursing and Residential Care</b>               |  |                 |              |                |                 |              |                |                 |              |
| 9       | ASC&PH    | Learning Disability                               | 75,668   | -6,456          | 69,212       | 75,841         | -6,397          | 69,444       | 173            | 59              | 232          |
| 10      | ASC&PH    | Mental Health                                     | 7,243  | -692            | 6,551        | 7,444          | -758            | 6,686        | 201            | -66             | 135          |
| 11      | ASC&PH    | Older People - Nursing                            | 46,473   | -24,335         | 22,138       | 48,267         | -25,295         | 22,972       | 1,794          | -960            | 834          |
| 12      | ASC&PH    | Older People - Residential                        | 84,618   | -35,644         | 48,974       | 82,215         | -34,237         | 47,978       | -2,403         | 1,407           | -996         |
| 13      | ASC&PH    | Physical Disability                               | 13,813   | -1,969          | 11,844       | 13,186         | -1,782          | 11,404       | -627           | 187             | -440         |
|         |           | <b>Supported Accommodation</b>                    |  |                 |              |                |                 |              |                |                 |              |
| 14      | ASC&PH    | Learning Disability                               | 33,370   | -3,645          | 29,725       | 32,946         | -2,917          | 30,029       | -424           | 728             | 304          |
| 15      | ASC&PH    | Physical Disability / Mental Health               | 2,802  | -279            | 2,523        | 2,712          | -420            | 2,292        | -90            | -141            | -231         |
|         |           | <b>Other Services for Adults and Older People</b> |  |                 |              |                |                 |              |                |                 |              |
| 16      | ASC&PH    | Contributions to Voluntary Day Care               | 15,708   | -1,793          | 13,915       | 15,819         | -1,721          | 14,098       | 111            | 72              | 183          |
| 17      | ASC&PH    | Learning Disability                               | 13,187   | -237            | 12,950       | 12,979         | -185            | 12,794       | -208           | 52              | -156         |
| 18      | ASC&PH    | Older People                                      | 3,354  | -100            | 3,254        | 2,709          | -87             | 2,622        | -645           | 13              | -632         |

**Appendix B - 2012/13 Forecast Outturn (half year position) in A to Z Service Analysis format  
(incl. budgets delegated to schools)**

**WHAT IS THE MONEY SPENT ON?**

| Row Ref | Portfolio | Service   | 2012/13 Forecast Outturn (half year monitoring position) |                 |              |                |                 |              |                |                 |              |
|---------|-----------|---|--|-----------------|--------------|----------------|-----------------|--------------|----------------|-----------------|--------------|
|         |           |   | Cash Limit   |                 |              | Forecast       |                 |              | Variance       |                 |              |
|         |           |   | Gross<br>£000s   | Income<br>£000s | Net<br>£000s | Gross<br>£000s | Income<br>£000s | Net<br>£000s | Gross<br>£000s | Income<br>£000s | Net<br>£000s |
| 19      | ASC&PH    | Physical Disability / Mental Health   | 1,320  | -5              | 1,315        | 1,240          | -7              | 1,233        | -80            | -2              | -82          |
| 20      | C&C       | Drug & Alcohol services   | 15,981   | -14,609         | 1,372        | 15,981         | -14,609         | 1,372        | 0              | 0               | 0            |
| 21      | ASC&PH    | Other Adult Services  | 12,692   | -16,990         | -4,298       | 12,517         | -17,009         | -4,492       | -175           | -19             | -194         |
| 22      | ASC&PH    | Safeguarding  | 1,075  | -196            | 879          | 1,029          | -204            | 825          | -46            | -8              | -54          |
| 23      | C&C       | Supporting People   | 25,609   | 0               | 25,609       | 25,609         | 0               | 25,609       | 0              | 0               | 0            |
|         |           | <b>Children's Services</b>  |  |                 |              |                |                 |              |                |                 |              |
|         |           | <b>Education and Personal</b>   |  |                 |              |                |                 |              |                |                 |              |
| 24      | ELS       | 14 to 19 year olds  | 5,270  | -1,650          | 3,620        | 3,392          | -1,701          | 1,691        | -1,878         | -51             | -1,929       |
| 25      | ELS       | Attendance & Behaviour  | 19,723   | -18,909         | 814          | 20,658         | -19,294         | 1,364        | 935            | -385            | 550          |
| 26      | SCS       | Children's Centres  | 17,630   | 0               | 17,630       | 18,105         | -115            | 17,990       | 475            | -115            | 360          |
| 27      | ELS       | Connexions  | 6,787  | 0               | 6,787        | 6,787          | 0               | 6,787        | 0              | 0               | 0            |
| 28      | SCS & ELS | Early Years and Childcare   | 9,465  | -5,335          | 4,130        | 9,116          | -5,475          | 3,641        | -349           | -140            | -489         |
| 29      | SCS       | Early Years Education   | 42,276   | -40,500         | 1,776        | 42,276         | -40,500         | 1,776        | 0              | 0               | 0            |
| 30      | ELS       | Education Psychology Service  | 2,915  | -13             | 2,902        | 2,775          | -530            | 2,245        | -140           | -517            | -657         |
| 31      | ELS       | Free School Meals   | 1,288  | -1,288          | 0            | 1,288          | -1,288          | 0            | 0              | 0               | 0            |
| 32      | ELS       | Individual Learner Support (incl. Minority Communities Achievement and Partnership with Parents services) | 10,378   | -9,182          | 1,196        | 8,818          | -7,835          | 983          | -1,560         | 1,347           | -213         |
| 33      | ELS       | Statemented Pupils  | 7,618  | -7,618          | 0            | 7,305          | -7,305          | 0            | -313           | 313             | 0            |
| 34      | SCS       | Virtual School Kent   | 2,641  | -704            | 1,937        | 2,697          | -710            | 1,987        | 56             | -6              | 50           |
| 35      | C&C       | Youth Service   | 8,663  | -2,154          | 6,509        | 8,663          | -2,154          | 6,509        | 0              | 0               | 0            |
| 36      | C&C       | Youth Offending Service   | 5,581  | -2,410          | 3,171        | 5,363          | -2,373          | 2,990        | -218           | 37              | -181         |
|         |           |   |  |                 |              |                |                 |              |                |                 |              |
|         |           | <b>Social Services</b>  |  |                 |              |                |                 |              |                |                 |              |



**Appendix B - 2012/13 Forecast Outturn (half year position) in A to Z Service Analysis format  
(incl. budgets delegated to schools)**

**WHAT IS THE MONEY SPENT ON?**

| Row Ref | Portfolio          | Service  | 2012/13 Forecast Outturn (half year monitoring position) |                 |              |                |                 |              |                |                 |              |
|---------|--------------------|--|--|-----------------|--------------|----------------|-----------------|--------------|----------------|-----------------|--------------|
|         |                    |  | Cash Limit   |                 |              | Forecast       |                 |              | Variance       |                 |              |
|         |                    |  | Gross<br>£000s   | Income<br>£000s | Net<br>£000s | Gross<br>£000s | Income<br>£000s | Net<br>£000s | Gross<br>£000s | Income<br>£000s | Net<br>£000s |
| 37      | SCS                | Adoption   | 8,321  | -49             | 8,272        | 8,753          | -49             | 8,704        | 432            | 0               | 432          |
| 38      | SCS                | Asylum Seekers   | 14,901   | -14,621         | 280          | 15,024         | -11,744         | 3,280        | 123            | 2,877           | 3,000        |
| 39      | SCS                | Children's Support Services                              | 2,480  | -1,043          | 1,437        | 2,587          | -988            | 1,599        | 107            | 55              | 162          |
| 40      | SCS                | Fostering  | 34,320   | -237            | 34,083       | 37,632         | -242            | 37,390       | 3,312          | -5              | 3,307        |
| 41      | SCS                | Leaving Care<br>(formerly 16+ service)                   | 5,127  | 0               | 5,127        | 5,049          | 0               | 5,049        | -78            | 0               | -78          |
| 42      | SCS                | Legal Charges  | 6,315  | 0               | 6,315        | 6,600          | 0               | 6,600        | 285            | 0               | 285          |
| 43      | SCS                | Preventative Children's Services                         | 19,537   | -4,370          | 15,167       | 18,030         | -4,370          | 13,660       | -1,507         | 0               | -1,507       |
| 44      | SCS                | Residential Children's Services                          | 13,750   | -2,144          | 11,606       | 16,057         | -2,182          | 13,875       | 2,307          | -38             | 2,269        |
| 45      | SCS                | Safeguarding   | 4,637  | -316            | 4,321        | 4,815          | -351            | 4,464        | 178            | -35             | 143          |
|         |                    | <b>Community Services</b>                                |  |                 |              |                |                 |              |                |                 |              |
| 46      | C&C                | Archive Service<br>(incl. Museum Development)            | 757  | -187            | 570          | 759            | -211            | 548          | 2              | -24             | -22          |
| 47      | C&C                | Arts Development<br>(incl. grant to Turner Contemporary) | 1,744  | -103            | 1,641        | 1,759          | -115            | 1,644        | 15             | -12             | 3            |
| 48      | C&C                | Big Society Fund   | 1,000  | 0               | 1,000        | 1,000          | 0               | 1,000        | 0              | 0               | 0            |
| 49      | C&C                | Community Learning Services                              | 15,002   | -15,355         | -353         | 14,965         | -15,318         | -353         | -37            | 37              | 0            |
| 50      | C&C                | Community Safety   | 1,203  | -226            | 977          | 1,193          | -227            | 966          | -10            | -1              | -11          |
| 51      | C&C                | Community Wardens  | 2,888  | 0               | 2,888        | 2,754          | 0               | 2,754        | -134           | 0               | -134         |
| 52      | C&C                | Contact Centre & Consumer Direct                         | 5,605  | -1,859          | 3,746        | 5,159          | -1,413          | 3,746        | -446           | 446             | 0            |
| 53      | C&C                | Gateways   | 2,754  | -635            | 2,119        | 2,591          | -596            | 1,995        | -163           | 39              | -124         |
| 54      | C&C                | Library Services   | 16,176   | -2,151          | 14,025       | 16,210         | -2,229          | 13,981       | 34             | -78             | -44          |
| 55      | ASC&PH &<br>BSP&HR | Public Health<br>(incl. Local Involvement Network)       | 864  | -117            | 747          | 880            | -133            | 747          | 16             | -16             | 0            |
| 56      | C&C                | Sports Development                                       | 2,603  | -1,620          | 983          | 2,566          | -1,624          | 942          | -37            | -4              | -41          |

**Appendix B - 2012/13 Forecast Outturn (half year position) in A to Z Service Analysis format  
(incl. budgets delegated to schools)**

**WHAT IS THE MONEY SPENT ON?**

| Row Ref | Portfolio | Service  | 2012/13 Forecast Outturn (half year monitoring position) |                 |              |                |                 |              |                |                 |              |
|---------|-----------|--|--|-----------------|--------------|----------------|-----------------|--------------|----------------|-----------------|--------------|
|         |           |  | Cash Limit   |                 |              | Forecast       |                 |              | Variance       |                 |              |
|         |           |  | Gross<br>£000s   | Income<br>£000s | Net<br>£000s | Gross<br>£000s | Income<br>£000s | Net<br>£000s | Gross<br>£000s | Income<br>£000s | Net<br>£000s |
| 57      | C&C       | Supporting Independence & Employment               | 1,371  | -484            | 887          | 1,143          | -422            | 721          | -228           | 62              | -166         |
|         |           | <b>Environment</b>                                 |  |                 |              |                |                 |              |                |                 |              |
| 58      | C&C       | Country Parks                                      | 1,504  | -932            | 572          | 1,495          | -923            | 572          | -9             | 9               | 0            |
| 59      | C&C       | Countryside Access<br>(incl. Public Rights of Way) | 2,884  | -1,023          | 1,861        | 2,884          | -1,023          | 1,861        | 0              | 0               | 0            |
| 60      | EH&W      | Environmental Management                           | 4,142  | -1,526          | 2,616        | 4,142          | -1,526          | 2,616        | 0              | 0               | 0            |
| Page 11 |           | <b>Highways</b>                                    |  |                 |              |                |                 |              |                |                 |              |
|         |           | <b>Highways Maintenance</b>                        |  |                 |              |                |                 |              |                |                 |              |
| 61      | EH&W      | Adverse Weather                                    | 3,238  | 0               | 3,238        | 3,234          | 0               | 3,234        | -4             | 0               | -4           |
| 62      | EH&W      | Bridges and other structures                       | 2,685  | -239            | 2,446        | 2,632          | -186            | 2,446        | -53            | 53              | 0            |
| 63      | EH&W      | General maintenance and emergency response         | 13,231   | -487            | 12,744       | 13,493         | -487            | 13,006       | 262            | 0               | 262          |
| 64      | EH&W      | Highways drainage                                  | 3,244  | -82             | 3,162        | 3,944          | -82             | 3,862        | 700            | 0               | 700          |
| 65      | EH&W      | Streetlight maintenance                            | 3,974  | -167            | 3,807        | 3,964          | -157            | 3,807        | -10            | 10              | 0            |
|         |           | <b>Highways Safety and Management</b>              |  |                 |              |                |                 |              |                |                 |              |
| 66      | EH&W      | Development Planning                               | 2,135  | -1,283          | 852          | 2,092          | -1,283          | 809          | -43            | 0               | -43          |
| 67      | EH&W      | Highway improvements                               | 7,718  | -50             | 7,668        | 7,530          | -48             | 7,482        | -188           | 2               | -186         |
| 68      | EH&W      | Road safety  | 3,264  | -2,234          | 1,030        | 3,462          | -2,514          | 948          | 198            | -280            | -82          |
| 69      | EH&W      | Streetlight energy                                 | 5,845  | 0               | 5,845        | 5,305          | 0               | 5,305        | -540           | 0               | -540         |
| 70      | EH&W      | Traffic management                                 | 5,543  | -2,622          | 2,921        | 5,404          | -3,154          | 2,250        | -139           | -532            | -671         |
| 71      | EH&W      | Tree maintenance, grass cutting and weed control   | 3,331  | -78             | 3,253        | 3,961          | -90             | 3,871        | 630            | -12             | 618          |
|         |           | <b>Local Democracy</b>                             |  |                 |              |                |                 |              |                |                 |              |
| 72      | C&C       | Community Engagement                               | 720  | 0               | 720          | 762            | 3               | 765          | 42             | 3               | 45           |
| 73      | C&C & D&P | Member Grants<br>(incl. Elections)                 | 2,539  | 0               | 2,539        | 2,539          | 0               | 2,539        | 0              | 0               | 0            |

**Appendix B - 2012/13 Forecast Outturn (half year position) in A to Z Service Analysis format  
(incl. budgets delegated to schools)**

**WHAT IS THE MONEY SPENT ON?**

| Row Ref | Portfolio | Service  | 2012/13 Forecast Outturn (half year monitoring position) |                 |              |                |                 |              |                |                 |              |
|---------|-----------|--|--|-----------------|--------------|----------------|-----------------|--------------|----------------|-----------------|--------------|
|         |           |  | Cash Limit   |                 |              | Forecast       |                 |              | Variance       |                 |              |
|         |           |  | Gross<br>£000s   | Income<br>£000s | Net<br>£000s | Gross<br>£000s | Income<br>£000s | Net<br>£000s | Gross<br>£000s | Income<br>£000s | Net<br>£000s |
|         |           | <b>Planning and Transport Strategy</b>         |  |                 |              |                |                 |              |                |                 |              |
| 74      | EH&W      | Planning & Transport Policy                    | 1,252  | -15             | 1,237        | 1,237          | -1              | 1,236        | -15            | 14              | -1           |
| 75      | EH&W      | Planning Applications                          | 1,128  | -550            | 578          | 1,006          | -428            | 578          | -122           | 122             | 0            |
|         |           | <b>Regeneration &amp; Economic Development</b> |  |                 |              |                |                 |              |                |                 |              |
| 76      | R&E       | Development staff and projects                 | 5,563  | -2,060          | 3,503        | 5,576          | -2,078          | 3,498        | 13             | -18             | -5           |
|         |           | <b>Regulatory Services</b>                     |  |                 |              |                |                 |              |                |                 |              |
| 77      | C&C       | Coroners                                       | 2,982  | -475            | 2,507        | 2,995          | -475            | 2,520        | 13             | 0               | 13           |
| 78      | C&C       | Emergency Planning                             | 852  | -199            | 653          | 789            | -207            | 582          | -63            | -8              | -71          |
| 79      | C&C       | Registration                                   | 2,743  | -3,135          | -392         | 2,571          | -3,135          | -564         | -172           | 0               | -172         |
| 80      | C&C       | Trading Standards                              | 4,053  | -735            | 3,318        | 3,852          | -737            | 3,115        | -201           | -2              | -203         |
|         |           | <b>Schools Budgets</b>                         |  |                 |              |                |                 |              |                |                 |              |
| 81      | ELS       | Independent Special School placements          | 12,324   | -12,324         | 0            | 12,034         | -12,034         | 0            | -290           | 290             | 0            |
| 82      | ELS       | PFI Schools Scheme                             | 23,810   | -23,810         | 0            | 23,810         | -23,810         | 0            | 0              | 0               | 0            |
| 83      | ELS       | Schools Delegated budgets                      | 746,533  | -746,533        | 0            | 748,819        | -746,533        | 2,286        | 2,286          | 0               | 2,286        |
|         |           | <b>Schools Services</b>                        |  |                 |              |                |                 |              |                |                 |              |
| 84      | ELS       | Meals  | 566  | -566            | 0            | 589            | -589            | 0            | 23             | -23             | 0            |
| 85      | ELS       | Non delegated staff costs                      | 2,692  | -2,589          | 103          | 2,135          | -2,018          | 117          | -557           | 571             | 14           |
| 86      | ELS       | Other Services                                 | 7,113  | -6,646          | 467          | 7,732          | -7,359          | 373          | 619            | -713            | -94          |
| 87      | ELS       | Redundancy costs                               | 1,232  | -1,232          | 0            | 1,232          | -1,232          | 0            | 0              | 0               | 0            |
| 88      | ELS       | School Improvement                             | 18,292   | -13,579         | 4,713        | 18,241         | -13,339         | 4,902        | -51            | 240             | 189          |
| 89      | ELS       | Special School and Hospital recoupment         | 1,660  | -2,460          | -800         | 1,716          | -3,172          | -1,456       | 56             | -712            | -656         |
| 90      | ELS       | Teachers Pension costs                         | 7,829  | -2,684          | 5,145        | 8,165          | -2,705          | 5,460        | 336            | -21             | 315          |
|         |           | <b>Transport Services</b>                      |  |                 |              |                |                 |              |                |                 |              |

**Appendix B - 2012/13 Forecast Outturn (half year position) in A to Z Service Analysis format  
(incl. budgets delegated to schools)**

**WHAT IS THE MONEY SPENT ON?**

| Row Ref     | Portfolio | Service   | 2012/13 Forecast Outturn (half year monitoring position) |                   |                |                  |                   |                |                |                 |              |
|-------------|-----------|---|--|-------------------|----------------|------------------|-------------------|----------------|----------------|-----------------|--------------|
|             |           |   | Cash Limit   |                   |                | Forecast         |                   |                | Variance       |                 |              |
|             |           |   | Gross<br>£000s   | Income<br>£000s   | Net<br>£000s   | Gross<br>£000s   | Income<br>£000s   | Net<br>£000s   | Gross<br>£000s | Income<br>£000s | Net<br>£000s |
| 91          | EH&W      | Concessionary Fares   | 16,307   | -27               | 16,280         | 16,102           | -27               | 16,075         | -205           | 0               | -205         |
| 92          | EH&W      | Freedom Pass  | 13,648   | -2,459            | 11,189         | 14,039           | -2,459            | 11,580         | 391            | 0               | 391          |
| 93          | ELS       | Home to College Transport                                       | 1,973  | -367              | 1,606          | 1,973            | -367              | 1,606          | 0              | 0               | 0            |
| 94          | ELS       | Home to School Transport<br>(Mainstream)                        | 13,600   | -584              | 13,016         | 13,600           | -584              | 13,016         | 0              | 0               | 0            |
| 95          | ELS       | Home to School Transport<br>(Special Educational Need)          | 17,272   | 0                 | 17,272         | 17,272           | 0                 | 17,272         | 0              | 0               | 0            |
| 96          | EH&W      | Subsidised Bus Routes   | 9,115  | -1,454            | 7,661          | 8,972            | -1,330            | 7,642          | -143           | 124             | -19          |
| 97          | EH&W      | Transport Planning  | 457  | -219              | 238            | 433              | -171              | 262            | -24            | 48              | 24           |
| Page<br>114 |           | <b>Waste Management</b>   |  |                   |                |                  |                   |                |                |                 |              |
|             |           | <i>Recycling and diversion from landfill</i>                    |  |                   |                |                  |                   |                |                |                 |              |
| 98          | EH&W      | Household Waste recycling<br>centres                            | 8,620  | -1,482            | 7,138          | 8,558            | -2,104            | 6,454          | -62            | -622            | -684         |
| 99          | EH&W      | Partnership & waste co-ordination                               | 722  | -168              | 554            | 679              | -154              | 525            | -43            | 14              | -29          |
| 100         | EH&W      | Payments to Waste Collection<br>Authorities (District Councils) | 5,473  | -102              | 5,371          | 5,011            | -102              | 4,909          | -462           | 0               | -462         |
| 101         | EH&W      | Recycling Contracts and<br>Composting                           | 10,516   | -601              | 9,915          | 10,952           | -643              | 10,309         | 436            | -42             | 394          |
|             |           | <b>Waste Disposal</b>   |  |                   |                |                  |                   |                |                |                 |              |
| 102         | EH&W      | Closed Landfill Sites &<br>Abandoned Vehicles                   | 764  | -180              | 584            | 764              | -180              | 584            | 0              | 0               | 0            |
| 103         | EH&W      | Disposal Contracts  | 29,297   | -156              | 29,141         | 26,941           | -156              | 26,785         | -2,356         | 0               | -2,356       |
| 104         | EH&W      | Haulage & Transfer Stations                                     | 8,575  | -75               | 8,500          | 8,382            | -75               | 8,307          | -193           | 0               | -193         |
| 105         | EH&W      | Landfill Tax  | 7,165  | 0                 | 7,165          | 8,537            | 0                 | 8,537          | 1,372          | 0               | 1,372        |
| 106         |           | <b>Total Direct Services to the Public</b>                      | <b>1,792,245</b>   | <b>-1,096,773</b> | <b>695,472</b> | <b>1,789,385</b> | <b>-1,091,592</b> | <b>697,793</b> | <b>-2,860</b>  | <b>5,181</b>    | <b>2,321</b> |

**Appendix B - 2012/13 Forecast Outturn (half year position) in A to Z Service Analysis format  
(incl. budgets delegated to schools)**

**WHAT IS THE MONEY SPENT ON?**

| Row Ref | Portfolio | Service  | 2012/13 Forecast Outturn (half year monitoring position) |                 |               |                |                 |               |                |                 |               |  |
|---------|-----------|--|--|-----------------|---------------|----------------|-----------------|---------------|----------------|-----------------|---------------|--|
|         |           |  | Cash Limit   |                 |               | Forecast       |                 |               | Variance       |                 |               |  |
|         |           |  | Gross<br>£000s   | Income<br>£000s | Net<br>£000s  | Gross<br>£000s | Income<br>£000s | Net<br>£000s  | Gross<br>£000s | Income<br>£000s | Net<br>£000s  |  |
|         |           | <b><u>Financing Items</u></b>                            |  |                 |               |                |                 |               |                |                 |               |  |
| 107     | D&P       | Audit Fees   | 464  | 0               | 464           | 314            | 0               | 314           | -150           | 0               | -150          |  |
| 108     | F&BS      | Carbon Reduction Commitment                              | 400  | 0               | 400           | 400            | 0               | 400           | 0              | 0               | 0             |  |
| 109     | EH&W      | Commercial Services (net contribution)                   | 0  | -7,761          | -7,761        | 0              | -6,541          | -6,541        | 0              | 1,220           | 1,220         |  |
| 110     | BSP&HR    | Contribution to IT Asset Maintenance Reserve             | 3,302  | 0               | 3,302         | 3,302          | 0               | 3,302         | 0              | 0               | 0             |  |
| 111     | F&BS      | Contribution to/from reserves                            | 9,962  | 0               | 9,962         | 10,811         | 0               | 10,811        | 849            | 0               | 849           |  |
| 112     | F&BS      | Insurance Fund   | 4,679  | 0               | 4,679         | 3,989          | 0               | 3,989         | -690           | 0               | -690          |  |
| 113     | F&BS      | Modernisation of the Council                             | 3,523  | 0               | 3,523         | 3,523          | 0               | 3,523         | 0              | 0               | 0             |  |
| 114     | F&BS      | Net Debt costs (incl. Investment Income)                 | 130,868  | -9,048          | 121,820       | 125,215        | -7,446          | 117,769       | -5,653         | 1,602           | -4,051        |  |
| 115     | F&BS      | Other  | 2,364  | -36             | 2,328         | 2,294          | -36             | 2,258         | -70            | 0               | -70           |  |
| 116     | F&BS      | Unallocated  | 3,048  | 0               | 3,048         | 1,828          | 0               | 1,828         | -1,220         | 0               | -1,220        |  |
| 117     | F&BS      | Underspend rolled forward from previous year             | -3,079   | 0               | -3,079        | -3,079         | 0               | -3,079        | 0              | 0               | 0             |  |
| 118     | F&BS      | Unringfenced Government Grants                           | 0  | -90,589         | -90,589       | 0              | -90,589         | -90,589       | 0              | 0               | 0             |  |
| 119     |           | <b>Total Financing Items</b>                             | <b>155,531</b>   | <b>-107,434</b> | <b>48,097</b> | <b>148,597</b> | <b>-104,612</b> | <b>43,985</b> | <b>-6,934</b>  | <b>2,822</b>    | <b>-4,112</b> |  |
|         |           | <b><u>Assessment Services</u></b>                        |  |                 |               |                |                 |               |                |                 |               |  |
| 120     | ASC&PH    | Adult's Social Care Staffing                             | 41,454   | -3,940          | 37,514        | 40,870         | -3,808          | 37,062        | -584           | 132             | -452          |  |
| 121     | SCS       | Children's Social Care Staffing                          | 39,172   | -819            | 38,353        | 39,099         | -802            | 38,297        | -73            | 17              | -56           |  |
| 122     | ELS       | Assessment of Children's Educational Needs               | 1,727  | -581            | 1,146         | 1,762          | -581            | 1,181         | 35             | 0               | 35            |  |
| 123     |           | <b>Total Assessment Services</b>                         | <b>82,353</b>  | <b>-5,340</b>   | <b>77,013</b> | <b>81,731</b>  | <b>-5,191</b>   | <b>76,540</b> | <b>-622</b>    | <b>149</b>      | <b>-473</b>   |  |
|         |           | <b><u>Management, Support Services and Overheads</u></b> |  |                 |               |                |                 |               |                |                 |               |  |
|         |           | Directorate Management and Support for:                  |  |                 |               |                |                 |               |                |                 |               |  |

**Appendix B - 2012/13 Forecast Outturn (half year position) in A to Z Service Analysis format  
(incl. budgets delegated to schools)**

**WHAT IS THE MONEY SPENT ON?**

| Row Ref | Portfolio    | Service   | 2012/13 Forecast Outturn (half year monitoring position) |                   |                |                  |                   |                |                |                 |               |
|---------|--------------|---|--|-------------------|----------------|------------------|-------------------|----------------|----------------|-----------------|---------------|
|         |              |   | Cash Limit   |                   |                | Forecast         |                   |                | Variance       |                 |               |
|         |              |   | Gross<br>£000s   | Income<br>£000s   | Net<br>£000s   | Gross<br>£000s   | Income<br>£000s   | Net<br>£000s   | Gross<br>£000s | Income<br>£000s | Net<br>£000s  |
| 124     | ELS          | Education, Learning and Skills (ELS)                    | 11,084   | -7,660            | 3,424          | 10,073           | -7,637            | 2,436          | -1,011         | 23              | -988          |
| 125     | SCS & ASC&PH | Families and Social Care (FSC)                          | 14,780   | -1,244            | 13,536         | 15,162           | -1,364            | 13,798         | 382            | -120            | 262           |
| 126     | EH&W         | Enterprise and Environment (E&E)                        | 8,149  | -408              | 7,741          | 7,948            | -487              | 7,461          | -201           | -79             | -280          |
| 127     | C&C          | Customer & Communities (C&C)                            | 9,805  | -3,975            | 5,830          | 9,767            | -3,976            | 5,791          | -38            | -1              | -39           |
| 128     | R&E, BSP&HR  | Business Strategy & Support (BSS)                       | 3,061  | -4,520            | -1,459         | 3,128            | -4,576            | -1,448         | 67             | -56             | 11            |
|         |              | Support to Frontline Services:                          |  |                   |                |                  |                   |                |                |                 |               |
| 129     | D&P & F&BS   | Finance and Procurement                                 | 19,797   | -7,503            | 12,294         | 19,442           | -7,526            | 11,916         | -355           | -23             | -378          |
| 130     | BSP&HR       | Human Resources   | 16,754   | -5,645            | 11,109         | 16,940           | -5,680            | 11,260         | 186            | -35             | 151           |
| 131     | BSP&HR       | Property and Infrastructure                             | 28,526   | -4,517            | 24,009         | 29,825           | -5,217            | 24,608         | 1,299          | -700            | 599           |
| 132     | BSP&HR       | Information, Communications and Technology (ICT)        | 32,815   | -13,966           | 18,849         | 35,915           | -16,752           | 19,163         | 3,100          | -2,786          | 314           |
| 133     | D&P & BSP&HR | Business Strategy                                       | 4,225  | -362              | 3,863          | 3,942            | -311              | 3,631          | -283           | 51              | -232          |
| 134     | BSP&HR       | Governance and Law                                      | 10,356   | -12,470           | -2,114         | 9,866            | -12,006           | -2,140         | -490           | 464             | -26           |
| 135     | D&P          | Democratic and Member Services                          | 3,902  | -3                | 3,899          | 3,977            | -74               | 3,903          | 75             | -71             | 4             |
| 136     |              | <b>Total Management, Support Services and Overheads</b> | <b>163,254</b>   | <b>-62,273</b>    | <b>100,981</b> | <b>165,985</b>   | <b>-65,606</b>    | <b>100,379</b> | <b>2,731</b>   | <b>-3,333</b>   | <b>-602</b>   |
| 137     |              | <b>TOTAL</b>  | <b>2,193,383</b>   | <b>-1,271,820</b> | <b>921,563</b> | <b>2,185,698</b> | <b>-1,267,001</b> | <b>918,697</b> | <b>-7,685</b>  | <b>4,819</b>    | <b>-2,866</b> |
| 138     |              | <b>TOTAL (excl Schools Budgets)</b>                     | <b>1,446,850</b>   | <b>-525,287</b>   | <b>921,563</b> | <b>1,436,879</b> | <b>-520,468</b>   | <b>916,411</b> | <b>-9,971</b>  | <b>4,819</b>    | <b>-5,152</b> |

The table above is shown in the 2012/13 A to Z format. Please note that section 5 is in 2013/14 A to Z format and therefore the two versions are not directly comparable



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draft for Cabinet

# medium term financial plan

2013/15





## **Leader's Foreword to Budget and Medium Term Financial Plan**

Setting next year's budget continues to pose a significant challenge. While the scale of savings we anticipated was initially not as great as previous years (we have known since Spending Review 2010 was announced that 2013/14 had lesser reductions for local government than other years), we have only been working with estimated figures until very late in the process (we had no provisional grant figures from Government until 19<sup>th</sup> December). We also had the added uncertainty of a major overhaul of the Local Government funding arrangements following the Local Government Finance Act 2012 (which did not receive Royal Assent until 31<sup>st</sup> October). This tight timescale has only added to the challenge.

In spite of these uncertainties we took the bold step of launching our budget proposals for consultation much earlier than previous years. This allowed for a longer consultation period (8 weeks) and longer for the Cabinet and Members to consider the feedback. Cabinet considered the feedback from Budget Consultation on 3<sup>rd</sup> December and its response is incorporated into the revised proposals outlined in this final draft Budget Book and Medium Term Financial Plan (MTFP). This approach was a significant step forward in improving our consultation and public engagement in helping to set the Council's spending priorities.

Since we launched the consultation the Government has introduced substantial changes to the grants being transferred into the new local authority funding arrangements. We did not know the details or impact of these changes until the provisional settlement was announced on 19<sup>th</sup> December. This has changed the equation from that included in our consultation and has necessitated further changes to the proposed budget. We have outlined in detail these changes in the revised draft Budget Book and MTFP and welcome any comments on these new proposals. Unfortunately time is now tight due to the late announcement of the provisional settlement and the revised proposals are open for comment until 31<sup>st</sup> January 2013.

The Chancellor of the Exchequer made his autumn statement on 5<sup>th</sup> December. This set out the latest key economic forecasts. These were gloomier than previous forecasts and it is now accepted that the impact of the recession in 2008 and 2009 was more severe than previously thought and recovery will take longer. Nonetheless, the Government has re-affirmed its commitment to eliminate the budget deficit and to restore the UK economy to be competitive in the global economy. As part of this the Chancellor announced a further 2% spending reduction for 2014/15 in addition to the reductions already announced in the 2010 Spending Review. He also forecast the need for similar levels of public spending reductions in 2015/16 and 2016/17 although we have no indication where these might be made until the next spending review. All this means we need to think very carefully about how we react to this challenge over the next few years as reductions of this magnitude over a sustained period are unprecedented.

In spite of the financial challenge our budget proposals for next year protect the services which are most valued by Kent residents and make a difference to their daily lives. In this vein we have been committed to not increasing Council Tax in 2013/14 throughout the development of our budget proposals in recognition of the pressure on many household budgets as a result of the recession and wages not keeping pace with inflation. We appreciate that many working age benefit recipients will be asked to pay a proportion of their Council Tax for the first time next year under the localisation of Council Tax support. However, we had to respond to the 10% reduction in funding for Council Tax support and we resolved that this cut should not be borne by other Council Tax payers or at the expense of KCC services.

The overall impact of grant reductions, freezing Council Tax and meeting additional spending demands means we need to find £94m next year to balance the books. This challenge gets increasingly more difficult but we will continue to drive out all that we can from efficiencies and the way that we do business so that we can protect front-line services.

We are proposing some of the savings next year through the transformation of adult's and children's social services. These savings are not only aimed at reducing the cost on the public purse of some of our most expensive services but also at achieving better outcomes for individuals. We are conscious that these proposals may concern some people and we will continue to work with those who provide and receive these services to ensure they understand what we are proposing and why we are doing it.

We remain committed to doing as much as we can to support the Kent economy so that Kent businesses and residents are best placed to benefit from economic recovery. In particular we want to maintain the capital investment programme as this provides vital local jobs. We also need to ensure that we have the right public assets to provide the services we need and we do not hold onto assets which could be better used for economic gain.

Finally, we must recognise that our staff are a most important resource and their dedication, responsiveness and willingness to change in difficult times is admirable. We need to continue to invest in our staff and their well being, and have a package of terms & conditions which enable us to recruit and retain the best individuals and rewards those who go the extra mile to achieve outstanding performance.

**Paul Carter**  
Leader of the Council

## KCC Medium Term Financial Plan

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## **KCC Medium Term Financial Plan**

# **SECTION 1**

## **Executive Summary**

## Executive Summary

### *National Context*

- 1.1 In our Foreword, we have referred to the fact that we are in one of the most challenging financial periods ever faced by local government. The situation is that local government and the wider public sector must realign itself to a new and permanent financial reality. KCC made £95 million savings in 2011/12, £79 million savings in 2012/13 and we need to save £94 million in 2013/14. It is likely we will have to make savings of a similar magnitude over the next 3 years as part of an unprecedented period of sustained reductions in public spending.
- 1.2 The Government has set out its aim to eliminate the budget deficit, although the Chancellor has now recognised this will not be achieved by the end of this Parliament. The weak economic recovery (with continued low rate of growth) and uncertainty in the eurozone plus the apparent reluctance of banks to lend to businesses present significant risks to the national recovery plan and local authority budgets.
- 1.3 The scale of the deficit reduction is also driving huge change across all public services, many of which also directly impact on local government. The welfare reform agenda, through the introduction of a localisation of the social fund, housing benefit and council tax benefit regime changes all directly affect local government, transferring additional responsibilities, financial pressures and financial risk to local authorities. Reform of the NHS through the shift to GP commissioning, whilst presenting an opportunity to deliver more integrated provision with social services, also presents a significant challenge as the entire NHS adjusts to its new structure.
- 1.4 Significant savings are expected throughout the spending review period and beyond. Local government's contribution is still expected to be substantial, while spending on health, schools and overseas development will be protected from further reductions, as in Spending Review (SR) 2010. The Chancellor's Autumn Statement announced a further reduction of 2% for local government in 2014/15, calculated as a reduction of £445m nationally, which added to previous announcements is likely to mean a reduction of £32.4m for KCC.
- 1.5 The cumulative effect is that local government is working within an increasingly uncertain and challenging public service landscape.



### **Local Context**

- 1.6 In 2013/14, investments will be made by KCC in a number of essential areas including promoting choice in schools, providing care to adults with “moderate” needs and beyond (unlike most other Councils, who use “critical” criteria), keeping the Freedom Pass, financing new facilities and in supporting economic growth. Demand across a range of services continues to increase, particularly in children’s and adult social care, at the time when grants from Central Government are being cut.
- 1.7 Through this Comprehensive Spending Review (CSR) period, KCC has delivered significant budget savings without having to make the significant cuts to services seen in some local authorities, through a focus on increased efficiency and a reshaping of the size and structure of the council. Our approach will be to continue to avoid direct cuts to services wherever possible, and instead deliver transformational change which continues to provide, and further improve, the quality of service delivery with the reduced monies now available.
- 1.8 KCC’s budget strategy over the next few years will therefore revolve around:
- **Prevention** - we will move away from expensive reactive service provision that responds once problems have already occurred, to investing in preventative models that not only deliver better outcomes, but are also more cost effective. A preventative approach with health, the voluntary sector, other Councils and the business community, will also allow us to better manage future demand on services, especially from a rapidly ageing population.
  - **Productivity** - we must deliver a step change in the productivity of our services and staff through greater integration around our key client groups and investing in our back office support systems and procedures to release resources to the front line.
  - **Procurement** – a key challenge will be to introduce the best business and service practice found across the private sector into KCC – with particular regard to improving how we procure goods and services, not just in regards to how we scale-up contracts, but also how we scale-down contracts to support localism and innovation.
  - **Partnership** – KCC does not operate in isolation and to deliver our budget strategy we must have effective partnerships so that prioritisation, productivity and prevention are driven not just within KCC but intelligently across all Kent public services. This will involve not only ensuring that there is a strong and shared partnership vision, but increasingly jointly commissioning and integrating services across public services.

- 1.9 The recent unannounced inspection from OfSTED shows that investment in recent years in response to the 2010 “poor” rating has made a significant impact on the quality of Children’s Services. Throughout the next year the emphasis will be on placing the service on a more sustainable financial footing. There will be a greater focus on preventative activity, whilst maintaining an improved level of service, and looking to reduce the number of Looked After Children/length of time they are in care.
- 1.10 KCC Adult Social Services (in line with many departments nationally) is experiencing a slowdown in demand pressures which goes against the underlying demographic trend of an ageing population. This is due to a number of factors including the benefits of early intervention and preventative programmes. This is a welcome development and we aim to create a more sustainable service through transformation, with greater emphasis on better procurement, increased prevention and improved partnership with the NHS to deliver better outcomes for Kent residents at lower cost.

### ***Treasury Strategy***

- 1.11 Treasury management remains a key strategic issue for the Council, not least because of low interest rates and limited investment opportunity. The latest Treasury Management Strategy is included in Section 5, subject to approval by the County Council at the same time as the 2013/14 Budget and 2013/15 MTFP.

### ***Risk Strategy***

- 1.12 Effective risk management will be essential in ensuring we can deal with the difficult times ahead. Improved links between risk management and the performance management, business planning and business intelligence functions within KCC continues to ensure risk management supports the delivery of organisational priorities and objectives. The Risk Strategy can be found at Section 6.

### ***Appendices***

- 1.13 The MTFP continues to include a number of appendices that cover key aspects of the Authority’s financial planning framework.

### **Council Tax**

- 1.14 In this Budget and MTFP for 2013/14 we have proposed a *third consecutive freeze on Council Tax*, meaning the KCC precept for a Band D property remains the same as in 2010/11, 2011/12 and 2012/13, at £1,047.78. Inflation since April 2010 has been nearly 12%.
- 1.15 The freeze is assisted by Government grant equivalent to 1% of Council Tax for the next two years. KCC recognises that by accepting this additional grant and freezing Council Tax, it creates additional pressure on future years' budgets. This is because the equivalent monies must be found from savings or new income into the base budget. While the Council remains committed to keeping Council Tax increases to an absolute minimum, at this stage an increase for 2014/15 cannot be ruled out. Neither can the possibility of refusing further one-off Council Tax grant for 2014/15, should it be offered.
- 1.16 Thousands of households will pay Council Tax for the first time in Kent, following changes in welfare rules. The actual charge households pay will depend upon levies from other authorities including District Councils, Police Authority, Fire and Rescue and where applicable Parish and Town Councils. We are anticipating a small increase in Council Tax receipts, due to continued growth in the number of Council Tax payers in the County.

### **Revenue Medium Term Financial Plan Format**

- 1.17 We have concentrated on 2013/14. Accordingly, the MTFP format comprises of three separate sections:

- a) A high level 2013/14 KCC budget summary.
- b) A more detailed 2013/14 budget summary.

This provides a summarised view for the whole council of all key additional spending demands and savings/ income, as it summarises common themes in individual Portfolio plans.

- c) The traditional Portfolio by Portfolio format, for one year only.

Each Portfolio plan provides the detail of all the new spending demands and savings/income for 2013/14.

### **Capital Budget and Format**

- 1.18 Our capital programme aims to strike a balance between ensuring that we meet our strategic priorities and vision whilst at the same time ensuring schemes represent value for money and maximise value from the authority's asset stock. In particular we want to aim for schemes which help reduce the authority's running costs through invest to save projects, support Kent residents and help with the economic regeneration within the county.
- 1.19 Capital plays an important role in delivering long term priorities as it can be targeted in creative and innovate ways. However capital is not unlimited or "free money" – our capital funding decisions can have significant revenue implications. Every £10m of prudential borrowing costs approximately £1m per annum in financing costs (revenue) for 25 years. This is in addition to any ongoing maintenance and running costs associated with the project itself. KCC has resolved that no more than 15% of the revenue budget will be spent in servicing debt related to the capital programme. A number of our capital schemes rely on grants from Government departments, in many cases e.g. schools basic need, we are still awaiting these grant announcements.
- 1.20 As with the revenue MTFP the most appropriate presentation remains in a Portfolio by Portfolio order. The format for showing the individual schemes within each Portfolio has been continued from last year – it now combines the three year plan (2013/16) and details the funding of each project over this period.
- 1.21 Within each Portfolio we have distinguished between spending on rolling programmes (such as enhancement and modernisation of assets); and spending on individual projects. For rolling programmes we are showing the planned spend for the three year period of the MTFP. For individual projects the entire project cost is shown.

### **Conclusion**

- 1.22 The Revenue and Capital MTFP set out in this document represents the culmination of nearly a year's work in developing how the Council can respond to the unique financial challenge of reduced Government Grants, a slow economic recovery and increased demand for council services whilst keeping Council Tax at the same level for the fourth year in a row.
- 1.23 If the economy continues to show a slow recovery the indicative position for 2014/15 and 2015/16 could get worse and we could face further additional spending demands and/or further reduced/frozen income necessitating greater savings.

## **KCC Medium Term Financial Plan**

# **SECTION 2**

## **National Financial and Economic Context**

## National Financial and Economic Context

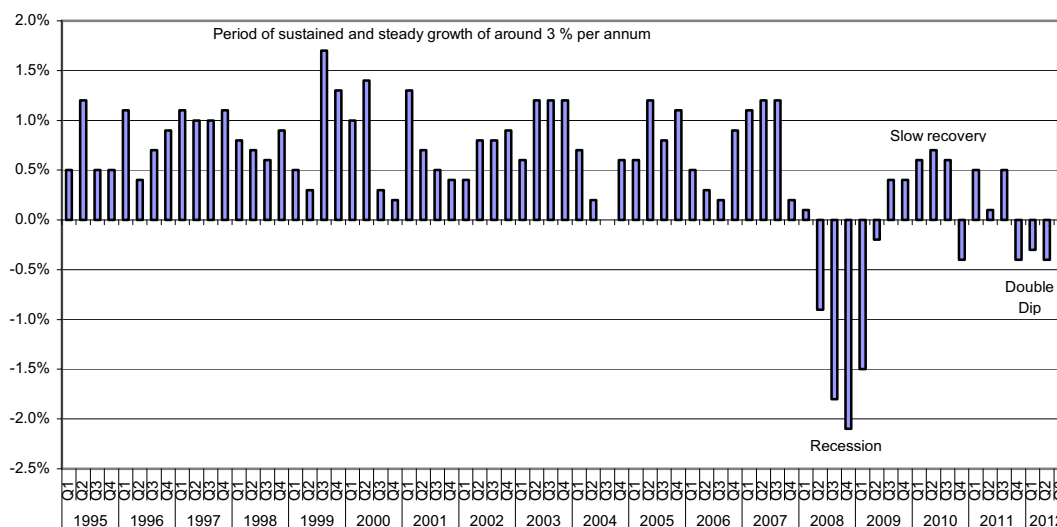
### Introduction

- 2.1 KCC's financial and service planning takes place within the context of the national economic and public expenditure plans. This part of the proposals explores that context and identifies the broad national assumptions within which the budget and MTFP have been framed.

### The Economy

- 2.2 The Government's economic strategy as set out in the June 2010 Budget remains committed to reducing the national budget deficit, restoring economic stability, equipping the UK to succeed in the global market and to rebalance the UK economy. In particular the Chancellor set targets in his first budget to eliminate the structural deficit and for debt as a percentage of GDP to be falling by 2015/16.
- 2.3 Since the original 2010 budget statement economic recovery has been slower than originally forecast with a knock-on consequence for tax receipts. As a result the original targets to eliminate the deficit and to reduce debt as a percentage of GDP are not likely to be met by 2015/16, although the deficit is reducing.
- 2.4 The Office for Budget Responsibility (OBR) has identified three reasons for the subdued and uneven recovery; the impact of the financial crisis on GDP and underlying productivity was greater than previously assumed; the euro area sovereign debt crisis and global uncertainty have damaged confidence and reduced external demand; commodity driven price inflation in 2011 has reduced real incomes and increased business costs.
- 2.5 The UK economy returned 1% growth in the third quarter of 2012 after three successive quarters when the economy was in recession (so called double dip). Chart 1 below shows UK output (Gross Domestic Product – GDP) since 1995. Economic growth is essential to the Government's fiscal strategy which relies on increasing the tax yield as much as public spending reductions in order to eliminate the budget deficit.

Chart 1



- 2.6 The government has set a target of 2% for the underlying rate of inflation as measured by the Consumer Price Index (CPI). The annual rate of inflation has been running more than this throughout 2012 but the annual rate of price increases has been substantially less than the preceding year.
- 2.7 CPI in the year to September 2012 showed an increase of 2.2% (down 0.3% on August), RPI was 2.6% (down 0.3% on August). The September indices are important as they are usually used to uplift a number of benefits, tax credits and pensions for the forthcoming year. The uplifting of benefits is important to the County Council as it links to the charges we make for social care, although for pensioners the increase will be the minimum 2.5% under the “triple lock” arrangements.
- 2.8 The October indices showed a comparative increase (CPI 2.7% and RPI 3.2%). More than half of this was attributed to the impact of increased university tuition fees. November indices show no change in CPI and a small reduction in RPI to 3% with increases in food and energy offset by reductions in petrol. The longer term forecast is for inflation to continue to decline but it is not estimated to reach the Government’s target until 2015.
- 2.9 Unemployment peaked at the end of 2011 at 2.7m (the highest level for 17 years). Since then unemployment has started to decline and the latest statistics (quarter to October 2012) show that the number unemployed stood at 2.51m (7.8%). Within this, levels of youth unemployment remain significantly higher. The number of people in work in the quarter to October 2012 increased slightly to 29.6m (71.2%), within this private sector employment represents 23.9m (a record level) and public sector 5.7m (lowest level since 2002).

- 2.10 The latest release from the Office for National Statistics shows average earnings rising by 1.7% (excluding bonuses), well below the rate of inflation. This provides further evidence that households continue to be significantly worse off than before the financial crisis.

### The Autumn Budget Statement

- 2.11 The Chancellor of the Exchequer made his Autumn Statement on 5<sup>th</sup> December 2012. The statement usually affords the opportunity for the Chancellor to launch the latest economic forecasts and recommendations from the independent Office for Budget Responsibility (OBR). However, this year's statement had more of a mini budget feel about it as not only did the Chancellor respond to the economic forecasts, but he also took the opportunity to announce further tax and benefit changes and public spending reductions.
- 2.12 The Chancellor announced that the Government is now unlikely to meet its' targets to eliminate the budget deficit and reduce debt as proportion of national income by 2015/16. He indicated that austerity would have to carry on longer than had originally planned (into 2017/18) to meet revised target dates. Table 1 below sets out the original targets on debt, growth and inflation set out in the 2010 budget and the latest estimates in the 2012 Autumn Statement.

| Table 1                        | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
|--------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| <b>Budget Deficit (£bn)</b>    |         |         |         |         |         |         |         |         |         |
| June 2010 Budget               | 154.7   | 149.1   | 116     | 89      | 60      | 37      | 20      |         |         |
| March 2012 Budget              |         | 136.8   | 126     | 120     | 98      | 75      | 52      | 21      |         |
| December 2012 AS forecast      |         |         | 121.4   | 108     | 99      | 88      | 73      | 49      | 31      |
|                                |         |         |         |         |         |         |         |         |         |
| <b>Debt as % of GDP</b>        |         |         |         |         |         |         |         |         |         |
| June 2010 Budget               |         | 61.9    | 67.2    | 69.8    | 70.3    | 69.4    | 67.4    |         |         |
| March 2012 Budget              |         | 60.5    | 67.3    | 71.9    | 75      | 76.3    | 76      | 74.3    |         |
| December 2012 AS forecast      |         | 60.4    | 66.4    | 74.7    | 76.8    | 79      | 79.9    | 79.2    | 77.3    |
| (excl Asset Purchase Facility) |         |         |         | 75.4    | 79.5    | 82.2    | 83.6    | 83.2    | 81.4    |
|                                |         |         |         |         |         |         |         |         |         |
|                                | 2009    | 2010    | 2011    | 2012    | 2013    | 2014    | 2015    | 2016    | 2017    |
| <b>Economic Growth % (GDP)</b> |         |         |         |         |         |         |         |         |         |
| June 2010 Budget               | -4.9    | 1.2     | 2.3     | 2.8     | 2.9     | 2.7     | 2.7     |         |         |
| March 2012 Budget              |         |         | 0.8     | 0.8     | 2.0     | 2.7     | 3.0     | 3.0     |         |
| October 2012 ONS data          | -4.0    | 1.8     | 0.9     |         |         |         |         |         |         |
| December 2012 AS forecast      |         |         | 0.9     | -0.1    | 1.2     | 2.0     | 2.3     | 2.7     | 2.8     |
|                                |         |         |         |         |         |         |         |         |         |
| <b>Inflation % (CPI)</b>       |         |         |         |         |         |         |         |         |         |
| June 2010 Budget               | 2.1     | 2.7     | 2.4     | 1.9     | 2.0     | 2.0     | 2.0     |         |         |
| March 2012 Budget              |         |         | 4.6     | 2.3     | 1.9     | 2.0     | 2.0     | 2.0     |         |
| October 2012 ONS data          | 2.2     | 3.3     | 4.5     |         |         |         |         |         |         |
| December 2012 AS forecast      |         |         | 4.5     | 2.8     | 2.5     | 2.2     | 2.0     | 2.0     | 2.0     |



- 2.13 Table 1 clearly demonstrates the uneven recovery referred to above with growth better than originally anticipated in 2010 but lower in 2011 and 2012, and the recovery taking longer. The table also shows the deficit reducing but not as fast as originally estimated in 2010, with the deficit not being cleared and debt as a proportion of income not falling until a year later than the revised predictions included in the March 2012 budget. In The Autumn Statement the Chancellor quoted debt figures both including and excluding the excess cash held by the Bank of England under the Asset Purchase Facility.
- 2.14 The Chancellor announced a further round of public spending reductions within the current spending review period (up to 2014/15). A further 1% reduction in 2013/4 will deliver an additional £980m, and an extra 2% in 2014/15 will deliver £2.4bn. Health and schools continue to be protected from reductions and Her Majesty's Revenue and Customs will also be exempt. Local Government will be exempt from additional cuts in 2013/14, but faces a further £445m reduction in 2014/15 (in addition to reductions already announced in the Spending Review).
- 2.15 The additional spending reductions together with savings on welfare spending (and reduced amount for overseas aid to meet the target of 0.7% of Gross National Income) will deliver a total of £6.6bn. The majority will be used to pay for an additional £5.5bn of capital spending announced for the remainder of the current Spending Review period. This spending includes £1.3bn on roads and transport, £1.5bn on housing and local infrastructure, £0.5bn on regional growth and business, £0.9bn on science and innovation, and £1.2bn on schools.
- 2.16 The Chancellor also announced that he anticipates that spending in 2015/16 and 2016/17 will need to reduce at similar levels to reductions in the current Spending Review period in order to meet the revised deficit targets. He also revealed that he intends to devolve more of the economic growth related investment to local areas from April 2015.
- 2.17 Unlike previous years the Autumn Statement included some important changes to tax and benefits (such changes are normally confined to the annual budget statement in March). In relation to tax the Chancellor increased the basic personal allowance by over 2.5% from April 2013 (upper thresholds will only be increased by 1% in 2014/15 and 2015/16); cancelled the planned rise in fuel duty from 1<sup>st</sup> January; reduced the rate of Corporation Tax from 24% to 23% from April 2013 and from April 2014 to 21%; and increased the annual investment allowance for small to medium sized business from £25k to £250k for two years from January 2013.

- 2.18 On benefits the Chancellor confirmed that the triple lock would continue to apply to state pensions, meaning an increase of 2.5% in April 2013. Most other working age benefits would only be uprated by 1% per annum for 3 years from April 2013, as would Child Tax Credit and Working Tax Credit (other than those elements already frozen). Child Benefit will be uprated by 1% per annum for two years from April 2014. Disability/ carer benefits and tax credits will be uprated in line with prices. Housing benefit increases will be capped to 1% in most areas in 2014/15 and 2015/16.
- 2.19 The overall package within the Autumn Statement is aimed to support/stimulate economic growth and to reward employment and investment.

### **KCC's assessment of the economic position**

- 2.20 The general state of the economy is an important factor in setting the County Council's budget and MTFP. The previous budget and MTFP recognised that the economy had emerged from recession in 2008 and 2009, but that recovery was slower than forecast and economic activity had not yet returned to the pre 2008 levels. The budget and MTFP reflected that the Council was less optimistic of a sustained recovery and identified the risk of further spending reductions.
- 2.21 The County Council recognises that household budgets are stretched in these difficult times and that income levels have not kept pace with inflation. The cabinet proposed in its budget consultation launched in September 2012 that the County Council's element of Council Tax should be frozen for a third successive year (this was before the Government announced the availability of a further grant to support a freeze equivalent to 1% on Council Tax).
- 2.22 In proposing the freeze Cabinet Members recognised that despite the challenge the Council faces to respond to additional spending demands at the same time as Government funding is reducing, we could not ask residents to pay more Council Tax and add to the burdens on already stretched household budgets. Cabinet Members welcomed the feedback from consultation supporting this stance, even if it meant greater spending reductions than would otherwise be needed.

- 2.23 Levels of inflation continue to be a major concern for the Council. Recent reductions in fuel prices and the cancelling of the fuel duty levy will reduce pressures on transport budgets, however, inflationary pressures on energy and foodstuffs continue to add to the Council's spending demands. Whilst the Council will continue to find innovative ways to save on energy budgets to offset inflationary pressures, we are wary of the impact on a number of other council services, particularly external contracts. The main element of these contracts relate to levels of pay rather than commodity prices, and while the Council embraces the Government's policy of pay restraint in the public sector, we cannot be immune to the impact of general inflation on our own staff or staff employed by contractors.
- 2.24 Generally unemployment in the county is below the national average (3.2% according to latest ONS release), although there are pockets where unemployment is at or above the national average. The Council is also concerned about high levels of youth unemployment and through our "Kent Jobs for Kent Young People" programme we will continue to look to generate training and employment opportunities in the county.
- 2.25 The Council is concerned about the impact of welfare benefit restrictions and changes. We have worked closely with district councils to promote early debate and resolution of the transfer of Council Tax support to local schemes. In particular we welcome the Government's offer to limit Council Tax benefit reductions for working age recipients in 2013/14 to 8.5% and have encouraged districts to take-up the grant even though it doesn't fully compensate for the overall 10% reduction in funding for Council Tax benefit. We are also working with district councils to find the best ways to increase Council Tax collection without having to increase the basic rates of Council Tax for bands A to H.
- 2.26 The County Council has also embraced the additional responsibility from localising the Social Fund to help the most vulnerable who need short term or emergency support. We have developed the local scheme so that we can target resources to those in the most need and they get the right support they need (with cash payments only available as a last resort).

- 2.27 Overall the Council recognises the need to tackle the budget deficit and the imperative for reductions in public spending. Nonetheless, we need to manage these through genuine efficiency savings and by transforming the way we provide essential front-line services so that they are available when people most need them and we deliver better outcomes and improved life opportunities for individuals. As part of the budget proposals we will continue to use the Council's cash reserves in order to protect front-line services, although we have to recognise these reserves are not inexhaustible (and can only be used once). This means we will need to take further action in future years either through increased tax yields (on the back of economic recovery delivering more Council Tax and business rate tax payers) or further spending reductions.
- 2.28 The Council will continue to put a high priority on stimulating economic growth in the County so that Kent residents and employers are in a position to derive maximum benefit from economic recovery.

### Local Government Expenditure

- 2.29 The outcome of the SR2010 was published on 20th October 2010. This set out the total departmental spending plans for 2011/12 to 2014/15. The SR2010 announcement for the Department for Communities and Local Government (CLG) showed some of the largest reductions for any government department, and that reductions in Formula Grant for local authorities would be front loaded with the biggest reductions in 2011/12. Table 2 below shows the spending review totals (note the 2010/11 baseline has been adjusted for the Area Based and Specific Grants transferring into the formula in 2011/12).

| Table 2   | 2010/11<br>Baseline<br>£bn | 2011/12<br>£bn | 2012/13<br>£bn | 2013/14<br>£bn | 2014/15<br>£bn |
|---|----------------------------|----------------|----------------|----------------|----------------|
| <b>Original SR 2010</b>   |                            |                |                |                |                |
| CLG Total Resource  | 28.5                       | 26.1           | 24.4           | 24.2           | 22.9           |
| Formula Grant funding   | 28                         | 25             | 23.4           | 23.2           | 21.9           |
| <b>Revised CLG Total Resource following additional reductions (as at Dec 2012 but before EIG and LACSEG reductions)</b> |                            |                |                | 23.8           | 21.8           |

- 2.30 As already indicated the Chancellor has confirmed that there will be a further 2% reduction in spending total for local government in 2014/15, amounting to £445m which is reflected in table 2. The Chancellor's Autumn Budget Statement also confirmed a 1% pay cap for public sector pay in each of 2013/14 and 2014/15 and that the spending totals have been adjusted accordingly. The revised totals as a result of these reductions are shown in table 2.

- 2.31 The introduction of the new local government funding arrangements under the Local Government Finance Act 2012 will transfer additional funding from other government departments into CLG. This will include the Early Intervention Grant, Learning Disability and Health Reform Grant, and Council Tax Support Grant. This funding will be incorporated into revised CLG spending totals which are covered in the subsequent section on the new arrangements. While comparison with previous years is complicated, over the four year horizon we can say that Local Government will have seen a reduction in its main grants of 25%. The changes to Local Authority Central Spend Equivalent Grant (LACSEG) will transfer money out of CLG into Department for Education (DfE).
- 2.32 The Autumn Budget Statement confirmed there would be further reductions in 2015/16 and 2016/17. We will not have any details of departmental allocations until after the outcome of the forthcoming Spending Review 2014. However, the Government has already announced its intention that under the new local government funding arrangements local authority spending will be kept within the bounds of the spending review totals. The new business rates funding model is considered at more length later in this section of the report
- 2.33 In addition to Formula Grant the CLG resource also includes funding for the Council Tax Freeze Grant, The original 2011/12 Council Tax Freeze Grant is fixed for four years to compensate Councils for not increasing Council Tax between 2010/11 and 2011/12 and has now been incorporated into the baseline for the new local government funding arrangements. The freeze grant for 2012/13 was one-off funding and the new grant to support a further freeze for 2013/14 is anticipated to be paid as a separate grant in 2013/14 and 2014/15.
- 2.34 Of the additional capital funding announced in the Autumn Statement we have so far only been notified of the local authority share of the additional £333m for essential highways maintenance. KCC's allocation is £4.075m in 2013/14 and £2.198m in 2014/15. These amounts have been included in the capital programme.

### **Local Government Finance Settlement and New Funding Arrangements**

- 2.35 The provisional Local Government Finance settlement for 2013/14 was announced on 19<sup>th</sup> December 2012. This provides details of the grant allocations for individual authorities. This announcement was 2 weeks later than last year and nearly a month later than we have generally been accustomed to. The late announcement, coupled with the significant changes as a result of the new funding arrangements has made analysis and comparison very complicated. The late announcement has also delayed publication of the County Council's

draft Budget Book and MTFP, leaving only a short period for comment prior to agreement by County Council on 14<sup>th</sup> February.

- 2.36 For simplicity we have excluded the amounts for police authorities and single purpose fire authorities from the subsequent analysis and focussed on the amounts allocated to local government authorities in two tier areas, London boroughs, metropolitan districts and unitary areas. This means the tables in this analysis do not equal the total CLG resources included in public spending totals.
- 2.37 The national provisional allocations of the equivalent of Formula Grant for 2013/14 are set out in Table 3 below together with like for like comparison to 2012/13.
- 2.38 Table 3 shows the overall reduction in the equivalent of Formula Grant of just under £550m. This reduction includes the transfer of funding into New Homes Bonus as well as the planned reduction in Local Government funding for 2013/14 announced in the SR 2010 (including the additional reduction following the announcement on public sector pay) outlined in table 2 above. In addition to the overall reduction there have been some changes to the formula methodology which affects the distribution of Formula Grant between individual authorities.

| Table 3      | Council Tax Freeze (2011/12) £m | Tailored £m | Relative Needs £m | Relative Resources £m | Central £m | Damping £m | Top Up £m | Total £m | Change per Head of Population |
|--------------|---------------------------------|-------------|-------------------|-----------------------|------------|------------|-----------|----------|-------------------------------|
| 2012/13      |                                 |             |                   |                       |            |            |           |          |                               |
| Shires       | 216.0                           | 606.1       | 4,094.9           | -2,207.0              | 1,820.8    | -168.7     | 1.3       | 4,363.4  |                               |
| London       | 75.5                            | 445.9       | 3,279.3           | -1,089.0              | 976.6      | 266.5      | 0.0       | 3,954.8  |                               |
| Metropolitan | 103.7                           | 495.1       | 4,149.3           | -616.7                | 1,405.2    | -0.6       | 0.0       | 5,536.1  |                               |
| Unitary      | 123.2                           | 456.8       | 3,370.7           | -1,025.2              | 1,514.4    | -97.2      | 0.0       | 4,342.7  |                               |
| Districts    | 32.7                            | 0.0         | 464.1             | -313.1                | 956.2      | 0.0        | 0.0       | 1,139.9  |                               |
| Total        | 551.1                           | 2,003.9     | 15,358.4          | -5,251.1              | 6,673.3    | 0.0        | 1.3       | 19,336.9 |                               |
| 2013/14      |                                 |             |                   |                       |            |            |           |          |                               |
| Shires       | 216.0                           | 608.7       | 3,861.7           | -2,576.3              | 2,154.2    | -71.3      |           | 4,193.0  | £7.88                         |
| London       | 75.5                            | 430.9       | 3,229.1           | -1,196.7              | 1,164.6    | 181.9      |           | 3,885.4  | £8.21                         |
| Metropolitan | 103.7                           | 501.5       | 3,961.0           | -718.8                | 1,602.6    | -26.5      |           | 5,423.5  | £9.67                         |
| Unitary      | 123.2                           | 460.2       | 3,236.7           | -1,228.1              | 1,712.9    | -84.1      |           | 4,220.9  | £9.88                         |
| Districts    | 32.7                            | 0.0         | 531.2             | -452.0                | 952.9      | 0.0        |           | 1,064.7  | £3.47                         |
| Total        | 551.1                           | 2,001.3     | 14,819.7          | -6,171.9              | 7,587.3    | 0.0        |           | 18,787.5 | £10.16                        |

- 2.39 The calculation of the Formula remains a key component under the new Local Government funding arrangements through retained business rates. The “Start-Up Funding Assessment” for the new system comprises of Formula Grant plus transfers of other grants. Table 4 shows the calculation of the overall start-up assessment for the different classes of authority.

| Table 4      | Formula (incl. Council Tax Freeze 2011/12) £m | LACSEG £m | Council Tax Support £m | Early Intervention Grant £m | Homelessness Prevention £m | Lead Local Flood Authority £m | Learning Disability & Health Reform £m | Total Start-up for New System £m |
|--------------|---|-----------|------------------------|-----------------------------|----------------------------|-------------------------------|--|----------------------------------|
| Shires       | 4,193.0                                       | -402.9    | 920.9                  | 554.4                       | 0.0                        | 4.9                           | 560.7                                  | 5,831.0                          |
| London       | 3,885.4                                       | -160.2    | 524.2                  | 321.5                       | 35.8                       | 4.5                           | 223.5                                  | 4,834.7                          |
| Metropolitan | 5,423.5                                       | -239.8    | 807.1                  | 430.9                       | 8.2                        | 4.5                           | 319.2                                  | 6,753.7                          |
| Unitary      | 4,220.9                                       | -235.8    | 724.5                  | 401.6                       | 15.1                       | 7.0                           | 309.3                                  | 5,442.6                          |
| Districts    | 1,064.7                                       | 0.0       | 168.0                  | 0.0                         | 20.8                       | 0.0                           | 0.0                                    | 1,253.6                          |
| Total        | 18,787.5                                      | -1,038.7  | 3,144.8                | 1,708.4                     | 80.0                       | 20.9                          | 1,412.7                                | 24,115.5                         |

2.40 The Government has calculated an adjusted 2012/13 Start-up Assessment for comparison purposes. The 2012/13 adjusted amounts are shown in table 5 below. The Formula grant has been adjusted to add back the previous £265m LACSEG deduction. The Early Intervention Grant has been reduced by the £291m identified in the current grant to fund the 2 year old programme (to be transferred to DSG) and the £150m being held back by Department for Education in 2013/14 for future allocation. The other grants are largely unchanged.

| Table 5      | 2012/13 Adjusted Formula (incl Council tax Freeze) £m | 2012/13 Adjusted Council Tax Support £m | 2012/13 Adjusted EIG £m | Homelessness Protection £m | Lead Local Flood Authority £m | Learning Disability & Health Reform £m | 2012/13 Adjusted LACSEG £m | 2012/13 Adjusted Total £m |
|--------------|---|---|-------------------------|----------------------------|-------------------------------|--|----------------------------|---------------------------|
| Shires       | 4,459.2   | 922.3                                   | 611.5                   | 0.0                        | 4.9                           | 547.1                                  | -408.2                     | 6,136.8                   |
| London       | 4,000.0   | 525.1                                   | 360.0                   | 35.8                       | 4.5                           | 218.0                                  | -159.3                     | 4,984.1                   |
| Metropolitan | 5,598.1   | 808.3                                   | 494.4                   | 8.2                        | 4.5                           | 311.4                                  | -242.0                     | 6,983.0                   |
| Unitary      | 4,404.8   | 725.7                                   | 452.9                   | 15.1                       | 7.0                           | 301.8                                  | -237.7                     | 5,669.5                   |
| Districts    | 1,139.9   | 168.1                                   | 0.0                     | 20.8                       | 0.0                           | 0.0                                    | 0.0                        | 1,328.8                   |
| Total        | 19,601.9  | 3,149.5                                 | 1,918.9                 | 80.0                       | 20.9                          | 1,378.4                                | -1,047.2                   | 25,102.3                  |

2.41 We are concerned that comparison of the 2012/13 adjusted and 2013/14 start-up assessments does not reflect the reality faced by local authorities. In particular the pro rata adjustments for EIG and LACSEG to the 2012/13 funding takes no account of individual local decisions on the use of the existing un-ring-fenced grants which include this funding. This pro rata approach could seriously under state the impact for a number of authorities.

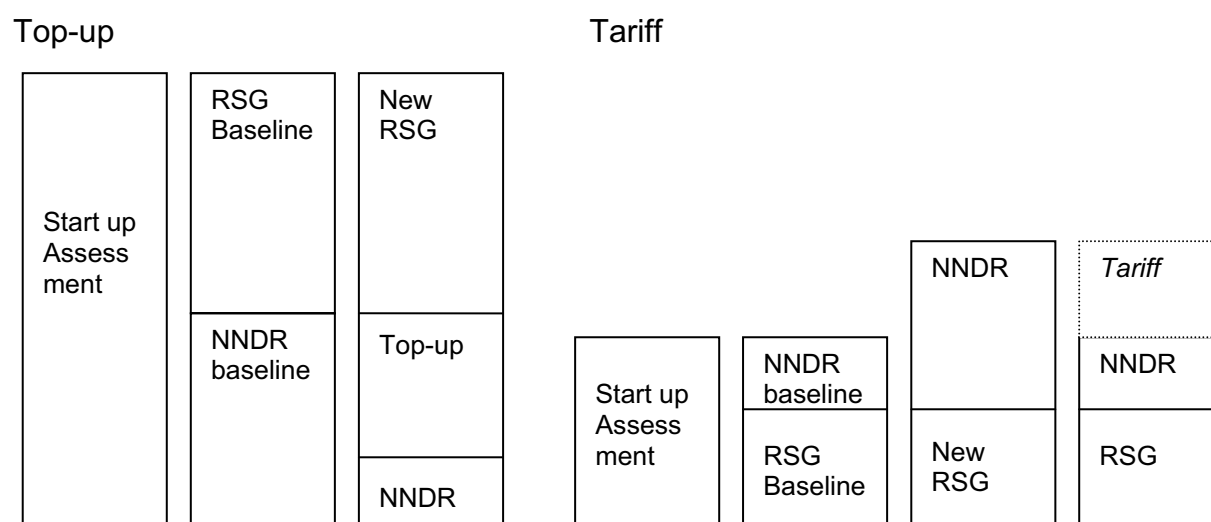
- 2.42 Putting aside the concern with the 2012/13 adjustments, comparison of tables 4 and 5 shows an 11% reduction between the adjusted EIG 2012/13 and the amount transferring into the new funding arrangements for 2013/14. This reduction had not been made explicit in previous funding announcements and the impact on KCC is explored in more depth in our revenue strategy in section 3. Looking forward it now transpires there is a further 6.4% reduction in EIG implicit within the 2014/15 provisional settlement. The overall reduction for Local Government in 2013/14 using the adjustment methodology is £990.8m (3.9%).
- 2.43 The 2013/14 start-up assessment (table 4) is split between the baselines for Revenue Support Grant (RSG) and Business Rates. 60.05% of the overall resources for local government in 2013/14 will be allocated as RSG (this comprises 50% of the overall business rate yield retained centrally and the remainder of original RSG in the overall SR2010 total for Local Government).
- 2.44 In future years the business rates proportion will increase due to the impact of the NNDR multiplier and the RSG proportion will fall (in order to keep overall resources within the spending review total). The provisional baseline figures for 2013/4 and indicative figures for 2014/15 are shown in table 6. Table 6 also shows the magnitude of overall reduction in local authority spending anticipated for 2014/15 of a further £2.182bn (9.05%).

| Table 6      | 2013/14              |                             |             | 2014/15              |                             |             |
|--------------|----------------------|-----------------------------|-------------|----------------------|-----------------------------|-------------|
|              | Business Rates<br>£m | Revenue Support Grant<br>£m | Total<br>£m | Business Rates<br>£m | Revenue Support Grant<br>£m | Total<br>£m |
| Shires       | 2,329.5              | 3,501.6                     | 5,831.0     | 2,400.9              | 2,980.7                     | 5,381.6     |
| London       | 1,931.4              | 2,903.2                     | 4,834.7     | 1,990.7              | 2,384.1                     | 4,374.8     |
| Metropolitan | 2,698.1              | 4,055.6                     | 6,753.7     | 2,780.8              | 3,350.9                     | 6,131.7     |
| Unitary      | 2,174.3              | 3,268.3                     | 5,442.6     | 2,241.0              | 2,710.1                     | 4,951.1     |
| Districts    | 500.8                | 752.8                       | 1,253.6     | 516.2                | 577.9                       | 1,094.0     |
| Total        | 9,634.1              | 14,481.4                    | 24,115.5    | 9,929.6              | 12,003.6                    | 21,933.2    |

- 2.45 The RSG baseline for each authority is the same 60.05% of each authority's start-up assessment (hence the Formula calculation is still a key component as this represents the majority of the start-up assessment although this will decline over time as the RSG proportion falls and authorities become more reliant on business rates levied locally).



2.46 The final element within the new arrangements is to compare the business rates anticipated in each area to the baseline. Authorities where the baseline is less than the anticipated NNDR yield will pay a tariff. Authorities where the anticipated yield is less will receive a top up. Initially this means every authority will be funded at the start-up level for 2013/14. In future years the tariffs and top-ups will be inflated in line with the NNDR multiplier. The graphic below illustrates how tariffs and top-ups will apply.



2.47 Table 7 shows the impact of the tariffs and top-ups in the 2013/14 provisional settlement and indicative inflated figures for 2014/15. As we anticipated the overall effect of the tariffs and top-ups preserves the existing redistribution of business rates into metropolitan areas and within London from inner to outer boroughs. Within shire areas the 80/20 split between lower tier and upper tier authorities means that all upper tier authorities receive significant top-ups and all lower tier pay significant tariffs. Overall the system preserves the existing redistribution of business rates from shire areas to urban areas.

| Table 7      | 2013/14<br>Effect of<br>Tariffs and<br>Top-ups<br>£m | 2014/15<br>Indicative<br>Effect of<br>Tariffs and<br>Top-ups<br>£m |
|--------------|--|--|
| Shires       | 1,664.4  | 1,715.4  |
| London       | 13.2   | 13.6   |
| Metropolitan | 783.8  | 807.8  |
| Unitary      | 13.8   | 14.2   |
| Districts    | -2,321.5   | -2,392.7   |

- 2.48 The tariffs and top-ups will be compared to the actual business rates collected to enable individual authorities to retain any excess growth (over and above anticipated levels) but also to bear the consequences of any decline. A system of levies will limit excessive business rate retention (these levies are proportionate and therefore do not apply to top-up authorities). The highest levy rates (maximum 50p in the £) will apply to those authorities with the highest proportionate tariffs (mainly shire districts and metropolitan authorities with disproportionately high business rates compared to population e.g. City of London, Trafford in Manchester, etc.). A safety net mechanism ensures that no authority can suffer more than a 7.5% reduction in business rate yield compared to their baseline from table 6.

### **Education Funding and Dedicated Schools Grant (DSG)**

- 2.49 The Dedicated Schools Grant (DSG) is funded 100% by government with no funding from local taxation (Council Tax or business rates). The grant is specific and has to be spent on schools (although local authorities are able to provide a top-up from Council Tax or other local sources).
- 2.50 There have been significant changes to how DSG will be determined in future. Previously the overall value of DSG has only been updated for changes in pupil numbers through the Guaranteed Unit of Funding (GUF). In the last two years GUF has been the same as the previous years. The DSG did not take account of any other changes in pupil characteristics e.g. relative age, levels of special need/deprivation.
- 2.51 Following extensive consultation the DSG will in future be calculated in three blocks; Schools, Early Years and High Needs. The Schools and Early Years block are both allocated on a per pupil basis. The amount per pupil is determined by splitting the 2012/13 DSG for each authority into the relevant blocks. For Schools and Early Years this is divided by the number of pupils used to allocate 2012/13 DSG to determine the amount per pupil. The same amounts per pupil are used to allocate 2013/14 provisional DSG (based on October 2012 schools census). This methodology means that each authority receives a different amount of DSG per pupil for these two blocks (based on historical allocations under the previous arrangement), and for 2013/14 receives the same per pupil as they would have received under the old GUF (albeit allocations now more accurately reflect changes in early years and school pupil numbers).

- 2.52 The calculation of the high needs block is based on the 2012/13 baseline (i.e. not adjusted for any changes in the number of high needs pupils or their needs). The baseline is set on an agreed number of high need places (based on local authority returns) and includes the removal of inter authority recoupment. There is also an adjustment relating to changes in 16+ high needs pupils not the responsibility of the Education Funding Agency (EFA) for the academic year starting August 2013.
- 2.53 The provisional DSG for 2013/14 includes additional funding for the expansion of the two year old programme (including the transfer from local authority EIG), transition funding following the end of floor protection for 3 year old funding and transfer of funding for induction of newly qualified teachers (NQTs). Finally, there is provision for a cash floor to protect any overall reduction due to falling pupil numbers to no more than 2% (although no authority qualifies for this floor in 2013/14 provisional allocations). The National Totals for DSG are set out in table 8 below.
- 2.54 Although the overall value of DSG has increased this is mainly due to the additional pupils within the Schools block, the transfer of responsibility for 16+ high needs students, the transfer of additional responsibilities for 2 year olds and NQT induction. Individual schools allocations are still governed by a minimum funding guarantee (MFG) of -1.5% per pupil which the Government has confirmed will apply in 2013/14 and 2014/15.

| Table 8                            | £m     | £m     | Total<br>£m | Per Pupil<br>£ |
|------------------------------------|--------|--------|-------------|----------------|
| 2012/13                            | 36,855 |        |             |                |
| 2012/13 Adjusted                   |        |        |             |                |
| Schools Block                      | 30,072 |        |             | 4,549.96       |
| Early Years Block                  | 2,100  |        |             | 4,282.41       |
| High needs Block                   | 4,841  |        |             | n/a            |
| 2013/14                            |        |        |             |                |
| Schools Block                      |        | 30,412 |             | 4,549.96       |
| Early Years Block                  |        | 2,100  |             | 4,282.41       |
| High Needs Block                   |        | 4,883  |             | n/a            |
| Adjusted Baseline                  | 4,841  |        |             |                |
| 16+ Adjustment                     | 42     |        |             |                |
| 2 Year Olds                        |        |        |             |                |
|                                    |        | 525    |             |                |
| Transition Funding for 3 Year Olds |        |        |             |                |
|                                    |        | 29     |             |                |
| NQT Induction                      |        |        |             |                |
|                                    |        | 10     |             |                |
| 2013/14 Total                      |        |        |             |                |
|                                    |        |        | 37,960      |                |

- 2.55 The local authority is responsible for determining the formula used to allocate funding to individual schools, although changes to the regulations have significantly restricted the scope for local variations. The MFG protects individual schools allocations from detrimental changes as a result of the more restrictive formula criteria. The formula is agreed by the local authority following consultation with schools and the Schools' Funding Forum.
- 2.56 A separate Pupil Premium was introduced in 2011/12. This grant is passed on in full to schools and for 2013/14 equates to £900 per child eligible for a free school meal or looked after by the authority, and £300 per child from armed service families. These represent an increase of £300 and £50 per child respectively and are in line with previous announcements.
- 2.57 As outlined in the Local Government Settlement responsibility for local authority central spend equivalent grant (LACSEG) has transferred to DfE. Current spending at a national level (adjusted for planned reductions in SR2010 spending totals) has been deducted from the baseline used for the new business rates arrangements. DfE will allocate a new Education Services Grant (ESG) to individual local authorities on a national per pupil basis to provide central services for maintained schools. The 2013/14 ESG for local authorities has been announced as £116 per pupil in maintained schools plus £15 per pupil in all schools to reflect statutory duties not transferring to academies although provisional allocations have not yet been released. Academies will also receive an ESG allocation of £150 per pupil in 2013/14 (reducing to £140 in 2014/15), some academies will also receive transitional protection to mitigate reductions against previous higher LACSEG allocations.

### **Other Government Grants and Funding**

- 2.58 The Government has confirmed that a further Council Tax Freeze Grant will be available in 2013/14 and 2014/15 for authorities which do not increase the basic band D Council Tax rate in 2013. Nationally this additional grant is worth £265m to local authorities in addition to the Local Government Settlement outlined above but is conditional on not increasing Council Tax. This equates to a 1% increase in Council Tax. The Government has also announced that the threshold for a referendum on Council Tax increases has been set at 2% for 2013/14.

- 2.59 The New Homes Bonus (NHB) Grant continues to be rolled out over the original 6 year period albeit through diverting funds that would otherwise have been in the Formula grant and therefore transferred into the new local government funding arrangements. The overall amount available for NHB will increase to £750m in 2013/14 (from £432m in 2012/13) and is planned to increase further to £1.05bn in 2014/15 with funds transferred from the Formula Grant element within the new business rates model.
- 2.60 The Public Health Grant allocations were not announced as part of the local government finance settlement and were only announced on 10<sup>th</sup> January. This was too late to include in this version of the draft Budget Book and MTFP. The £49.8m public health allocation for 2013/14 will be included in the final budget book for County Council.
- 2.61 The Department for Work and Pensions (DWP) Social Fund has transferred funding to upper tier authorities for the Social Fund to replace Community care Grant and Crisis Loans which it previously provided. This funding is allocated as un-ring-fenced grant and totals £3.5m for KCC, which includes £0.6m for administration.
- 2.62 Individual government departments will continue to provide local authorities with specific ring-fenced grants for particular purposes. These grants are announced separately from the main local government finance settlement.
- 2.63 There have been some significant changes to Council Tax under the Local Government Finance Act 2012. The changes relate to the localisation of Council Tax support and changes to Council Tax discounts and exemptions. The localisation of Council Tax support transfers over £3bn of spending from DWP to local government. Individual billing authorities are responsible for determining local schemes for Council Tax support. These schemes are subject to consultation with major precepting authorities as they will have the effect of reducing their tax base. Billing authorities were also given discretion to reduce/remove some council exemptions and discounts. The impact of these changes on KCC's tax base is set out in section 2 of the Budget Book.



## **KCC Medium Term Financial Plan**

# **SECTION 3**

## **Revenue Strategy**

## REVENUE STRATEGY

### *Introduction*

- 3.1 Revenue expenditure is what we spend on day to day services provided by the Council e.g. care for the elderly and vulnerable adults, ensuring access to high quality schools, libraries and running the road network. It includes the cost of salaries for staff employed by the Council, contracts for services procured by the Council, the costs of financing borrowing to support the capital programme and other goods and services consumed by the Council. Our revenue spending priorities are determined according to the Council's statutory responsibilities and local priorities as set out in the Council's medium term plan "Bold Steps for Kent".
- 3.2 Over the past 3 years we have had to make significant reductions in revenue spending in response to the national economic situation and the squeeze on public spending to tackle the budget deficit.
- 3.3 We began planning for this squeeze as far back as April 2010, when we started considering the implications of the predicted significant reductions in Government Grant combined with additional spending demands. As part of this early planning we predicted that the County Council would need to make budget savings/income generation of £340m over the 4 years for 2011/12 to 2014/15 in real terms (i.e. after allowing for the effects of additional spending pressures and reductions in government funding).
- 3.4 Evolving the strategy for 2013/14 and 2014/15 has proved extremely difficult due to the changes to local government funding as a result of the Local Government Finance Act 2012 and the lack of provisional grant allocations. The main features of these changes are:
- Introduction of new arrangements to replace the existing grant system with retained business rates
  - Transfer of responsibility for Council Tax support to local billing authorities
  - Additional freedoms and flexibilities over Council Tax discounts and exemptions
- 3.5 The uncertainty around these arrangements, particularly the introduction on the new local government funding arrangements (described in paragraphs 2.35 to 2.48) has created significant issues for the revenue strategy. In particular detailed consultation around key aspects, especially the transfer of Early Intervention Grant and changes to the funding for local authority central support functions (LACSEG) took place during the autumn, and we did not get the outcome until the provisional settlement was announced on 19<sup>th</sup> December.



- 3.6 The overall revenue strategy is based on the following key elements:
- Funding estimate
  - Spending demands
  - Savings and income requirements
  - Consultation and engagement

### **Funding Estimate**

- 3.7 The funding estimate is based on a forecast of the funding settlement using the best available information. This includes forecasting the impact of the overall reduction arising from SR2010, the impact of funding transfers and the impact of the new funding arrangements. The initial strategy included an assumption of freezing the rate of Council Tax for the third successive year (with no Government support) and changes to existing Council Tax benefit would be agreed by district councils to offset the impact of 10% reduction in funding. Freezing Council Tax for the third year was at the heart of the budget strategy.
- 3.8 Our initial estimates of the funding that would be available were included in the budget consultation launched in September, as per table 1.

| Table 1                                   | 2012/13<br>Budget<br>£'000s | 2013/14<br>Estimate<br>£'000s |
|---|-----------------------------|-------------------------------|
| <b>Council Tax</b>                        |                             |                               |
| Precept                                   | 577,914                     | 508,366                       |
| Collection Fund Balance                   | 2,239                       |                               |
|   |                             |                               |
| <b>Un-ring fenced grants</b>              |                             |                               |
| Formula Grant/new Business Rates model    | 303,446                     | 293,400                       |
| Council Tax Support Grant                 |                             | 69,146                        |
| Council Tax Freeze                        | 14,446                      |                               |
| New Homes Bonus                           | 2,839                       | 4,200                         |
| Other Grants                              | 3,437                       | 888                           |
|   |                             |                               |
| Early Intervention Grant                  | 54,883                      | 54,883                        |
| Learning Disability & Health Reform Grant | 35,627                      | 35,627                        |
|   |                             |                               |
| <b>Specific Grants</b>                    |                             |                               |
| Dedicated Schools Grant                   | 746,564                     | 708,141                       |
| Other Specific Grants                     | 35,372                      | 35,372                        |
|   |                             |                               |
| <b>Total</b>                              | <b>1,776,767</b>            | <b>1,710,023</b>              |
| Change (excluding DSG)                    |                             | -28,321                       |

- 3.9 The forecast Council Tax precept included an estimate of 0.3% growth in the overall tax base, an additional yield from increasing the collectable base through reviewing discounts and exemptions and the estimated reduction to the base through localisation of Council Tax support (including estimated impact on Council Tax collection rates).
- 3.10 The Formula Grant prediction was based on the SR2010 adjusted total for local government for 2013/14 referred to in paragraphs 2.29 and 2.30 in section 2. We made the assumption that this reduced grant figure (including the Council Tax Freeze element for 2011/12 which has previously been guaranteed) would form the baseline for the new business rates arrangements. We also planned for the removal of the 2012/13 Council Tax Freeze grant (this was provided as one-off funding only), increase in New Homes Bonus, removal/transfer of grants for extended free travel and community safety.
- 3.11 At the time we formulated the initial strategy we had no indicative figures for EIG or Learning Disability Grant. We made the assumption that the planned transfer of funding for the 2 year old programme to DSG would not have any detrimental impact on the remaining EIG. The DSG assumption was based on estimated increase in pupil numbers and impact of academy conversions.
- 3.12 During the summer and autumn the government launched a number of consultations on the 2013/14 funding arrangements. These included detailed consultation on the new business rates model and technical changes to the Formula, transfer of funding to support the expansion of free early years' places for two year olds, and changes to the deductions for local authority central services (LACSEG). The consultation did not include detailed financial models and the full impact of the outcome from these consultations only became clear when the provisional local government finance settlement was announced on 19<sup>th</sup> December. These have had a significant impact on the planned budget for 2013/14.
- 3.13 During October the government announced that a further grant would be available to support local authorities to freeze council tax for 2013/14. The grant would be equivalent to 1% increase in Council Tax and would be payable for both 2013/14 and 2014/15. At the same time the Government announced its intention to reduce the referendum threshold on Council Tax increases to 2%.
- 3.14 The government also announced in October the offer of a one-off transitional grant to limit Council Tax benefit reductions for working age recipients on full benefits to 8.5%. This grant would be paid in 2012/13 and thus will not feature as funding towards the 2013/14 budget even though the impact of lower benefit reductions would impact on the tax base for 2013/14.

- 3.15 We do not get final notification of Council Tax base for 2013/14 until 31<sup>st</sup> January. Provisional indications show the tax base is approx £1m higher than we anticipated for the consultation. This is principally due to a greater than 0.3% increase in the overall base although individual decisions from billing authorities on their local Council Tax support schemes and changes to discounts and exemptions have also had an impact. A reconciliation of all Council Tax changes between 2012/13 and 2013/14 is included in section 2 of the Budget Book.
- 3.16 It is vital to the revenue strategy the county council continues to foster good relationships with district councils to maximise the collectable Council Tax base and collection rates, to our mutual benefit. For its part the county council has committed to help district councils cover their additional costs in managing local Council Tax support schemes, and to underwrite the district council's share of Council Tax support in the local government settlement in the event that the number of claimants is more than assumed in the grant estimates. The county council is also committed to supporting districts in other ways to maximise the Council Tax yield whilst being consistent with the principle of freezing the headline Council Tax band rates.
- 3.17 Table 2 sets out the changes to the Formula Grant between 2012/13 and the provisional 2013/14 settlement. The provisional settlement is very similar to our original forecast in the consultation and overall the technical changes have had very little difference on KCC's share of the overall national resources outlined in tables 2 to 5 in section 2.

| Table 2  | 2012/13<br>Budget<br>£000s | 2012/13<br>Adjusted<br>£000s | 2013/14<br>Prov.<br>£000s |
|--|----------------------------|------------------------------|---------------------------|
| Formula  |                            |                              |                           |
| Council Tax Freeze                                       | 14,342                     | 14,342                       | 14,342                    |
| Tailored   | 44,966                     | 295,714                      | 44,677                    |
| Relative Need  | 313,015                    |                              | 297,231                   |
| Relative Resource  | -161,381                   |                              | -180,083                  |
| Central  | 114,435                    |                              | 140,259                   |
| Damping  | -22,058                    |                              | -23,199                   |
| Top Up   | 127                        |                              | 0                         |
| Total  | 303,447                    | 310,056                      | 293,227                   |
| Share of Shire Total<br>(from Section 2 tables 3 & 5)    | 7.0%                       | 7.0%                         | 7.0%                      |
| Share of National Total<br>(from Section 2 tables 3 & 5) | 1.6%                       | 1.6%                         | 1.6%                      |

- 3.18 Table 3 sets out the changes in the other grants for KCC including those being rolled into the “Start-up” calculation under the new arrangements (see table 4 in section 2). In particular this highlights the significant and unanticipated changes to EIG and LACSEG. Excluding the localisation of Council Tax support (which is offset by a reduction in Council Tax yield) and DSG we have seen a reduction in Government Grants of £42.4m, this is £16m worse (excluding DSG) than we anticipated when we launched the consultation.
- 3.19 On the most appropriate like for like measure (by deducting our local spend on support for 2 year olds from EIG) this equates to a £39m reduction in non specific grants, a year on year reduction of 9.5%. This is equivalent to a reduction of just under 4% of net spending excluding schools. Table 3 includes the Government’s adjusted calculation although we contend this does not adequately reflect the impact of changes to EIG or LACSEG.

| Table 3  | 2012/13<br>KCC<br>Adjusted<br>Budget<br>£000s | 2012/13<br>CLG<br>Adjusted<br>£000s | 2013/14<br>Prov<br>£000s | Assumed<br>for<br>Consultation<br>£000s | Change from<br>2012/13<br>£000s | Change from<br>Consultation<br>£000s |
|--|---|-------------------------------------|--------------------------|---|---------------------------------|--------------------------------------|
| Formula (from Table 2)                         | 303,447                                       | 310,056                             | 293,227                  | 293,400                                 | -10,220                         | -173                                 |
| LACSEG   |   | -30,367                             | -30,007                  |   | -30,007                         | -30,007                              |
| Council Tax Support                            |   | 69,913                              | 69,809                   | 69,146                                  | 69,809                          | 663                                  |
| Early Intervention Grant                       | 51,791  | 44,638                              | 40,772                   | 54,883                                  | -11,019                         | -14,111                              |
| Lead Local Flood Authority                     |   | 260                                 | 260                      |   | 260                             | 260                                  |
| Learning Disability & Health Reform            | 35,706  | 35,706                              | 36,598                   | 35,627                                  | 892                             | 971                                  |
| Start-Up for New System                        |   | 430,206                             | 410,659                  |   |                                 |                                      |
| Education Services Grant                       |   |                                     | 20,642                   |   | 20,642                          | 20,642                               |
| Council Tax Freeze Grant                       | 14,446  |                                     | 5,820                    |   | -8,626                          | 5,820                                |
| New Homes Bonus Grant                          | 2,839   |                                     | 4,383                    | 4,200                                   | 1,544                           | 183                                  |
| Other Un-ring-fenced Grants                    | 3,437   |                                     | 628                      | 888                                     | -2,809                          | -260                                 |
| Dedicated Schools Grant                        | 746,564                                       |                                     | 729,633                  | 708,141                                 | -16,931                         | 21,492                               |
| Other Specific Grants                          | 35,372  |                                     | 35,372                   | 35,372                                  | 0                               | 0                                    |
| <b>Total</b>                                   | <b>1,193,602</b>                              |                                     | <b>1,207,137</b>         | <b>1,201,657</b>                        | <b>13,536</b>                   | <b>5,480</b>                         |
| Change (excluding Council Tax Support and DSG) |   |                                     |                          |   | -39,342                         |                                      |

Amounts in grey are estimates and have not yet been formally notified

- 3.20 Table 4 shows how the £410.659m start-up for the new arrangements is split between Revenue Support Grant (RSG) and business rates baselines. The RSG baseline for 2013/14 equates to the same 60.05% of the Start-up assessment as for all local authorities. The table demonstrates how the business rate top-up has been calculated by comparing the county’s 18% share of the 50% of estimated business rates to be retained locally (£45.816m) to the business rates baseline (£164.057m).

| Table 4                                     | 2013/14<br>Prov<br>£000s | 2013/14<br>Top-up /<br>(Tariff)<br>£000s | 2014/15<br>Indicative<br>£000s |
|---|--------------------------|--|--------------------------------|
| Start-up assessment                         | 410,659                  |  | 378,280                        |
| Revenue Support Grant                       | 246,602                  |  | 209,190                        |
| Business Rates                              | 164,057                  |  | 169,089                        |
| County Top-Up                               |                          | 118,242                                  | 121,868                        |
| Kent District Tariffs                       |                          | -168,466                                 |                                |
| Local Authority 50% Share of Business Rates | 254,532                  |  |                                |
| County Share (18%)                          | 45,816                   |  |                                |
| Fire Share (2%) - Excluding Medway          | 5,091                    |  |                                |
| District Share (80%)                        | 203,626                  |  |                                |

- 3.21 Table 4 also shows the district and fire share of the 50% of estimated business rates, and the combined tariffs for Kent districts of £168.466m. Kent Fire and Rescue Authority will also receive a top-up of £7.072m, although this includes an element for Medway which is impossible to isolate.
- 3.22 Table 4 includes the indicative figures for 2014/15 based on an estimated 3.07% increase in business rates via the annual inflation uplift (including the top-up). The RSG is determined as the difference between estimated business rates and the revised calculation of the Start-up assessment based on the 2014/15 spending review totals. This demonstrates that there is a further overall reduction of £32.4m in funding for 2014/15 through the new arrangements. We do not have indicative allocations for all the grants outside the new arrangements (and in particular the Education Services Grant as this is dependent on academy conversions).

- 3.23 Table 5 shows how the overall funding available for 2013/14 equates to the net budget, with a year on year reduction of £40.1m. The table demonstrates the difficulty in making comparisons between 2012/13 and 2013/14 due to the complexity of changes.

| Table 5   | 2012/13<br>Revised<br>Budget<br>£000s | 2013/14<br>Final Draft<br>£000s | Change<br>£000s |
|---|---------------------------------------|---------------------------------|-----------------|
| <b>Council Tax</b>  |                                       |                                 |                 |
| Precept   | 577,914                               | 509,579                         |                 |
| Collection Fund   | 2,239                                 |                                 |                 |
| <b>Business Rates</b>   |                                       |                                 |                 |
|   |                                       | 45,816                          |                 |
| <b>Un-ring-fenced Grants</b>  |                                       |                                 |                 |
| Formula Grant   | 303,446                               |                                 |                 |
| Early Intervention Grant  | 51,791                                |                                 |                 |
| Learning Disability & Health Reform                                   | 35,706                                |                                 |                 |
| Revenue Support Grant   |                                       | 246,602                         |                 |
| Business Rate Top-Up  |                                       | 118,241                         |                 |
| Education Services Grant  |                                       | 20,642                          |                 |
| Council Tax Freeze Grant  | 14,446                                | 5,820                           |                 |
| New Homes Bouns Grant   | 2,839                                 | 4,383                           |                 |
| Other Grants  | 3,437                                 | 628                             |                 |
| <b>Net Budget</b>   | <b>991,818</b>                        | <b>951,711</b>                  | <b>-40,107</b>  |
| Amounts in grey are estimates and have not yet been formally notified |                                       |                                 |                 |

### **Spending Demands**

- 3.24 Forecasts for spending demands are based upon a combination of in-year monitoring of budgets, and estimates for the impact of anticipated changes over the forthcoming year. As in previous years we have distinguished between unavoidable demands (inflation, demand/demography, legislation) and local priorities. Spending demands also include the impact of one-off actions agreed as part of the 2012/13 budget.

3.25 At the time of the budget consultation we estimated £18.7m of unavoidable additional spending demands and £13.1m of local priorities as shown in table 6. For simplicity this did not include £23.5m for the reversal of one-offs from 2012/13 as this was offset against £13.7m of further one-off proposals for 2013/14 and £9.7m removal of one-off spending from 2012/13. We ignored any spending under Section 256 agreement in the consultation following the funding transfer from NHS to social care as these were unavoidable.

| Table 6                                       | Consultation<br>£000s | Final Draft<br>Budget<br>£000s |
|---|-----------------------|--------------------------------|
| <b>One-Offs netted off in Consultation</b>    |                       |                                |
| Reversal of 2012/13 one-off savings           | 23,512                | 23,512                         |
| Removal of 2012/13 one-off spending           | -9,706                | -9,706                         |
| 2013/14 proposed one off savings              | -13,650               | -13,650                        |
|   | 156                   | 156                            |
| NHS Funding ignored for consultation          |                       |                                |
|   |                       | 22,064                         |
| <b>Unavoidable spending</b>                   |                       |                                |
| Pay and Prices                                | 11,431                | 7,965                          |
| Demand Demography                             | 5,556                 | 8,703                          |
| Looked After Children                         |                       | 6,000                          |
| Expansion of 2 Year Old programme (DSG)*      |                       | 9,125                          |
| Landfill Tax                                  | 1,504                 | 1,454                          |
| SEN Recoupment                                |                       | 800                            |
| Other   | 227                   | 320                            |
| <b>Local Policy Proposals</b>                 |                       |                                |
| Capital Financing                             | 8,179                 | 1,679                          |
| Repayment of Reserves                         | 1,403                 |                                |
| Waste collection, recycling and disposal      | 2,329                 | 1,377                          |
| Commercial Services                           | 723                   | 1,669                          |
| Payments to Districts from Council Tax yield  |                       | 2,663                          |
| Other   | 496                   | 983                            |
| Total Spending Demands (as per consultation)  |                       |                                |
|   | 31,848                | 33,613                         |
| Total Spending Demands (as per final budget)* |                       |                                |
|   |                       | 88,314                         |

\* The total spending demands exclude the DSG element

3.26 Since the consultation a number of changes to spending demands have been identified, particularly in relation to inflation and demand for services (especially numbers of Looked After Children). Table 6 compares the original consultation with the final draft budget. On a like for like basis i.e. ignoring those items ignored/netted-off in the consultation and the 2 year old expansion funded from DSG, there has been a net £1.8m increase in additional spending demands. Full details of the additional demands are set out in the budget summaries under appendix A.

### **Savings and Income**

3.27 The original consultation identified £60.3m of savings in order to balance the estimated funding reduction and additional spending demands (including the netted one-offs). This savings target has increased to £73.9m on a like for like basis as a result of the funding and spending demand changes outlined above. Table 7 compares the savings in the original consultation to those now proposed in the final draft budget.

| Table 7                                  | Consultation<br>£000s | Final Draft<br>Budget<br>£000s |
|--|-----------------------|--------------------------------|
| One-offs netted off in Consultation      |                       |                                |
| Reversal of 2012/13 one-off savings      | 23,512                | 23,512                         |
| Removal of 2012/13 one-off spending      | -9,706                | -9,706                         |
| 2013/14 proposed one off savings         | -13,650               | -13,650                        |
|  | 156                   | 156                            |
|  |                       |                                |
| NHS Funding ignored for consultation     |                       | -22,064                        |
| Additional funding for 2 year olds (DSG) |                       | -12,125                        |
|  |                       |                                |
| Income Generation                        | -4,920                | -3,280                         |
| Efficiency and Other Savings             | -18,752               | -23,645                        |
| Transformation                           | -36,653               | -28,231                        |
| Additional One-off Savings               |                       | -15,720                        |
|  |                       |                                |
| Total (as per consultation)              | -60,325               | -73,876                        |
| Total (as per final draft budget)        |                       | -128,421                       |

3.28 The details of all the changes to planned savings are set out in the budget summaries under appendix A.



**Budget Summaries & Medium Term Financial Plan**

- 3.29 The budget templates in appendix A show a high level “at a glance” summary of the proposals for 2013/14 as well as the whole council summary and individual portfolio proposals we have previously presented. The templates do not show the high level 3 year plan included in the 2012/15 Medium Term Financial Plan.
- 3.30 We have not shown a three year plan as we only have indicative funding allocations for 2014/15 for the start-up assessment used for the new business rates model (which shows the reduction of £32.4m referred to in paragraph 3.18 above). Other than the indicative start-up assessment we have no indicative grants (particularly Education Service Grant which hasn't a provisional allocation for 2013/14, let alone an indicative figure for 2014/15).
- 3.31 We do not know what impact changes in business rates will have on the overall funding (although any significant reduction would be mitigated by the 7.5% safety net which would limit the impact on KCC to £12.3m). However, to trigger this safety net would require an unlikely 26.9% reduction in business rates across the county. A 5% reduction in the business rates would amount to a £2.3m loss of funding for the county. Similarly a 5% increase would yield £2.3m to the county.
- 3.32 We only have estimates of the impact of Council Tax support localisation on the tax yield and collection funds at this stage. We are concerned that the changes could be highly volatile, particularly for the 45,000 working age recipients who were previously passported into Council Tax Benefit from other benefits, many of whom will be asked to make a small contribution towards their Council Tax for the first time.
- 3.33 Individual district councils have developed local proposals. Some have proposed an 18.5% reduction in working age benefits and reduced exemptions on empty properties from 6 to 3 months to offset the funding reduction and cost of managing local schemes. Others have proposed lower reductions in working age benefits and/or protected other vulnerable groups and made further reductions to empty property exemptions and second home/empty property discounts.
- 3.34 We have agreed to these proposals on the basis they offset the overall package of reduction to the Council Tax base, through local support and the additional costs of managing local schemes (including the underwriting of risks) are offset by the additional funding included, the provisional settlement and any additional Council Tax from reviewing exemptions and discounts. We have also agreed that all districts should apply transitional arrangements for 2013/14 to limit benefit reductions for working age recipients to 8.5% although this will not be confirmed until we have the final tax base.

- 3.35 We have agreed with districts that we need to put in place monitoring arrangements on both business rates and council tax so that we will obtain more accurate assessments to factor into funding assumptions for 2014/15.
- 3.36 In light of the uncertain funding for 2014/15 we have concluded it would be imprudent to set out even a high level plan beyond 2013/14. Within the proposed 2013/14 budget we have £29.4m of one-off savings which would need to be replaced. This together with the reduction in the start-up assessment and a similar level of spending demands as this year would equate to a savings/income target of £90m to £100m.
- 3.37 The revenue strategy for 2014/15 will once again focus on an early estimation of the uncertainties and early public consultation on how to balance the budget. Early consultation allows participants longer to consider their feedback and allows the county council more time to consider its response. Early consultation is also more important as it seems settlement announcements will be later and we no longer get the three year provisional settlements which we had become accustomed to.

### ***Budget Consultation and Engagement***

- 3.38 We launched consultation on the budget proposals on 6<sup>th</sup> September 2012. This was much earlier than we have previously been able to consult. This was a bold step as we had to include many more estimated figures than we would have liked and means there are some significant changes between the proposals outlined in the consultation and the final draft budget.
- 3.39 Our strategy for consultation was to seek much wider involvement and engagement in the council's budget decisions. The consultation included a variety of engagement approaches including:
- Media launch
  - Easy to read consultation document (available in printed and on line versions)
  - Tick-box questionnaire with the option of submitting a more detailed response
  - 2 all day workshops with a cross section of Kent residents organised by independent market research firm Ipsos MORI
  - Specific briefings and workshop sessions with a range of other stakeholders including business representatives, voluntary sector, youth county council and trade unions
  - Engagement with representative member panels from Cabinet Committees
  - Presentations by County Councillors to locality/local boards
  - Briefing sessions for staff including Challenger group

- 3.40 This comprehensive consultation and communication strategy was endorsed by Cabinet members with the aim of striking the right balance between in-depth engagement with a representative sample of Kent residents as well as wider engagement. We have devoted the majority of expense in engaging Ipsos MORI. Previous experience has demonstrated the additional benefits of independent in-depth interactive market research.
- 3.41 A full report on the consultation was presented to Cabinet on 3<sup>rd</sup> December and cabinet provided a response to the feedback from consultation. We have not reproduced the full report as part of this document but it can be accessed via the following link <https://democracy.kent.gov.uk/documents/s36916/Budget%20consultation%20response%20final.pdf>
- 3.42 Any additional proposals in this latest draft budget (which are necessary as a consequence of the late funding changes) that were not included in the consultation have been reviewed and concluded that no further Equality Impact Assessments are required. As in previous years there will be detailed consultation and impact assessment on individual proposals within each portfolio prior to implementation. The responses received to the consultation have been carefully considered and KCC's response is reflected in these final proposals.

### ***Response to the 2013/14 Provisional Settlement***

- 3.43 The County Council responded to the provisional settlement by the deadline of 15<sup>th</sup> January. The very short timescales meant there was little scope for a detailed response, and due to the late announcements we are concerned that authorities would not be able to cope with further last minute changes if significant issues were raised with the provisional settlement. We therefore urged ministers not to make any further changes for 2013/14. We have commented on the difficulties the timescales have presented.
- 3.44 We re-iterated our concerns about the using the current Formula Grant as the baseline for the new funding arrangements. In particular we are concerned that the inadequacies of the formula methodology are now crystallised into the new funding arrangements until the next reset maintaining the disparity in grant allocations between shire and urban areas. We have also re-iterated our concerns about the changes made to EIG and LACSEG transferring into the new arrangements and the severely adverse impact these have had on the overall resources for 2013/14.

3.45 We also re-iterated our concerns about top-slicing funds from the main local authority funding arrangements to fund New Homes Bonus grant and the 80/20 split of this between lower and upper tier authorities. We have also re-iterated concerns about the 80/20 split of business rates in two tier areas.

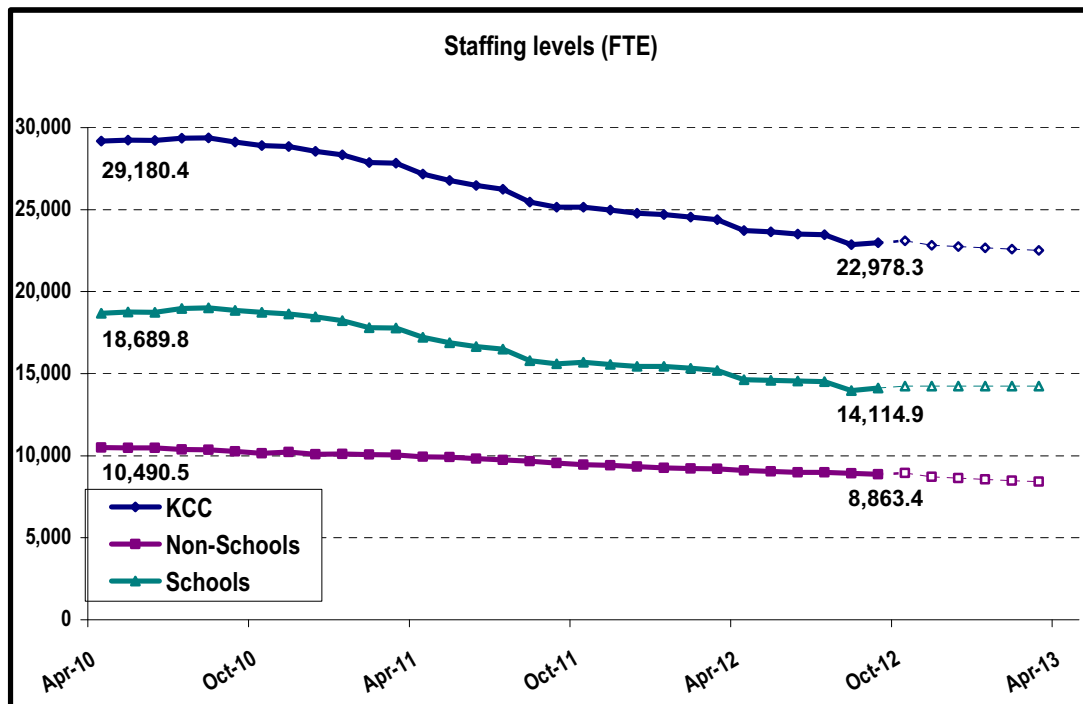
**Workforce Strategy**

3.46 As part of KCC’s “Change to Keep Succeeding” transformation programme there is a declared intent to reduce the non-schools staffing level by 1,500 jobs. This was to be achieved over the 4 year period to March 2014, however this has already been exceeded, as illustrated in chart 1 below.

3.47 The medium term plan for the workforce is contained in the published Organisational Development and People Plan (2011). We will be seeking to enable the organisation’s staffing population to be flexible, engaged and recognised within a well constructed and appropriate terms and conditions and reward structure.

3.48 KCC is committed to organisational design principles, intended to improve the capacity and performance of the management structure and decision making accountability. This will assist in the delivery of further staff reductions in restructuring exercises.

Chart 1



- 3.49 Between April 2010 and September 2012 KCC's total workforce fell by over 6,200 full-time equivalents (FTE):

Non-schools:

- Over one quarter of the staffing reduction came from the non-schools sector (1,627 FTE). There are further reductions of approximately 450 FTE expected before the end of the financial year. During the period, there were around 950 redundancies.
- Sickness levels in the non-schools sector, calculated as a 12 month rolling average, reduced from 8.55 days per FTE in April 2010 to 7.47 days per FTE in September 2012. The latest survey conducted by the Chartered Institute of Personnel & Development shows the average sickness levels for the public sector as 7.9 days per FTE.

Schools:

- The Schools sector declined by 4,575 FTE between April 2010 and September 2012, primarily due to around 90 schools converting to academy status during the period.

- 3.50 Despite reducing numbers overall, we still need effective mechanisms to recruit, retain and performance manage a significant staff population. There is a significant service transformation agenda across all Directorates that will require a suitably competent workforce in the right place at the right time. This will be influenced by organisational wide programmes aimed at increasing self sufficiency, new work practices and eliminating duplication of effort and processes.

### **Strategies to Support the Local Economy**

- 3.51 Within the proposed budget and MTFP we have embarked on a number of initiatives to support the local economy and to help Kent to be well placed to recover from the economic recession. These initiatives are summarised in table 8 below showing the amount of KCC investment together with the value of other external funds secured and anticipated.

| Table 8                         | Capital<br>£000s | Revenue<br>£000s | Treasury<br>Strategy<br>£000s | External Funding |                      | Estimated benefits  |
|---------------------------------|------------------|------------------|-------------------------------|------------------|----------------------|---|
|                                 |                  |                  |                               | Secured<br>£000s | Anticipated<br>£000s |   |
| Expansion East Kent             | -                | 1,300            |                               | 35,000           | 140,000*             | 5,000 jobs  |
| TIGER                           | -                | 715              |                               | 20,000           | 80,000*              | 1,700 jobs  |
| High Growth Kent                |                  | 297              |                               | 440              |                      | 300 jobs  |
| Workspace Kent                  | 3,000            |                  |                               | 1,500            | 4,500                | 9000 sq m's   |
| No Use Empty                    | 6,625            | 150**            |                               | 12,445           |                      | 2,300 homes   |
| Live Margate                    | 10,000           |                  |                               | 18,600           | 5,000                | 300 homes   |
| Local Authority Mortgage Scheme |                  |                  | 12,000                        | 2,000            | 8,000                | 650 homes   |
| Broadband Infrastructure        | 10,000           |                  |                               | 9,870            | 20,000               | 90% superfast broadband coverage; universal coverage at 2mb |
| Trade development               |                  | 200              |                               | 380              |                      | 350 businesses supported                                    |

\* Calculated at intervention rate of 20% on initial investment of funding. Long term leverage (including recycled funds) will be higher

\*\* per year

### **Draft Budget 2013/14**

3.52 Table 9 below shows the revised net base budget by portfolio after adjustments for the grants transferring into the new funding arrangements and the proposed budget for 2013/14. This provides the best like for like comparison of KCC's priorities. It should be noted that the Adult Social Care portfolio figure is netted down by £22m of income transferred from NHS under Section 256 agreement. Detailed examination of the draft Budget Book shows that gross expenditure on Adult Social Care has risen between 2012/13 and 2013/14 as a result of the proposed budget.

| Table 9      | Revised Base<br>£000s | Spending Demands<br>£000s | Savings & Income<br>£000s | Proposed Budget<br>£000s | Change         |              |
|--------------|-----------------------|---------------------------|---------------------------|--------------------------|----------------|--------------|
|              |                       |                           |                           |                          | £000s          | %            |
| ASC&PH       | 335,741               | 44,814                    | -47,955                   | <b>332,600</b>           | -3,141         | -0.94        |
| BSP&HR       | 58,454                | 1,051                     | -3,059                    | <b>56,446</b>            | -2,008         | -3.44        |
| C&C          | 79,450                | 1,517                     | -5,311                    | <b>75,656</b>            | -3,794         | -4.78        |
| D&P          | 7,372                 | 0                         | -150                      | <b>7,222</b>             | -150           | -2.03        |
| ELS          | 58,714                | 1,834                     | -6,940                    | <b>53,608</b>            | -5,106         | -8.70        |
| EHW          | 150,161               | 9,370                     | -8,883                    | <b>150,648</b>           | 487            | 0.32         |
| F&BS         | 147,422               | 14,233                    | -38,562                   | <b>123,093</b>           | -24,329        | -16.50       |
| R&E          | 3,652                 | 0                         | 0                         | <b>3,652</b>             | 0              | 0.00         |
| SCS          | 150,852               | 15,495                    | -17,561                   | <b>148,786</b>           | -2,066         | -1.37        |
| <b>Total</b> | <b>991,818</b>        | <b>88,314</b>             | <b>-128,421</b>           | <b>951,711</b>           | <b>-40,107</b> | <b>-4.04</b> |

3.53 Table 10 shows the proposed gross and net budget position for 2013/14 for each Portfolio.

| Table 10     | Gross Expenditure<br>£000s | Service Income<br>£000s | Net Expenditure<br>£000s | Govt. Grants<br>£000s | Net Cost<br>£000s |
|--------------|----------------------------|-------------------------|--------------------------|-----------------------|-------------------|
| ASC&PH       | 447,147                    | -107,255                | 339,892                  | -7,292                | 332,600           |
| BSP&HR       | 97,024                     | -35,000                 | 62,024                   | -5,578                | 56,446            |
| C&C          | 126,171                    | -47,296                 | 78,875                   | -3,219                | 75,656            |
| D&P          | 7,482                      | -260                    | 7,222                    | 0                     | 7,222             |
| ELS          | 877,060                    | -79,439                 | 797,621                  | -744,013              | 53,608            |
| EHW          | 174,021                    | -22,518                 | 151,502                  | -854                  | 150,648           |
| F&BS         | 139,373                    | -14,397                 | 124,976                  | -1,883                | 123,093           |
| R&E          | 5,311                      | -1,413                  | 3,898                    | -246                  | 3,652             |
| SCS          | 223,026                    | -5,577                  | 217,449                  | -68,663               | 148,786           |
| <b>TOTAL</b> | <b>2,096,615</b>           | <b>-313,156</b>         | <b>1,783,459</b>         | <b>-831,748</b>       | <b>951,711</b>    |

See the draft Budget Book 2013/14 for detailed proposed revenue budgets for each service.

3.54 Our proposed budget provides for the following major new investments for 2013/14:

- An additional £6m into Specialist Children's Services to fully fund placements for all the extra children brought into care over the last 18 months.
- Additional £29m into Adult Social Care to include enhanced preventative services, provision for price increases and sufficient to meet anticipated increases in client numbers (particularly elderly, adults with learning disabilities and those entitled to Ordinary Residence).
- Financing the Capital Programme to ensure we continue to deliver new facilities and improved infrastructure for our residents, businesses and visitors
- Support to district councils from additional Council Tax from review of discounts and exemptions to manage the introduction of local schemes for Council Tax support.

3.55 Our proposed budget includes the following major areas for savings in 2013/14:

- Staffing efficiencies £5.0m
- Procurement efficiencies £8.0m
- Reduced waste tonnage to be disposed of £1.4m
- Fewer children to transport to school £1.25m
- Savings from better management of our money and cashflow £2m
- A moratorium on Directorates' discretionary spend £2.5m
- Reduced reactive/discretionary maintenance due to increased planned maintenance from capital £1.5m
- Staff savings from service transformation £5.6m
- SEN transport £0.75m

- Streetlight energy £0.5m
- Transformation of specialist children's services £2m
- Transformation of adult social care £18.1m
- Use of previously earmarked reserves £9m
- Drawdown of specific reserves £9.4m
- Use of current year and prior year's under spends £10m

3.56 The previous paragraphs have set out where we have changed the Budget to reflect our strategies and plans next year. What can often be overlooked are those services we have been able to protect and these include (but not exclusively):

- Eligibility criteria for Adult Social Services (the point at which we intervene to provide help and support) at the moderate level, which is more generous compared to most other authorities, meaning we support more people at the earlier preventative stages of help and support;
- Entitlement to the Freedom Pass; an innovative and popular initiative;
- Local bus services;
- Community Grants;
- Library services;
- The Gateways Programme

3.57 Our proposed budget reflects:

- A freeze in Council Tax for the third consecutive year
- A decrease in the net budget (excluding schools) of 4.04%
- A decrease in government un-ring-fenced grants of 9.5% on like for like basis.
- Overall reduction in Council Tax base of 11.8% due to combination of changes to the number of tax payers, introduction of local support schemes and changes to discounts and exemptions

### ***Resource Management***

3.58 Our staff will have to continue to be at their innovative and creative best to deliver the required level of savings while maintaining and improving service outcomes. Our financial and asset management will need to continue to deliver excellence to ensure we make best use of our resources.

3.59 Our Commercial Services Team and our Companies generate significant annual income to support the Revenue Budget. As well as the proposed £4.9m surplus generated by Commercial Services (which is the equivalent of 1% on Council Tax), we have a number of services that we provide to other Councils, at their request, which deliver further net income to KCC and value for money for the purchaser.



### ***Sensitivity Analysis***

- 3.60 Our budgets are constructed using sound and prudent assumptions over spending, inflationary pressures and our ability to realise additional income generation, efficiencies and service transformation. We are confident that the proposed budgets can be delivered.
- 3.61 We are fully aware of the high risk budgets within the Council, which are largely those over which we have limited or no control in the short term. In 2011/12 we increased the totality of general reserves to £31.725m which equates to over 3% of net expenditure to cover unforeseen circumstances. This is considered a reasonable level of reserves to manage risk.
- 3.62 We are proposing to drawdown a further £9m from previously earmarked reserves in 2013/14 in addition to the £19m borrowed to balance the last 2 year's budgets budget. As a general rule we would not recommend using such reserves to balance the budget but in difficult times this was supported as one of the most popular approaches in the budget consultation

### ***Conclusion***

- 3.63 The Government has set us a massive challenge to lead the way in making public expenditure reductions. In our proposed budget, we have followed our revenue strategy, minimising spending demands and cost increases and driving out efficiency savings across the organisation. To help smooth the impact of the late reductions in Government Grant we have also undertaken a thorough review of our level of reserves. It has been a real challenge, but our proposed budget reflects the structural changes which will ensure we have a lean and efficient organisation, fit for the economic climate we face. Our budget proposals also include significant transformation in care services. We are acutely aware that transformation savings require us to change the relationship we have with clients and providers to change behaviours and demand for traditional services.



**KCC Medium Term Financial Plan**

**SECTION 4**

**Capital Strategy**

## **CAPITAL STRATEGY**

### **4. Overview**

#### **Introduction**

- 4.1 Capital expenditure is defined as the purchase or enhancement of assets where the benefits last longer than the year of expenditure. A de minimis level is applied – for KCC this is £10k i.e. anything below this value individually is classed and treated as revenue.
- 4.2 The capital budget should support the overall objectives of the organisation, and act as an enabler for transformation to support Kent County Council's (KCC's) strategic priorities in 'Bold Steps for Kent', our Medium Term Plan.
- 4.3 In recent years KCC has spent an average of £290m per year on capital projects. We plan to invest £692m over the next three years and to finance 16% of this expenditure from borrowing which will impact our revenue budget.
- 4.4 Capital investment shapes the future, ensures the organisation is fit for purpose, and can transform services and ways of working. It can act as a catalyst and enabler for change. Our spending on capital remains a significant proportion of overall spend and provides an important driver for economic growth - stimulating regeneration and construction, and providing local jobs for local people.
- 4.5 With a challenging financial environment for the foreseeable future that is influenced by a variety of external factors, there will only ever be a limited amount of capital resources available. Therefore, it is vital that we target limited resources to maximum effect with a sharper focus on our strategic priorities and 'invest to save' opportunities.
- 4.6 We will use capital investment proactively as an enabler and facilitator for driving transformation in service delivery in our communities. We will become agile and flexible enough to be able to both plan ahead and to respond innovatively to emerging opportunities and challenges. We will target and maximise investments, manage risk, anticipate trends and radically re-think how best to focus our capital programme to keep pace with changes in national policy, legislative requirements and business needs.

#### **What role does the Capital Strategy play?**

- 4.7 The capital strategy sets out the strategic direction for KCC's capital management and investment plans, and is an integral part of our financial and service medium-long term planning and budget setting process. It sets the principles for prioritising our capital investment under the prudential system.

- 4.8 Capital plays an important role in delivering long term priorities as it can be targeted in creative and innovative ways. However capital is not unlimited or “free money” – our capital funding decisions can have significant revenue implications. Every £10m of prudential borrowing costs approximately £1m per annum in financing costs (revenue) for 25 years. This is in addition to any ongoing maintenance and running costs associated with the investment. Our fiscal indicator limits spend on debt charges to 15% of the Council’s net revenue budget – as revenue budgets are reducing this heightens the need to ensure we get the best benefit from capital investment.
- 4.9 KCC’s budget planning processes integrate both capital and revenue so that coherent decisions are made on a level of borrowing that is prudent, affordable and sustainable for the Authority. The difficult financial environment means we have to spend limited money wisely and there is a delicate balancing act in managing these types of potential pressures effectively.

### **Ambition**

- 4.10 The Authority is taking a transformational stance in relation to its capital strategy. This involves setting aside some capital projects in favour of others that are more in-line with current strategic priorities. This stance will enable maximum flexibility but could also result in increased capital spend. This may be funded through the introduction of rigorous capital receipts targets, better targeted invest to save projects and other innovative funding streams but not through increased borrowing, which would have a negative impact on our fiscal indicator and revenue budget.

### **Drivers for Change**

- 4.11 This is a time of unprecedented change in the public sector and the following drivers for change have informed and impacted our capital strategy.

### **A challenging financial environment**

- 4.12 The Coalition Government has put in place stringent reductions in revenue and capital grant funding for public services, with a strong drive towards austerity and value for money. Local authorities are facing rising demand (particularly in social care and waste management) and customer expectations for public services. To respond to this KCC is seeking creative new ways of providing services which may require capital investment to deliver best value for Kent’s communities and taxpayers. Our future capital programme must deliver tangible benefits that support sustainable, long term delivery of the three ambitions in **Bold Steps for Kent** and our core budget themes of productivity, prevention, procurement and partnership.

- 4.13 The challenge of an ambitious capital programme is that due to the nature of capital projects (e.g. building projects delayed by funding, planning or construction issues) they do not always deliver to anticipated timescales or budgets, which can increase costs and create additional revenue pressures. In a challenging financial environment, effective procurement, robust contract management and strong management grip are essential to manage costs and ensure every penny counts.

### **Stimulating growth**

- 4.14 Capital investment needs to focus on delivering the essential strategic priorities of our long term regeneration framework - **Unlocking Kent's Potential**. It can be a catalyst for transformational regeneration and infrastructure projects, providing jobs, enhancing skills and creating an efficient highways network that supports the vision in **Growth without Gridlock**. This will benefit both the Kent economy and our residents.
- 4.15 Collaboration with our public, private and voluntary & community sector partners will enable us to seize appropriate external capital funding opportunities, joining-up bids that attract and stimulate growth. We will develop a partnership response to national funding challenges such as reductions in Homes & Communities Agency grants. The 'Community Right to Buy' is an area where KCC is working with District Councils (as the local planning authority responsible for holding the register of 'assets of community value') to recognise opportunities that may be suitable for 'right to buy' to maximise community benefit and drive local regeneration.

### **Community Infrastructure Levy**

- 4.16 The Community Infrastructure Levy (CIL) is being introduced to help ensure that new development pays its way in terms of the infrastructure required to support new dwellings (schools, roads, leisure facilities etc). However, for the first time economic viability is now a material consideration in setting tariff levels. While the concept of a strategic tariff is welcome (and may be very helpful over the next ten years should the economy improve) the recession means that there is a widening gap between the viability of new development and the ability of local public agencies to gather resources to offset infrastructure pressures. The Government's proposed objective for a "meaningful" amount of CIL being passed to Parishes could further compromise viability.
- 4.17 Districts are legally responsible for CIL collection and there is no obligation to collect on behalf of KCC. However, KCC is working closely with boroughs and districts in the preparation of their infrastructure funding schedules. Furthermore, the Kent Forum has agreed that KCC and the districts will jointly lobby the government about the implications of CIL for growth.

- 4.18 This is an important strategic challenge for Kent as a place – the Government’s aim is to stimulate growth through CIL and a number of other ‘growth levers’ (e.g. retained business rates, New Homes Bonus) but in the short term at least these levers will not produce the funding required to cover infrastructure costs, particularly in east and north Kent. It is vital that KCC work with the Districts to ensure an adequate level of CIL is passed across to KCC to deliver the infrastructure required. KCC cannot afford to put the infrastructure in place without CIL funding, but the infrastructure is needed to ensure these areas are desirable to live in. The implications for KCC’s budgets of CIL (and any renegotiations of existing S106s) are reported to the Development Contributions Sub Group and/or the Budget Programme Board as appropriate.

### **A rapidly changing education landscape**

- 4.19 The 2010 ‘Education Act’ has prompted fundamental change in the education landscape and the role of the Local Education Authority. With an increasing number of academies, free schools and federations between schools, the education property estate is moving away from direct local authority control towards independent academies taking responsibility for the ownership, management and maintenance of schools. By 2013/14 the Education estate will look radically different in Kent.
- 4.20 We need to ensure that any capital investment in education reflects these changes and takes a flexible, pragmatic asset management approach, ensuring KCC invests money in assets we are likely to retain. The **education commissioning plan** sets out our capital investment in education. The Priority Schools Build provides a focus to ensure we meet our requirements on basic need (e.g. increasing school primary places in growth areas, or keeping schools open, safe and warm). We will work closely with our local schools to ensure that capital investment is targeted where limited resources can be used to best effect.

### **Enhancing community facilities**

- 4.21 The transformation of frontline services means we must ensure our assets continue to be fit for purpose to respond to rising customer demands, expectations and changing needs. Capital investment can be a key enabler for high quality design that helps to deliver more vibrant community facilities. The ‘Social Care White Paper’ (2012), advocates that local authorities maximise the potential for innovative use of community assets to reduce social isolation and increase connections for social care service users, their families and carers. The increasing integration of frontline services will require different types of facilities and enabling technology to work smarter and better together. It will increase demand for asset collaboration solutions which may require disposals to generate capital receipts, to reinvest in modernising and enhancing community facilities to make them more sustainable.

### Strategic asset management

- 4.22 Capital and assets are two sides of the same coin and it is vital that our capital programme complements our emerging **Strategic Asset Management Plan**. The challenge is to turn the inefficient properties into efficient ones, or if this is not possible, sell and to realise a capital receipt to re-invest in a property from which an improved service can be offered. Our asset rationalisation and disposals policy will be more rigorous, creating headroom in the capital programme. We will focus on meeting basic need to secure an acceptable market value and target capital investment on facilities that enable service transformation. We will focus on investing in priority property locations where modernising assets may help to promote opportunities for co-location, asset collaboration and service integration.

### Smarter ways of working

- 4.23 We need to ensure that capital investment can be seen not only as a way to respond to and help implement service changes, but also as a catalyst to initiate broader cultural change. Through modernising an office work space or introducing enabling technology through our **New Work Spaces** programme, we will enable frontline staff to carry out their roles closer to service users, and ensure office-based workers can work more effectively.
- 4.24 This needs to be complemented by investment in ICT infrastructure that supports our **ICT Digital Strategy**, to transform the way we work and provide new ways for customers to communicate, access and interact with our services. We want to create more efficient, streamlined systems and promote economic growth (e.g. investment in broadband infrastructure will support learning, employment, skills and business growth, particularly in our rural communities). Over time this will reduce the need for costly face-to-face locations. Unified Communications will also be a key enabler to support this. This is consistent with our priorities around 'channel shift' to enhance the customer experience – a key part of our **Customer Services Strategy**. We will target capital funding on projects that redesign our services from the customer's point of view and transform initial access points for services.

### Smarter and greener investment

- 4.25 We need to ensure that every penny counts on our capital programme. Our category management approach will ensure a more intelligent, cost-effective approach to procurement and ensure we are doing all that we can within legal frameworks to allow the best opportunity to direct spend to local suppliers and make it easy for Kent businesses to trade with us. Robust contract management will ensure we hold providers to account and ensure they deliver to time and quality and meet priority outcomes. Our **Environment Strategy** will ensure we deliver a sustainable capital programme by ensuring all works help to



reduce our carbon footprint, through efficient energy and water consumption. This will not only have a positive environment benefit; it will also be more cost effective.

## **Funding**

### **Sources of capital funding**

**There are a variety of different sources of capital funding, each having different complications and risks attached.**

### **Borrowing**

- 4.26 KCC currently has borrowing of just over £1 billion and our policy is that net debt costs must not exceed 15% of the net revenue budget. However, this indicator is at risk of being exceeded, particularly as over the coming years our revenue budget is forecast to reduce, so we must continue to effectively manage our borrowing and look at alternative sources of funding to ensure that we stay within the 15% target over the 5 year Medium Term Financial Plan.
- The level of borrowing to fund the capital programme must take into account the revenue implications, i.e. for every £10m of borrowing our revenue borrowing costs are around £1m and we must also consider the Prudential Code.

### **Grants**

- 4.27 The challenging financial environment means that national government grants (currently 52% of our financing for capital projects) are reducing, or changing in nature. A large proportion of this funding is currently un-ringfenced which means it is not tied to particular projects but it is often tied to a particular area such as education or highways so we do not have complete freedom on where to spend our grants. Our aim is to use only up to the level of grant provided and we will not use prudential borrowing to 'top up'. However, we must also meet our statutory obligations and where the grant is not sufficient, other sources of funding such as New Homes Bonus, CIL and capital receipts will be sought to fund the gap.
- 4.28 There will be an 'approval to bid' process which will create a centralised mechanism for flagging when external funding/grants are being bid for, and identifying the implications including the impact on the Authority's budget. This will ensure that funding is bid for within an agreed framework, that information is being shared with appropriate colleagues in a timely manner, and that opportunities for joined up working are identified at the beginning of projects.

### **Community Infrastructure Levy**

- 4.29 CIL is a challenging issue and needs careful handling and consideration when put forward to fund major projects. CIL will be built into the programme at the point that planning permission is granted, but recognising that there are still risks around housing development and the realisation of CIL. Careful monitoring of expenditure against this funding is critical to ensure that we don't have to forward fund significant levels using borrowing. Careful negotiation is required to ensure we cover any potential borrowing costs resulting from late or reduced levels of CIL funding.

### **Capital Receipts**

- 4.30 KCC has a rigorous disposal programme, aimed at maximising the return on our assets. These receipts are critical to delivering our capital programme and reducing the level of borrowing that we require. We will also aim to create headroom by setting a capital disposal target. This supports the transformation agenda. KCC's Property managers will work with the service directorates to explore options to release property as part of the transformation reviews to continue to create a sustainable pipeline in the future.

### **Partnership Working**

- 4.31 We will continue to explore opportunities for more partnership working.

### **Targeting investment**

- 4.32 The strategy requires a mechanism for determining the way forward in line with the transformational ambition of the Authority, the drivers for change and the constraints that we are under. This means that tough decisions will have to be made as to which projects go ahead and which ones don't (we can't meet all the 'wants'). This section explains the criteria that have been developed to assess capital projects, to ensure that our capital budget is targeted to our priority areas.

### **Meeting our statutory requirements**

- 4.33 KCC will always ensure that appropriate capital budget is allocated to meet our statutory requirements, such as basic need, health and safety, DDA and other legal requirements. As such it is appropriate to assess the Approval to Plan business cases for the statutory spend against a different set of criteria than for all other spend. This is mainly because the statutory spend is unlikely to score well against the 3 key drivers in the Bold Steps for Kent.

4.34 Statutory bids will be assessed against the following two criteria.

| Criteria         | Description   | Yes/No? |
|------------------|---|---------|
| 1. Statutory     | Evidence must be provided that the bid is for statutory capital expenditure                   | Y/N     |
| 2. Basic minimum | Evidence must be provided that the bid is for doing the basic minimum and no optional extras. | Y/N     |

4.35 If a bid is submitted via the 'statutory spend' route and the answer is 'No' to Criteria 1 then the bid will be assessed against the 'other spend' matrix. If the answer is 'Yes' to Criteria 1, but 'No' to Criteria 2 then the bid will be split in two – the element that is requesting capital spend above the basic minimum will be assessed against the 'other spend' matrix and if it is not approved then only the basic minimum amount of capital spend will be allowed.

### **Making the available headroom count**

4.36 Having separated the capital budget into 'statutory spend' and 'other spend', the big question is how we prioritise all the 'wants' within the 'other spend' category. 'Other spend' covers invest to save projects and all other non-statutory projects. These projects should clearly link in with KCC's strategic priorities.

4.37 The scoring matrix below will be used to assess all bids against the 'Other Spend' category:

| Criteria           | Description   | Weighting |
|--------------------|---|-----------|
| 1. Benefits        | How does bid achieve 3 key drivers of Bold Steps for Kent and any relevant underlying strategies?<br>What are the social/economic outputs?<br>How does it improve service delivery and/or contribute towards long term service provision and integration of services?<br>Does the bid consider the wider organisation and other similar projects and strategies to ensure a joined up approach? | 50%       |
| 2. Invest to Save  | Do the savings generated from the project fund the prudential borrowing/debt costs, and generate ongoing savings in addition to that?   | 15%       |
| 3. Delivery        | Has an achievable delivery mechanism been identified?<br>Have all the delivery options been considered?   | 20%       |
| 4. Value for Money | Not only about initial capital cost, but also whole-life cost (and payback period if relevant) and ongoing revenue implications.<br>Is there any match funding?   | 15%       |

**Encouraging innovative ideas**

- 4.38 Another dimension to how we put the available headroom to best use is being more creative with the use of banding and specific pots of money within the capital programme.
- 4.39 A pot of £3m has been set aside in the 2013-16 capital programme for people to bid against at intervals throughout 2013/14. With the organisation changing so fast, it is possible that opportunities will be missed on our static business cycle. Creating this process in addition to the annual cycle enables the organisation to be more flexible and agile, and encourages creativity. This also creates more regular opportunities for bids to be re-worked if not quite right the first time or if opportunities for collaboration are identified, and to come back in a relatively short time period for bid to be reassessed. This pot will not be funded from borrowing.

**Governance and process**

- 4.40 In order to deliver the strategy, there will be a strong “one route” governance framework. This will ensure that decisions taken are agreed by the right people at the right point, to ensure that the agreed strategy for the capital programme is delivered.

## **KCC Medium Term Financial Plan**

# **SECTION 5**

## **Treasury Strategy**

## **Treasury Management Strategy Statement and Investment Strategy 2013/14 to 2014/15**

### ***Background***

- 5.1 The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice for Treasury Management in Public Services requires local authorities to determine the Treasury Management Strategy Statement. This statement also incorporates the Investment Strategy. Together these cover the financing and investment strategy for the forthcoming financial year.
- 5.2 CIPFA has defined Treasury Management as:
- “the management of the organisation’s cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.
- 5.3 The Council is responsible for its treasury decisions and activity. No treasury management activity is without risk. The successful identification, monitoring and control of risk are an important and integral element of its treasury management activities. The main risks to the Council’s treasury activities are:
- Credit and Counterparty Risk (Security of Investments)
  - Liquidity Risk (Inadequate cash resources)
  - Market or Interest Rate Risk (Fluctuations in interest rate levels)
  - Inflation Risk (Exposure to inflation)
  - Refinancing Risk (Impact of debt maturing in future years)
  - Legal & Regulatory Risk

### ***Regulatory Framework***

- 5.4 There are two main elements to the regulatory framework for treasury management, the CIPFA Treasury Management Code and the Department for Communities and Local Government Investment Guidance.
- 5.5 The Council approved the adoption of the CIPFA Treasury Management Code at its February 2012 meeting and has incorporated changes from the Revised CIPFA Code of Practice into its treasury policies, procedures and practices.

- 5.6 Internal Audit re-examined Treasury Management in May 2012. The Audit Opinion was “Substantial” and there were two recommendations, one Medium priority and one Low.

### ***KCC Governance***

- 5.7 The Corporate Director of Finance & Procurement is responsible for the Council’s treasury management operations, with day to day responsibility delegated to the Head of Financial Services and Treasury and Investments Manager. The detailed responsibilities are set out in the Council’s Treasury Management Practices.
- 5.8 A sub-committee of Cabinet has been established to work with the Officers on treasury management issues – the Treasury Advisory Group (TAG). The group consists of the Cabinet Member for Finance & Business Support, Deputy Cabinet Member for Finance & Business Support, Deputy Leader, Chairman Policy & Resources Cabinet Committee, Chairman Superannuation Fund Committee, Liberal Democrat Finance spokesman and Leader Labour Group.
- 5.9 TAG’s agreed terms of reference are that it “will be responsible for advising the Cabinet and Corporate Director of Finance & Procurement on treasury management policy within KCC’s overarching Treasury Management Policy”. TAG meets the requirement in the CIPFA Treasury Management Code for a member body focussing specifically on treasury management. TAG meets quarterly and members of the group receive detailed information on a weekly and monthly basis.
- 5.10 Whilst Council will agree the Treasury Management Strategy all amendments to the strategy during the year will be agreed by the Corporate Director of Finance & Procurement and the Cabinet Member for Finance & Business Support or Cabinet where required.
- 5.11 Governance & Audit Committee receives quarterly Treasury Management update reports and a report is made to Council twice a year.

### ***Borrowing Requirement and Strategy***

#### **5.12 Borrowing**

- (1) The underlying need to borrow for capital purposes, as measured by the Capital Financing Requirement (CFR), together with balances and reserves, are the core driver of treasury management activity.
- (2) As at 30 November 2012 long term borrowing was £1,013m including £44m attributable to Medway Council.

### 5.13 Interest Rate Forecasts

- (1) Arlingclose, the Council's treasury advisers, in common with most forecasters now expect short term interest rates to stay at their low levels for longer – their central forecast is that the official Bank Rate will remain at 0.5% until the end of 2016.
- (2) From 1 November 2012, the Government reduced by 20 basis points (0.2%) the interest rates on loans from the PWLB to principal local authorities who provided the required information on their plans for long-term borrowing and associated capital spending. KCC completed the information request and, as a consequence, qualifies to receive the certainty rate discount on PWLB loans from 1 November 2012 to 31 October 2013.

### 5.14 Borrowing Strategy

- (1) Capital expenditure levels, market conditions and interest rates levels will be monitored to minimise borrowing costs over the medium to longer term and maintain stability. The differential between debt costs and returns on deposits, the so called “cost of carry”, remains acute and is expected to remain so in the short term. The Council has therefore been actively trying to reduce its cash holdings by deferring long term borrowing. The use of internal cash resources in lieu of borrowing is likely to continue to be the most cost effective way of financing capital expenditure. In 2012/13 two loans totalling £75m were repaid rather than being refinanced, saving the Council £2.8m per annum.
- (2) In light of this our principles for borrowing over the period will be:
  - Affordability of new borrowing in light of the Council's overall finances.
  - Maturity of existing debt.
  - Continue where possible to defer borrowing and fund from internal resources.
  - Use the Public Works Loan Board (PWLB) as the main source of funding.
  - Consider use of market loans and Lender Option Borrower Option (LOBO) loans. Currently there is very little interest from banks in this market.
  - The Council has historically borrowed at fixed rates. This gives certainty over debt financing costs and can be seen as reducing interest rate risk. Fixed rate borrowing will



remain a core part of the strategy with the Council seeking to borrow at advantageous points in interest rate cycles.

- Consideration will also be given to borrowing at variable rates – the Council currently has no variable rate borrowing.
- Borrowing short term for cash flow reasons if necessary.

#### 5.15 Borrowing Requirement

- (1) Moving forward it is anticipated that the level of borrowing to fund capital expenditure will be significantly lower than previously, not least because of the focus on utilising internal cash resources.
- (2) The Authority's debt portfolio can be restructured by prematurely repaying loans and refinancing them on similar or different terms to achieve a reduction in risk and/or savings in interest costs. The Council will continue to examine options for this with the rationale of:
  - Savings in risk adjusted interest costs.
  - Rebalancing the interest rate structure of the debt portfolio with potentially the introduction of shorter term or variable rate debt.
  - Changing the maturity profile of the debt portfolio.
- (3) Borrowing and rescheduling activity will be reported to the Treasury Advisory Group and Governance & Audit Committee in the regular treasury management reports.

### ***Investment Strategy***

#### 5.16 Principles

- (1) In accordance with Investment Guidance issued by the CLG and best practice this Authority's primary objective in relation to the investment of public funds remains the security of capital. The liquidity or accessibility of the Authority's investments followed by the yields earned on investments are important but are secondary considerations.
- (2) Since March 2012 Arlingclose have been gradually extending the duration of investments and adding to the range of counterparties. This reflects a whole range of different consideration but in particular in the UK the impact of the Funding for Lending Scheme and in the Euro Zone action taken by the European Central Bank. This action does seem to have improved the liquidity of the banking sector at least in the short term. The Council would never exceed a duration limit

recommended by Arlingclose and invariably will apply its own shorter duration to investments.

- (3) Investments are categorised as “Specified” or “Non-Specified” within the investment guidance issued by the CLG.

Specified investments are sterling denominated investments with a maximum maturity of one year. They also meet the “high credit quality” as determined by the Authority and are not deemed capital expenditure investments under Statute. Non-Specified investments are, effectively, everything else.

- (4) Whilst security remains the overriding criteria for deposits in the very difficult financial environment faced by the Council it is important to maximize returns for a given level of risk. The Council has been able to add to return in 2012/13 through initiatives such as the purchase of Standard Chartered Certificates of Deposit, 3 and 6 month deposits with Lloyds and the heavy use of call accounts paying generally higher interest rates than for fixed duration deposits. The improving liquidity position of UK banks means that there is now a marked trend for all counterparties to substantially reduce the rates that they will pay. In light of this the Council will need to consider making non-specified investments with different asset classes and for longer duration.
- (5) Officers will continue to work with Treasury Advisory Group and our treasury advisers to appraise investment options. Any changes to the approach set out will be subject to report to Cabinet for decision following detailed consideration by the TAG.

#### 5.17 Criteria for Counterparty Selection

The criteria for the selection of counterparties are:

- A strong likelihood of Government intervention in the event of liquidity issues based on the systemic importance to the UK economy.
- Publicised credit ratings for financial institutions.
- Other financial information eg Credit Default Swaps, share price, corporate developments, news, articles, market sentiment, momentum.
- Country exposure e.g. Sovereign support mechanisms, GDP, net debt as a percentage of GDP.
- Exposure to other parts of the same banking group.
- Reputational issues.

The Corporate Director of Finance & Procurement in consultation with the Cabinet Member for Finance & Business Support can suspend a counterparty at any time.

#### 5.18 Current Counterparties

(1) The current counterparties are:

- Debt Management Office (DMO)
- Barclays Bank Plc
- HSBC bank Plc
- Lloyds Banking Group – Lloyds TSB / HBOS
- RBS Group – Royal Bank of Scotland / NatWest
- Santander UK Plc
- Nationwide Building Society
- Standard Chartered Bank Plc
- Australia and New Zealand Banking Group
- Commonwealth Bank of Australia
- National Australia Bank Ltd
- Westpac Banking Corp
- Bank of Montreal
- Bank of Nova Scotia
- Canadian Imperial Bank of Commerce
- Royal Bank of Canada
- Toronto Dominion Bank

(Note - whilst Cabinet agreed to the addition of the Australian and Canadian banks in September 2012 no deposits have yet been made with them.)

(2) The current maximum duration of deposits is 12 months.

#### 5.19 Counterparty Proposals

(1) The permitted deposits will be:

- Call accounts.
- Term deposits
- Certificates of deposit
- T-Bills

(2) The minimum credit rating for non-UK sovereigns is AA+ (or equivalent). For specified investments the minimum long term rating for counterparties is A- (or equivalent). The Corporate

Director of Finance & Procurement and Cabinet Member for Finance & Business Support will report to Cabinet any proposals for non-specified investments after discussion at TAG and agreement by Cabinet.

- (3) The Council plans to continue to use those institutions on its current list of counterparties.

#### 5.20 Counterparty Limits

The Counterparty Limits proposed are:

- DMO £450m
- UK Banks/Building Societies £50m
- Australian and Canadian banks £25m each with a country limit of £50m.
- A group limit of £75m would be applied to Lloyds Banking Group and RBS Group.

#### 5.21 Duration of Deposits

Arlingclose's recommended maximum duration is 12 months. It is recommended that the Corporate Director of Finance & Procurement with the Cabinet Member for Finance & Business Support and after consultation with TAG can increase the maximum duration in line with Arlingclose's recommendations.

#### ***Treasury Advisers***

- 5.22 Since March 2011 Arlingclose has been the Council's sole treasury adviser. Officers meet with Arlingclose on a monthly basis and Arlingclose attend the quarterly TAG meetings

#### ***Training***

- 5.23 Training is provided by Arlingclose and a treasury management training module is included in the Financial Management Training Programme for members and senior officers.

## **KCC Medium Term Financial Plan**

# **SECTION 6**

## **Risk Strategy**

## RISK MANAGEMENT STRATEGY

### Introduction

- 6.1 As an organisation concerned with service provision and the social and economic development of the County it is essential that the risks to achieving our objectives are managed so that we create an environment without surprises.
- 6.2 By implementing sound management of our risks and the threats and opportunities which flow from them we will be in a stronger position to deliver our business objectives, provide improved services to the community and achieve better value for money.
- 6.3 Risk management is therefore to be at the heart of our management practice. The Council's approach to risk management aims to be forward looking, and enable decisions to be based on properly assessed risks, ensuring that the right actions are taken at the right time, supporting a culture which encourages continuous improvement and development.
- 6.4 The requirement for an effective approach to risk management will be driven by the objectives of the Council, and ultimately designed to enable the achievement of the aims set out in *Bold Steps for Kent*, our Medium Term Plan to 2014-15. The risk assessment process informs the business planning and performance management processes with budget and resource allocation following.
- 6.5 We have based our approach to managing risk on the Office of Government Commerce's (OGC) best practice guidance: *Management of Risk: Guidance for Practitioners* which is aligned with BS ISO: 31000 and the HM Treasury Orange Book.
- 6.6 The following 8 principles adopted from OGC best practice guidance will form the basis for effective risk management in KCC. Risk:
- Aligns with objectives;
  - Fits the context of the organisation;
  - Engages stakeholders;
  - Provides clear guidance;
  - Informs decision making
  - Facilitates continual improvement;
  - Creates a supportive culture;
  - Achieves measurable value.
- 6.7 Underpinning this approach is a risk management policy that aims to allow the authority to:

- manage risks in line with its risk appetite, and thereby enable us to achieve our objectives more effectively;
- apply recognised best practice to manage risk using a balanced, practical and effective approach (Office of Government Commerce publication *Management of Risk: Guidance for Practitioners*)
- embed effective risk management into the culture of the Council;
- integrate the identification and management of risk into policy and operational decisions;
- eliminate or reduce the impact, disruption and loss from current and emerging events, consequently reducing the cost of threat;
- harness risk management to identify opportunities that current and emerging events may present and maximise benefits and outcomes;
- anticipate and respond in a proactive and timely way to all social, environmental and legislative changes and directives that may impact delivery of our objectives;
- harmonise risk management disciplines across all Council activities;
- benefit from consolidating ongoing learning and experience through the collation and sharing of risk knowledge; and
- demonstrate increasing confidence in our ability to deal effectively with the uncertainty that internal and external pressures present.

6.8 The policy is reviewed annually to ensure that it reflects the organisation's business needs, continues to add measurable value and remains challenging and responsive to Government direction and requirements.

### **Risk Management Aims**

6.9 Over the period of this medium term financial plan, the risk management aims will be achieved by:

- continuing to strengthen the common links between business planning, performance and risk management;
- integrating effective risk management practices into Council's management, decision making and planning activities;
- exploiting available business technology to store and share risk information and providing the business with access to a repository of risk knowledge and learning;
- maintaining (and increasing where necessary) the frequency and effectiveness of monitoring of key risks in line with the council's internal control framework.

- embedding risk management into the *Kent Manager* Standard;
- providing risk management training and awareness sessions for both Officers and Members of the County Council;
- ensuring links between audit planning and risk management processes to enable assurance on the effectiveness of risk management across the council;
- subjecting KCC's risk framework and practice to annual review to determine the effectiveness of arrangements and level of 'risk maturity'.

### Roles and responsibilities

6.10 Responsibility for risk management runs throughout the Council. Everyone has a role to play. However, for risk management to be successful there has to be a clear identification of roles and responsibilities at management level. The key roles and responsibilities are set out below:

| Group or Individual   | Responsibilities  |
|---|---|
| County Council  | Ensure that an effective system of risk management is in place.   |
| Governance & Audit Committee                                      | On behalf of the Council ensure that risk management and internal control systems are in place that are adequate for purpose, and are effectively and efficiently operated.   |
| Cabinet   | Responsibility for the operation of the risk management system, including the establishment of the Council's risk appetite.   |
| Cabinet Member for Business Strategy, Performance & Health Reform | On behalf of Cabinet ensure effective risk management arrangements are put in place   |
| Cabinet Portfolio Holders   | Responsibility for the effective management of risk within their portfolio areas and ensuring that they consider risks in all decisions they make   |
| Cabinet Committees  | To provide scrutiny pre-decision to ensure that due consideration is given to associated risks.   |
| Section 151 Officer   | Active involvement in all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered.   |
| Corporate Management Team (CMT)                                   | To ensure the Council manages risks effectively through the Risk Management Policy and actively consider, own and manage key strategic risks affecting the Council through the Corporate Risk Register.<br>Keep the Council's risk management framework under regular review and approve and monitor delivery of the annual risk work programme |



|   |   |
|---|---|
| Performance & Evaluation Board  | <p>On behalf of the Executive monitor the Corporate Risk Register to ensure that actions are being implemented to mitigate risk within the Council's risk appetite and report on exceptions and key changes to risk impact or immediacy.</p> <p>Obtain assurance from those responsible for the delivery of the council's priorities and major change programmes that the associated risks are effectively identified and managed and report by exception.</p>  |
| Programme / Project Boards  | To ensure that programme and project risks are effectively identified and managed and that any impacts on the business that may follow implementation are reported and managed.   |
| Corporate Programme Office  | To develop and ensure implementation of programme and project governance, controls and risk management arrangements to successfully deliver outputs and secure desired outcomes and benefits.   |
| Directorate Management Teams (DMT)                                    | Responsibility for the effective management of risk within the directorate, including risk escalation and reporting to the Performance & Evaluation Board and Corporate Management Team as appropriate.   |
| Divisional Management Teams (DivMT)                                   | Responsibility for the effective management of risk within divisions, including risk escalation, and reporting to DMT as appropriate.   |
| Corporate Director Business Strategy & Support (Head of Paid Service) | Responsibility for the overall monitoring of strategic risks across the Council, including the endorsement of priorities and management action. Responsible for ensuring that risk management resources are appropriate.  |
| Head of Business Intelligence   | <p>Establish the organisational context and objectives for risk management and map the external and internal risk environment.</p> <p>Develop and maintain the Risk Management Policy, Strategy, management guidance and support resources.</p>   |
| Corporate Risk Manager  | <p>Promote a positive risk management culture within KCC, developing and implementing the risk management framework and strategic approach and continuing to develop and embed an effective infrastructure for managing and reporting risk.</p> <p>Facilitate maintenance of an up to date Corporate Risk Register and provide reports on corporate risk to Cabinet members and the Corporate Management Team.</p> <p>Facilitate the risk management process within the Council and advise on developments on risk management. Assist key individuals with implementing and embedding risk within key Council areas and provide guidance, training and support as</p> |

|                             |  |
|-----------------------------|--|
|                             | required.  |
| Corporate Risk Team         | Day to day responsibility for developing and co-ordinating risk management across the Council and providing advice, support and training, and contributing to ongoing regular reporting on risk management |
| Internal Audit              | Assesses the effectiveness of the risk management framework and the control environment in mitigating risk   |
| Directors and Kent Managers | Ensure that effective risk management arrangements are in place in their areas of responsibility to minimise the Council's exposure to risk and uncertainty.   |
| All staff members           | Understand, accept and implement risk management processes. Report inefficient, unnecessary or unworkable controls. Report loss events or near-miss incidents  |

- 6.11 Other Officer groups will deal with related risk specialisms, such as Health and Safety; Treasury; Emergency Resilience and Business Continuity; Insurance; Information Security etc. These groups link into the governance arrangements for the Council so that their work is co-ordinated with the Council's overall risk management framework.

### **Embedding of Risk Management**

- 6.12 The Governance and Audit Committee reviews and approves the Council's Risk Management Policy annually, and its implementation is endorsed by the Council's Cabinet and Corporate Management Team. Management Guidance is in place to aid effective implementation of the Policy and is published on our intranet site.
- 6.13 A dedicated Corporate Risk Team is in place to promote awareness of risk management throughout the organisation and ensure that it is widely understood, and in particular works closely with Risk and Control / Action Owners, in addition to a network of risk management contacts.

### **Partnerships**

- 6.14 The risks to the Council in achieving its objectives can be increased or reduced by involvement in the activities of external groups; particularly where they can influence the achievement of our objectives and where the Council adopts a leading role. Risk management will therefore be a key consideration by our senior officers in the way the Council works together with other organisations, partners, contractors etc.

**Appendix A (i)**  
**Draft High Level 2013/14 KCC Budget**

Appendix 3

| 2012/13<br>(restated) |         |                |  | 2013/14 |         |                 |
|-----------------------|---------|----------------|--|---------|---------|-----------------|
| £000s                 | £000s   | £000s          |  | £000s   | £000s   | £000s           |
|                       |         | <b>996,551</b> | <b>Revised Base</b>                          |         |         | <b>991,818</b>  |
|                       |         |                | <b>Additional Spending Pressures</b>         |         |         |                 |
|                       | 15,934  |                | Pay & Prices                                 |         | 7,965   |                 |
|                       | 11,621  |                | Legislative                                  |         | 24,638  |                 |
|                       | 22,670  |                | Demand/Demographic                           |         | 23,828  |                 |
|                       | 29,288  |                | Services Strategies & Improvements           |         | 8,371   |                 |
|                       | 260     |                | Change in grant treatment                    |         | 0       |                 |
|                       |         | <b>79,773</b>  | <b>Total Additional Spending</b>             |         |         | <b>64,802</b>   |
|                       |         | 15,431         | Reversal of One-Off Savings                  |         |         | 23,512          |
|                       |         | <b>95,204</b>  | <b>Total Pressures</b>                       |         |         | <b>88,314</b>   |
|                       |         |                | <b>Income &amp; Savings</b>                  |         |         |                 |
|                       | -5,456  |                | Increases in Grants and Contributions        |         | -34,189 |                 |
|                       | -24,699 |                | Income Generation                            |         | -3,280  |                 |
|                       | -11,363 |                | Removal of one-off spending in previous year |         | -9,706  |                 |
|                       |         |                | <u>Efficiency Savings</u>                    |         |         |                 |
| -7,925                |         |                | Staffing                                     | -4,974  |         |                 |
| -1,270                |         |                | Premises                                     | -151    |         |                 |
| -9,984                |         |                | Contracts / Procurement                      | -8,022  |         |                 |
| -6,228                |         |                | Demand Management                            | -2,350  |         |                 |
| -2,210                |         |                | Other  | -8,148  |         |                 |
|                       | -27,617 |                |  |         |         | -23,645         |
|                       |         |                | <u>Transformation Savings</u>                |         |         |                 |
| -9,749                |         |                | Staffing                                     | -5,589  |         |                 |
| -3,730                |         |                | Contracts                                    | -1,667  |         |                 |
| -9,289                |         |                | Service Transformations                      | -20,014 |         |                 |
| -722                  |         |                | Other  | -961    |         |                 |
|                       | -23,490 |                |  |         |         | -28,231         |
|                       | -7,312  |                | One-off savings and release of reserves      |         |         | -29,370         |
|                       |         | <b>-99,937</b> | <b>Total Savings &amp; Income</b>            |         |         | <b>-128,421</b> |
|                       |         | <b>991,818</b> | <b>Proposed Annual Budget</b>                |         |         | <b>951,711</b>  |
|                       |         |                | <u>Funded by</u>                             |         |         |                 |
|                       | 577,914 |                | Council Tax Yield                            |         | 509,579 |                 |
|                       | 2,239   |                | Council Tax Collection Fund                  |         | 0       |                 |
|                       | 0       |                | Retained Business Rates                      |         | 45,816  |                 |
|                       |         |                | <u>Un-ring-fenced Grants</u>                 |         |         |                 |
|                       | 303,446 |                | Formula Grant                                |         | 0       |                 |
|                       | 54,883  |                | Early Intervention Grant                     |         | 0       |                 |
|                       | 35,706  |                | Learning Disability & Health Reform Grant    |         | 0       |                 |
|                       | 0       |                | Revenue Support Grant                        |         | 246,602 |                 |
|                       | 0       |                | Business Rate Top-Up                         |         | 118,241 |                 |
|                       | 0       |                | Education Services Grant                     |         | 20,642  |                 |
|                       | 14,446  |                | Council Tax Freeze Grant                     |         | 5,820   |                 |
|                       | 2,839   |                | New Homes Bonus Grant                        |         | 4,383   |                 |
|                       | 345     |                | Other Un-Ring-Fenced Grant                   |         | 628     |                 |
|                       |         | <b>991,818</b> | <b>Total Funding</b>                         |         |         | <b>951,711</b>  |



| DRAFT WHOLE COUNCIL 2013/14 SUMMARY |   |                  |
|-------------------------------------|---|------------------|
|                                     | Dark blue text represents full year effect of previous years  |                  |
| Section                             | Portfolios  | 2013/14<br>£'000 |
| 1                                   | <b>Base Budget Requirement (Net Cost)</b>   | <b>904,321</b>   |
|                                     | <b>Base Budget Adjustments - Internal</b>   | 0                |
|                                     | <b>Base Budget Adjustments- External</b>  | 87,497           |
|                                     | <b>Revised Base Budget</b>  | <b>991,818</b>   |
| 2                                   | <b><u>ADDITIONAL SPENDING PRESSURES</u></b>   |                  |
| 2.1                                 | <b>Employment Costs:</b>  |                  |
|                                     | F&BS Provision for pay and performance reward adjusted to take account of savings from a review of Terms and Conditions | 3,700            |
|                                     |   | <b>3,700</b>     |
| 2.2                                 | <b>Prices:</b>  |                  |
|                                     | ELS, EHW, C&C, Transport  | 1,206            |
|                                     | SCS, ASC&HR Energy  | 110              |
|                                     | EHW Waste contracts   | 1,348            |
|                                     | EHW Highways maintenance contracts  | 689              |
|                                     | Various Other   | 912              |
|                                     |   | <b>4,265</b>     |
|                                     | <b>Sub Total for Employment Costs and Prices</b>  | <b>7,965</b>     |
| 2.3                                 | <b>Unavoidable Government/Legislative Pressures:</b>  |                  |
|                                     | EHW Additional tax on waste put to landfill   | 1,454            |
|                                     | ASC&PH Investment of Health money in reablement and other preventative services   | 22,064           |
|                                     | ELS Loss of other Local Authority income for their children placed in Kent schools                                      | 800              |
|                                     | Various Other   | 320              |
|                                     |   | <b>24,638</b>    |
| 2.4                                 | <b>Demand/Demographic Led:</b>  |                  |
|                                     | EHW Concessionary Fares and Freedom Pass take-up  | 636              |
|                                     | ASC&PH Increased adult social care demand, higher dependency, provision for contract renegotiation and re-let           | 7,094            |
|                                     | ELS SEN Home to School transport to meet current demand levels  | 700              |
|                                     | SCS Full year effect funding for the current number of looked after children  | 6,000            |
|                                     | SCS Expansion of pilot for 2 year olds to receive early years education   | 9,125            |
|                                     | Various Other   | 273              |
|                                     |   | <b>23,828</b>    |
| 2.5                                 | <b>Service Strategies &amp; Improvements:</b>   |                  |
|                                     | F&BS, BSP&HR & C&C Financing the Capital Programme, net of debt management  | 1,679            |
|                                     | EHW Joint agreements between the County and Districts on waste arrangements   | 1,377            |

| DRAFT WHOLE COUNCIL 2013/14 SUMMARY |   |  |
|-------------------------------------|---|--|
|                                     | <b>Dark blue text represents full year effect of previous years</b> |  |
| Section                             | Portfolios  | 2013/14<br>£'000   |
|                                     | EHW   | Full year effect of restructure of Commercial Services<br>1,669  |
|                                     | F&BS  | A provision to transfer share of Council Tax yield to District councils to part fund increased costs of collection and underwrite Council Tax Support Schemes<br>2,663 |
|                                     | C&C & BSP&HR  | Investment in ICT<br>340   |
|                                     | Various   | Other<br>643   |
|                                     |   | <b>8,371</b>   |
| 2.6                                 | <b>Reversal of one off savings from previous years</b>              |  |
|                                     |   | <b>23,512</b>  |
|                                     | <b>Total Pressures</b>  |  |
|                                     |   | <b>88,314</b>  |
| 3                                   | <b><u>SAVINGS AND INCOME:</u></b>                                   |  |
| 3.1                                 | <b>Increases in Grants and Contributions</b>                        |  |
|                                     | ASC&PH  | NHS support for Social Care<br>-22,064   |
|                                     | SCS   | Additional DSG for 2 year old early years education<br>-12,125   |
|                                     |   | <b>-34,189</b>   |
| 3.2                                 | <b>Income Generation</b>  |  |
|                                     | EHW   | Increased income from sale of recyclable waste materials<br>-500   |
|                                     | ASC&PH  | Increase in Social Care charges in line with benefits uplift<br>-1,649   |
|                                     | C&C   | Registration charges<br>-50  |
|                                     | ELS   | Increased income from trading with Schools and Academies<br>-997   |
|                                     | Various   | Other<br>-84   |
|                                     |   | <b>-3,280</b>  |
|                                     | <b>Savings and Mitigations:</b>                                     |  |
| 3.3                                 | <b>Removal of one-off spending in previous years</b>                |  |
|                                     |   | <b>-9,706</b>  |
| 3.4                                 | <b>Efficiency and Other Savings</b>                                 |  |
|                                     | <u>Staffing</u>   |  |
|                                     | All   | Full Year Effect of non frontline staffing & management restructure from previous years<br>-392  |
|                                     | BSP&HR  | Support staff reduction in line with overall FTE reductions<br>-350  |
|                                     | C&C   | Integration of new services into Contact Centre<br>-573  |
|                                     | F&BS  | Further reduction of 100 non frontline posts (to be allocated)<br>-1,000   |
|                                     | SCS   | Review of support services and central functions relating to the running of Children's Centres<br>-1,379   |
|                                     | SCS   | Reduction in the use of Agency staff<br>-640   |
|                                     | C&C & SCS   | Other staffing efficiencies<br>-640  |
|                                     | <u>Premises</u>   |  |

| DRAFT WHOLE COUNCIL 2013/14 SUMMARY |  |                  |
|-------------------------------------|--|------------------|
|                                     | <b>Dark blue text represents full year effect of previous years</b>  |                  |
| Section                             | Portfolios   | 2013/14<br>£'000 |
|                                     | BSP&HR Rationalisation of accommodation  | -151             |
|                                     | <u>Contracts and Procurement</u>   |                  |
|                                     | EHW Waste contract and procurement efficiencies  | -4,334           |
|                                     | ELS Full year effect of Connexions contract renegotiation in 2012/13   | -500             |
|                                     | BSP&HR Multi Agency ICT provision  | -1,250           |
|                                     | C&C Full year effect of Supporting People contract negotiation in 2012/13  | -750             |
|                                     | SCS Contract and Procurement efficiencies within Specialist Children's Services  | -805             |
|                                     | EHW Reduction in street lighting energy contract prices  | -383             |
|                                     | <u>Demand</u>  |                  |
|                                     | EHW Reduction in waste tonnage   | -1,400           |
|                                     | ELS Fewer children being transported to school   | -950             |
|                                     | <u>Other</u>   |                  |
|                                     | F&BS Treasury management   | -2,000           |
|                                     | F&BS Moratorium on discretionary spend within Directorates (to be allocated)   | -2,500           |
|                                     | EHW Highway Maintenance and Management - reduced reactive/discretionary maintenance due to increased planned maintenance from capital                                  | -1,500           |
|                                     | C&C Contribution to Turner Contemporary  | -100             |
|                                     | C&C Change to service specifications   | -570             |
|                                     | ELS Continuation of previous policy decision on discretionary transport  | -300             |
|                                     | Various Other efficiencies and service reductions  | -1,178           |
|                                     |  | <b>-23,645</b>   |
| 3.5                                 | <b>Transformation</b>  |                  |
|                                     | <u>Staffing</u>  |                  |
|                                     | ELS Full year effect of ELS staff restructuring including Kent Challenge in 2012/13  | -3,534           |
|                                     | C&C Full year effect of Youth Service review in 2012/13  | -555             |
|                                     | ASC&PH Full year effect of in house services for vulnerable Adults in 2012/13  | -450             |
|                                     | SCS Review of commissioning and support services   | -350             |
|                                     | C&C Other transformation savings   | -700             |
|                                     | <u>Contracts and Procurement</u>   |                  |
|                                     | EHW Street Lighting Energy saving through Part Night approach or removal - this would be achieved through selective turning off streetlights between midnight and 5 am | -467             |
|                                     | ELS SEN Transport - reduction in costs through continued efficient procurement and a more flexible approach to provision including personalised budgets                | -750             |

| DRAFT WHOLE COUNCIL 2013/14 SUMMARY |   |                  |
|-------------------------------------|---|------------------|
|                                     | <b>Dark blue text represents full year effect of previous years</b>   |                  |
| Section                             | Portfolios  | 2013/14<br>£'000 |
|                                     | ASC&PH & C&C      Other contract and procurment savings   | -450             |
|                                     | <u>Transformation</u>   |                  |
|                                     | SCS      Net savings arising from investment in prevention services to reduce the number of looked after children | -1,043           |
|                                     | SCS      Legal charges on Specialist Children's Services - reduced cost through process change                    | -756             |
|                                     | SCS <b>Other preventative Specialist Children's Services</b>  | <b>-100</b>      |
|                                     | ASC&PH      Adults Transformation Programme   | -18,115          |
|                                     | <u>Other</u>  |                  |
|                                     | C&C      Reduction in Home Office community safety grants   | -631             |
|                                     | Various      Other  | -330             |
|                                     |   | <b>-28,231</b>   |
| 3.6                                 | <b>One-off savings</b>  |                  |
|                                     | F&BS      Drawdown from Council Tax Equalisation Reserve  | -9,370           |
|                                     | F&BS      Use of 2011/12 uncommitted underspend   | -5,000           |
|                                     | F&BS      Use of 2012/13 forecast underspend  | -5,000           |
|                                     | F&BS      Drawdown from general reserves  | -9,000           |
|                                     | F&BS      Big Society Fund re-phasing   | -1,000           |
|                                     |   | <b>-29,370</b>   |
|                                     | <b>Total Savings and Mitigations</b>  | <b>-90,952</b>   |
|                                     | <b>Total Savings and Income</b>   | <b>-128,421</b>  |
|                                     | <b>PROPOSED NET BUDGET REQUIREMENT</b>  | <b>951,711</b>   |
| 4                                   | <b>Funded By</b>  |                  |
|                                     | <b>Un-ring-fenced Grants</b>  |                  |
|                                     | Government Funding - Other un-ring-fenced Grants  | 628              |
|                                     | Business Rate Top Up Grant  | 118,241          |
|                                     | Revenue Support Grant   | 246,602          |
|                                     | Retained Business Rates   | 45,816           |
|                                     | New Homes Bonus Grant   | 4,383            |
|                                     | Council Tax Freeze Grant  | 5,820            |
|                                     | Education Services Grant  | 20,642           |
|                                     | <b>Council Tax</b>  | <b>509,579</b>   |
|                                     | <b>TOTAL NET FUNDING</b>  | <b>951,711</b>   |



| <b>Adult Social Care and Public Health Portfolio<br/>Revenue Budget</b> |  | 2013/14<br>£'000 |
|---|--|------------------|
| <b>Base Budget (Net Cost)</b>   |  | <b>336,004</b>   |
| <b>Base Budget Adjustments - Internal</b>                               |  | <b>-263</b>      |
| <b>Total Base Adjustments</b>   |  | <b>-263</b>      |
| <b>Revised Base Budget</b>  |  | <b>335,741</b>   |
| <b>ADDITIONAL SPENDING PRESSURES</b>                                    |  |                  |
| <b>Unavoidable Government/Legislative Pressures:</b>                    |  |                  |
| Other Adult Services  | Investment of Health Monies in re-ablement   | 22,064           |
|   |  | <b>22,064</b>    |
| <b>Demand/Demographic Led:</b>  |  |                  |
| Various   | Increased demand, higher dependency, provision for contract renegotiation and re-let | 7,094            |
|   |  | <b>7,094</b>     |
| <b>Reversal of one-off savings from previous years</b>                  |  | <b>15,656</b>    |
| <b>Total Pressures</b>  |  | <b>44,814</b>    |
| <b>SAVINGS AND INCOME</b>   |  |                  |
| <b>Increases in Grants and Contributions</b>                            |  |                  |
| Other Adult Services  | NHS funding  | -22,064          |
|   |  | <b>-22,064</b>   |
| <b>Income Generation</b>  |  |                  |
| Various   | Income increase in line with Benefits Uplift   | -1,649           |
|   |  | <b>-1,649</b>    |
| <b>Savings and Mitigations:</b>   |  |                  |
|   | <b>Removal of one-off spending in previous years</b>                                 | <b>-5,406</b>    |
| <b>Efficiency and Other Savings</b>                                     |  |                  |
| Various   | Essential/Lease user   | -21              |
|   |  | <b>-21</b>       |
| <b>Transformation Savings</b>   |  |                  |
| Older Persons   | Encouraging Self Funders of Residential Care to seek independent financial advice    | -250             |
| Learning Disability   | Review of In-house services - LD   | -450             |
| All   | Adults Transformation Programme  | -18,115          |
|   |  | <b>-18,815</b>   |
| <b>Total Savings and Mitigations</b>                                    |  | <b>-24,242</b>   |
| <b>Total Savings and Income</b>   |  | <b>-47,955</b>   |
| <b>Budget controlled by this portfolio (Net Cost)</b>                   |  | <b>332,600</b>   |

| <b>Business Strategy, Performance and Health Reform Portfolio<br/>Revenue Budget</b> |  |                  |
|--|--|------------------|
|  |  | 2013/14<br>£'000 |
| <b>Base Budget (Net Cost)</b>  |  | <b>52,738</b>    |
| <b>Base Budget Adjustments - Internal</b>  |  | <b>5,716</b>     |
| <b>Total Base Adjustments</b>  |  | <b>5,716</b>     |
| <b>Revised Base Budget</b>   |  | <b>58,454</b>    |
| <b><u>ADDITIONAL SPENDING PRESSURES</u></b>  |  |                  |
| <b>Prices:</b>   |  |                  |
| Property & Infrastructure  | Gas & Electricity  | 110              |
| Property & Infrastructure  | Rent   | 223              |
| Property & Infrastructure  | Rates  | 148              |
|  |  | <b>481</b>       |
| <b>Demand/Demographic Led:</b>   |  |                  |
| Property & Infrastructure  | Dilapidations  | 123              |
|  |  | <b>123</b>       |
| <b>Service Strategies &amp; Improvements:</b>  |  |                  |
| BSS Management & Support   | Prudential borrowing costs for Portfolio Capital Programmes                              | 180              |
| Property & Infrastructure  | Additional running costs for extended buildings  | 37               |
| ICT  | Sharepoint licences  | 102              |
| ICT  | Oracle Business Intelligence and Collaborative Planning on-going support and maintenance | 128              |
|  |  | <b>447</b>       |
| <b>Total Pressures</b>   |  | <b>1,051</b>     |
| <b><u>SAVINGS AND INCOME</u></b>   |  |                  |
| <b>Income Generation</b>   |  |                  |
| HR   | Additional income from trading with schools and academies                                | -96              |
|  |  | <b>-96</b>       |
| <b>Savings and Mitigations:</b>  |  |                  |
|  | <b>Removal of one-off spending in previous years</b>                                     | <b>-950</b>      |
| <b>Efficiency and Other Savings</b>  |  |                  |
| Business Strategy  | Essential/Lease User   | -2               |
| Business Strategy & HR   | Reduction in staff travel  | -3               |

| <b>Business Strategy, Performance and Health Reform Portfolio<br/>Revenue Budget</b> |  |                  |
|--|--|------------------|
|  |  | 2013/14<br>£'000 |
| HR   | Training - Streamlining of training budgets following centralisation   | -200             |
| Property & Infrastructure  | Review of staffing - Full year effect of previous years saving   | -57              |
| ICT  | Multi Agency (Network) ICT unification - Reduced cost to KCC through sharing overheads with more partner organisations                             | -1,000           |
| ICT  | Multi Agency Aggregation of operational activity - Reduced cost of support services to KCC through sharing across other agencies                   | -250             |
| Property & Infrastructure  | Total Place - Rephased<br>Rationalisation of office accommodation and improved cost control through the implementation of corporate landlord model | -151             |
| ICT  | Internal efficiency & Demand reduction - Reductions in hardware, software and support costs as number of KCC staff reduces                         | -350             |
|  |  | <b>-2,013</b>    |
|  | <b>Total Savings and Mitigations</b>   | <b>-2,963</b>    |
|  | <b>Total Savings and Income</b>  | <b>-3,059</b>    |
|  | <b>Budget controlled by this portfolio (Net Cost)</b>  | <b>56,446</b>    |

| <b>Customer &amp; Communities Portfolio<br/>Revenue Budget</b> |  |                  |
|--|--|------------------|
|  |  | 2013/14<br>£'000 |
| <b>Base Budget (Net Cost)</b>                                  |  | <b>79,926</b>    |
| <b>Base Budget Adjustments - Internal</b>                      |  | <b>-476</b>      |
| <b>Total Base Adjustments</b>                                  |  | <b>-476</b>      |
| <b>Revised Base Budget</b>                                     |  | <b>79,450</b>    |
| <b><u>ADDITIONAL SPENDING PRESSURES</u></b>                    |  |                  |
| <b>Prices:</b>   |  |                  |
| Various  | Transport  | 16               |
| Corners and Youth Service                                      | Other  | 20               |
| Libraries, Registration and Archives Services                  | Civica contract  | 6                |
| Coroners   | Post Mortem contract   | 20               |
|  |  | <b>62</b>        |
| <b>Unavoidable Government/Legislative Pressures:</b>           |  |                  |
| Youth Offending Service  | Transfer of responsibility to Local Authorities for the remand costs of young people within the secure estate        | 320              |
|  |  | <b>320</b>       |
| <b>Demand/Demographic Led:</b>                                 |  |                  |
| Contact Centre & Consumer Direct                               | One-off funding to address performance issues following increased demand, call duration and complexity               | 150              |
|  |  | <b>150</b>       |
| <b>Service Strategies &amp; Improvements:</b>                  |  |                  |
| Libraries, Registration and Archives Services                  | Prudential Borrowing Costs - Kent History & Library Centre, funded through rationalisation of premises               | 147              |
| Communications & Consultation                                  | Replacement of web platform  | 110              |
| Arts Development (incl. grant to Turner Contemporary)          | Compensation for loss of expected income from Rendezvous site, Margate until a viable commercial option is developed | 295              |
|  |  | <b>552</b>       |
| <b>Reversal of one-off savings from previous years</b>         |  | <b>433</b>       |
| <b>Total Pressures</b>   |  | <b>1,517</b>     |
| <b><u>SAVINGS AND INCOME</u></b>                               |  |                  |
| <b>Income Generation</b>                                       |  |                  |

| <b>Customer &amp; Communities Portfolio<br/>Revenue Budget</b> |  |                  |
|--|--|------------------|
|  |  | 2013/14<br>£'000 |
| Libraries,<br>Registration &<br>Archives                       | Registration - A further increase in fees chargeable for ceremonial and other services in line with inflation  | -50              |
|  |  | <b>-50</b>       |
| <b>Savings and Mitigations:</b>                                |  |                  |
| <b>Efficiency and Other Savings</b>                            |  |                  |
| Contact Centre &<br>Consumer Direct                            | Contact Centre to enable savings with units transferring services/budgets in and synergies achieved through integration  | -573             |
| C&C Management<br>and Support                                  | Review of middle management structures and groupings   | -135             |
| All  | Removal of essential/lease user allowances   | -1               |
| Supporting People  | Over delivery of 2012/13 savings through tendering process   | -750             |
| Community Safety<br>and Emergency<br>Planning                  | A further review of management and back office arrangements following the integration of commissioned services and removal of funding for a partnership post       | -130             |
| Youth Service  | A review of management and staffing following the integration of back and middle office functions  | -135             |
| Community<br>Wardens   | Reduction in management post and only one recruitment campaign per annum   | -280             |
| Sports Development   | Reduced capacity after Olympic and Paralympic games  | -200             |
| Trading Standards  | A further review of back office arrangements following the integration of services   | -75              |
| Arts Development<br>(incl. grant to Turner<br>Contemporary)    | A reduction in the level of financial support provided to the Turner Contemporary Trust, representing a diminution of 10% of the annual grant provided             | -100             |
| Supporting<br>Employment                                       | A review of staffing levels in light of current contract and activity levels   | -100             |
| Libraries,<br>Registration &<br>Archives                       | Further management, back office and staffing savings following the integration of these three services   | -150             |
| Trading Standards  | Further management, back office and staffing savings following the integration of services and a review of the 'buy with confidence' and 'consumer advice' schemes | -145             |
| Coroners   | Reduction in post-mortem contract (part year effect)   | -50              |
| Countryside Access<br>(inc Public Rights of<br>Way)            | Better procurement and specification changes   | -225             |

| <b>Customer &amp; Communities Portfolio<br/>Revenue Budget</b>                                  |  |                                   |
|---|--|-----------------------------------|
|   |  | 2013/14<br>£'000<br><b>-3,049</b> |
| <b>Transformation Savings</b>   |  |                                   |
| Libraries,<br>Registration &<br>Archives  | Aggregation of staff restructuring and service integration proposals including management and archives               | -500                              |
| Youth Service   | Service transformation model - staff impact  | -555                              |
| Youth Service   | Service transformation model - non staff impact  | -46                               |
| Country Parks   | Staffing review  | -80                               |
| Community Safety &<br>Drug & Alcohol<br>services  | Reduction in Home Office community safety grants (previously Safer Stronger Communities Fund)                        | -631                              |
| Arts Development<br>(incl. grant to Turner<br>Contemporary)                                     | More robust funding criteria of Music  | -200                              |
| Drug & Alcohol<br>Services and<br>Supporting People /<br>Directorate<br>Management &<br>Support | A further review of management and back office arrangements following the integration of KDAAT and Supporting People | -200                              |
|   |  | <b>-2,212</b>                     |
|   | <b>Total Savings and Mitigations</b>   | <b>-5,261</b>                     |
| <b>Total Savings and Income</b>   |  | <b>-5,311</b>                     |
| <b>Budget controlled by this portfolio (Net Cost)</b>   |  | <b>75,656</b>                     |

| <b>Democracy and Partnerships Portfolio<br/>Revenue Budget</b> |                  |
|--|------------------|
|  | 2013/14<br>£'000 |
| <b>Base Budget (Net Cost)</b>                                  | <b>7,212</b>     |
| <b>Base Budget Adjustments - Internal</b>                      | <b>160</b>       |
| <b>Total Base Adjustments</b>                                  | <b>160</b>       |
| <b>Revised Base Budget</b>                                     | <b>7,372</b>     |
| <b><u>ADDITIONAL SPENDING PRESSURES</u></b>                    |                  |
| <b>Total Pressures</b>   | <b>0</b>         |
| <b><u>SAVINGS AND INCOME</u></b>                               |                  |
| <b>Efficiency and Other Savings</b>                            |                  |
| Financing Items      Reduction in external audit fees          | -150             |
|  | <b>-150</b>      |
| <b>Total Savings and Income</b>                                | <b>-150</b>      |
| <b>Budget controlled by this portfolio (Net Cost)</b>          | <b>7,222</b>     |

| <b>Education, Learning &amp; Skills Portfolio<br/>Revenue Budget</b> |   |                  |
|--|---|------------------|
|  |   | 2013/14<br>£'000 |
| <b>Base Budget (Net Cost)</b>  |   | <b>59,520</b>    |
| <b>Base Budget Adjustments - Internal</b>                            |   | <b>-806</b>      |
| <b>Total Base Adjustments</b>  |   | <b>-806</b>      |
| <b>Revised Base Budget</b>   |   | <b>58,714</b>    |
| <b><u>ADDITIONAL SPENDING PRESSURES</u></b>                          |   |                  |
| <b>Prices:</b>   |   |                  |
| Fair Access  | Transport   | 209              |
| Teachers and<br>Education Staff<br>Pension Costs                     | Historic liability arising from previous early retirements                                      | 125              |
|  |   | <b>334</b>       |
| <b>Unavoidable Government/Legislative Pressures:</b>                 |   |                  |
| Special School and<br>Hospital<br>Recoupment                         | Loss of other Local Authority income for their children<br>placed in Kent schools               | 800              |
|  |   | <b>800</b>       |
| <b>Demand/Demographic Led:</b>                                       |   |                  |
| SEN Home to<br>School Transport                                      | Increase in SEN Home to School transport to meet<br>current demand levels                       | 700              |
|  |   | <b>700</b>       |
| <b>Total Pressures</b>   |   | <b>1,834</b>     |
| <b><u>SAVINGS AND INCOME</u></b>                                     |   |                  |
| <b>Income Generation</b>   |   |                  |
| Various  | Additional income from trading with schools and<br>academies                                    | -609             |
|  |   | <b>-609</b>      |
| <b>Savings and Mitigations:</b>                                      |   |                  |
| <b>Efficiency and Other Savings</b>                                  |   |                  |
| Various  | Reduction in staff travel   | -10              |
| Home to School<br>Transport<br>(Mainstream)<br>14-19 year olds       | Continuation of previous policy decision on discretionary<br>transport<br>Reduction in staffing | -300             |
|  |   | -71              |
| Home to School<br>Transport  | Fewer children being transported to school  | -950             |
| Directorate Mgmt<br>and Support                                      | Realignment of Inclusion budgets  | -216             |
| Connexions   | Contract review   | -500             |
|  |   | <b>-2,047</b>    |



| <b>Education, Learning &amp; Skills Portfolio<br/>Revenue Budget</b> |   |                  |
|--|---|------------------|
|  |   | 2013/14<br>£'000 |
| <b>Transformation Savings</b>  |   |                  |
| All  | Full Year Effect of ELS restructure   | -3,534           |
| Home to School<br>Transport (SEN)                                    | SEN Transport - reduction in costs through continued<br>efficient procurement and a more flexible approach to<br>provision including personalised budgets | -750             |
|  |   | <b>-4,284</b>    |
| <b>Total Savings and Mitigations</b>                                 |   | <b>-6,331</b>    |
| <b>Total Savings and Income</b>                                      |   | <b>-6,940</b>    |
| <b>Budget controlled by this portfolio (Net Cost)</b>                |   | <b>53,608</b>    |

| <b>Environment, Highways &amp; Waste Portfolio<br/>Revenue Budget</b> |   |                  |
|---|---|------------------|
|   |   | 2013/14<br>£'000 |
| <b>Base Budget (Net Cost)</b>   |   | <b>149,535</b>   |
| <b>Base Budget Adjustments - Internal</b>                             |   | <b>626</b>       |
| <b>Total Base Adjustments</b>   |   | <b>626</b>       |
| <b>Revised Base Budget</b>  |   | <b>150,161</b>   |
| <b><u>ADDITIONAL SPENDING PRESSURES</u></b>                           |   |                  |
| <b>Prices:</b>  |   |                  |
| Freedom Pass &<br>Subsidised Bus<br>Routes                            | Transport contracts   | 981              |
| Various Waste<br>Management   | Waste contracts   | 1,348            |
| General<br>Management &<br>Traffic<br>Management                      | Maintenance contracts   | 689              |
|   |   | <b>3,018</b>     |
| <b>Unavoidable Government/Legislative Pressures:</b>                  |   |                  |
| Various Waste<br>Management   | Additional tax on waste put to landfill   | 1,454            |
|   |   | <b>1,454</b>     |
| <b>Demand/Demographic Led:</b>  |   |                  |
| Freedom Pass  | Increase in Freedom Pass budget to meet current demand levels                                   | 271              |
| Concessionary fares   | Increase in Concessionary fares budget to meet current demand levels                            | 365              |
|   |   | <b>636</b>       |
| <b>Service Strategies &amp; Improvements:</b>                         |   |                  |
| Waste Disposal contracts  | Disposal Costs  | 46               |
| Payments to Waste collection authorities                              | Investment in Waste Collection Authorities - East Kent Joint Waste Contract (Enabling Payments) | 1,165            |
| Payments to Waste collection authorities                              | Investment in Waste Collection Authorities - Mid Kent Joint Waste Project (Enabling Payments)   | 212              |
| Streetlight maintenance   | Prudential Borrowing Costs - Street lighting  | 170              |

| <b>Environment, Highways &amp; Waste Portfolio<br/>Revenue Budget</b> |  |                  |
|---|--|------------------|
|   |  | 2013/14<br>£'000 |
| Payments to Waste collection authorities                              | Prudential Borrowing Costs - Mid Kent Containerisation Project   | 99               |
| Highways Improvements   | Prudential Borrowing Costs - East Kent Access  | 58               |
| Gypsies and Travellers  | Prudential Borrowing Costs - Gypsy Sites   | 34               |
| Planning and Transport Policy   | High Speed Rail - Deal/Sandwich  | 165              |
| Commercial Services   | Impact of major restructure  | 1,669            |
| Closed landfill sites and abandoned vehicles                          | Environmental Pollution Control of old landfill sites  | 100              |
|   |  | <b>3,718</b>     |
| <b>Reversal of one-off savings from previous years</b>                |  | <b>544</b>       |
| <b>Total Pressures</b>  |  | <b>9,370</b>     |
| <b><u>SAVINGS AND INCOME</u></b>                                      |  |                  |
| <b>Income Generation</b>  |  |                  |
| Gypsies and Travellers  | Increased rental income  | -34              |
| Planning Applications   | Increased planning application income  | -50              |
| Household Waste Recycling Centres                                     | Sale of recyclable materials   | -500             |
|   |  | <b>-584</b>      |
| <b>Savings and Mitigations:</b>                                       |  |                  |
| <b>Efficiency and Other Savings</b>                                   |  |                  |
| Planning Applications   | Reduce planning support  | -61              |
| Various Waste Management  | Contract renewals - Procurement savings identified as part of renewal of various contracts including Household Waste Recycling Centres and Recycling contracts | -813             |
| Various Waste Management  | East Kent Joint Waste contract - Savings on disposal contracts through joint arrangements on recycling food waste and income from sale of recyclable materials | -1,809           |

| <b>Environment, Highways &amp; Waste Portfolio<br/>Revenue Budget</b> |  |                  |
|---|--|------------------|
|   |  | 2013/14<br>£'000 |
| Various Waste Management  | Mid Kent Joint Waste project - Savings on disposal contracts through joint arrangements on recycling food waste and income from sale of recyclable materials       | -934             |
| Various Waste Management  | Reduction in the budgeted waste tonnage - rebase 2012/13 budget  | -1,400           |
| Highways - General Maintenance  | Highway Maintenance and Management - Reduced reactive/discretionary maintenance due to increased planned maintenance from capital                                  | -1,500           |
| Streetlight energy  | Reduction in street lighting energy contract prices  | -383             |
| Household Waste Recycling Centres                                     | Review of Household Waste Recycling Centres - Implementation of policy decisions   | -550             |
| Partnership and Waste Co-ordination                                   | Reduced work on Partnerships and Waste Co-ordination - Review of partnership working and implementation of joint waste projects                                    | -228             |
|   |  | <b>-7,678</b>    |
| <b>Transformation Savings</b>   |  |                  |
| Environmental Management  | Other environment service reductions   | -154             |
| Streetlight energy  | Street Lighting Energy saving through Part Night approach or removal - This would be achieved through selective turning off streetlights between midnight and 5 am | -467             |
|   |  | <b>-621</b>      |
| <b>Total Savings and Income</b>                                       |  | <b>-8,883</b>    |
| <b>Budget controlled by this portfolio (Net Cost)</b>                 |  | <b>150,648</b>   |

| <b>Finance and Business Support<br/>Revenue Portfolio</b> |   |                  |
|---|---|------------------|
|   |   | 2013/14<br>£'000 |
| <b>Base Budget (Net Cost)</b>                             |   | <b>62,363</b>    |
| <b>Base Budget Adjustments - Internal</b>                 |   | <b>-4,214</b>    |
| <b>Base Budget Adjustments- External</b>                  |   | <b>89,273</b>    |
| <b>Total Base Adjustments</b>                             |   | <b>85,059</b>    |
| <b>Revised Base Budget</b>                                |   | <b>147,422</b>   |
| <b><u>ADDITIONAL SPENDING PRESSURES</u></b>               |   |                  |
| <b>Employment Costs:</b>                                  |   |                  |
| Financing Items   | Provision for pay and performance reward adjusted to take account of savings from a review of Terms and Conditions  | 3,700            |
|   |   | <b>3,700</b>     |
| <b>Service Strategies &amp; Improvements:</b>             |   |                  |
| Financing Items   | Financing the Capital Programme   | 991              |
| Financing Items   | A provision to transfer share of Council Tax yield to District councils to part fund increased costs of collection and underwrite Council Tax Support Schemes | 2,663            |
|   |   | <b>3,654</b>     |
| <b>Reversal of one-off savings from previous years</b>    |   | <b>6,879</b>     |
| <b>Total Pressures</b>                                    |   | <b>14,233</b>    |
| <b><u>SAVINGS AND INCOME</u></b>                          |   |                  |
| <b>Income Generation</b>                                  |   |                  |
| Finance & Proc  | Additional Income from trading with Schools and Academies   | -292             |
|   |   | <b>-292</b>      |
| <b>Savings and Mitigations:</b>                           |   |                  |
| <b>Removal of one-off spending in previous years</b>      |   | <b>-3,350</b>    |
| <b>Efficiency and Other Savings</b>                       |   |                  |
| Financing Items   | Longer term deposits for cash balances  | -500             |
| Financing Items   | More aggressive management of cashflow  | -1,500           |

| <b>Finance and Business Support<br/>Revenue Portfolio</b> |   |                  |
|---|---|------------------|
|   |   | 2013/14<br>£'000 |
| Financing Items   | Moratorium on discretionary spend within Directorates (to be allocated)   | -2,500           |
| Financing Items   | Further reduction of 100 non frontline posts (to be allocated)  | -1,000           |
|   |   | <b>-5,500</b>    |
| <b>Transformation Savings</b>                             |   |                  |
| Finance & Proc  | Removal of support from Welfare Advice Service - Phased removal of support over 3 years (starting 2012/13) to enable the service to become self financing | -50              |
|   |   | <b>-50</b>       |
| <b>One-off savings</b>                                    |   |                  |
| Financing Items   | Drawdown from Council Tax Equalisation Reserve  | -9,370           |
| Financing Items   | Use of 2011/12 uncommitted underspend   | -5,000           |
| Financing Items   | Use of 2012/13 forecast underspend  | -5,000           |
| Financing Items   | Release of previously earmarked reserves (see Appendix F)   | -9,000           |
| Financing Items   | Big Society fund re-phasing   | -1,000           |
|   |   | <b>-29,370</b>   |
| <b>Total Savings and Mitigations</b>                      |   | <b>-38,270</b>   |
| <b>Total Savings and Income</b>                           |   | <b>-38,562</b>   |
| <b>Budget controlled by this portfolio (Net Cost)</b>     |   | <b>123,093</b>   |

| <b>Regeneration &amp; Economic Development Portfolio<br/>Revenue Budget</b> |                  |
|---|------------------|
|   | 2013/14<br>£'000 |
| <b>Base Budget (Net Cost)</b>   | <b>3,672</b>     |
| <b>Base Budget Adjustments - Internal</b>                                   | <b>-20</b>       |
| <b>Total Base Adjustments</b>   | <b>-20</b>       |
| <b>Revised Base Budget</b>  | <b>3,652</b>     |
| <b><u>ADDITIONAL SPENDING PRESSURES</u></b>                                 |                  |
| <b>Total Pressures</b>  | <b>0</b>         |
| <b><u>SAVINGS AND INCOME</u></b>  |                  |
| <b>Total Savings and Income</b>   | <b>0</b>         |
| <b>Budget controlled by this portfolio (Net Cost)</b>                       | <b>3,652</b>     |

| <b>Specialist Children's Services Portfolio<br/>Revenue Budget</b> |  |                  |
|--|--|------------------|
|  |  | 2013/14<br>£'000 |
| <b>Base Budget (Net Cost)</b>                                      |  | <b>153,351</b>   |
| <b>Base Budget Adjustments - Internal</b>                          |  | <b>-723</b>      |
| <b>Base Budget Adjustments- External</b>                           |  | <b>-1,776</b>    |
| <b>Total Base Adjustments</b>                                      |  | <b>-2,499</b>    |
| <b>Revised Base Budget</b>   |  | <b>150,852</b>   |
| <b><u>ADDITIONAL SPENDING PRESSURES</u></b>                        |  |                  |
| <b>Prices:</b>   |  |                  |
| Fostering, Residential and Preventative Services                   | Social Care Provision  | 362              |
| Legal Charges  | Other  | 8                |
|  |  | <b>370</b>       |
| <b>Demand/Demographic Led:</b>                                     |  |                  |
| Fostering and Residential  | Full year effect of funding for the current number of looked after children                              | 6,000            |
| Early Years education  | Phase 1 expansion of 2 year old early years education  | 9,125            |
|  |  | <b>15,125</b>    |
| <b>Total Pressures</b>   |  | <b>15,495</b>    |
| <b><u>SAVINGS AND INCOME</u></b>                                   |  |                  |
| <b>Increases in Grants and Contributions</b>                       |  |                  |
| Early Years education  | Additional DSG for 2 year old early years education  | -12,125          |
|  |  | <b>-12,125</b>   |
| <b>Savings and Mitigations:</b>                                    |  |                  |
| <b>Efficiency and Other Savings</b>                                |  |                  |
| All  | Reduction in staff travel  | -3               |
| Children's Social Care Staffing                                    | Reduction in the use of agency staff   | -640             |
| Various  | Contract and procurement efficiencies  | -805             |
| Children's Centres   | Review of support services and central functions relating to the running of Children's Centres           | -1,379           |
| Preventative Children's Services                                   | General efficiencies   | -360             |
|  |  | <b>-3,187</b>    |
| <b>Transformation Savings</b>                                      |  |                  |
| Fostering  | Net savings arising from investment in Prevention services to reduce the number of looked after children | -1,043           |



| <b>Specialist Children's Services Portfolio<br/>Revenue Budget</b> |  |                |
|--|--|----------------|
|  |  | 2013/14        |
|  |  | £'000          |
| Legal Charges  | Reduction in legal costs through process change                        | -756           |
| Preventative<br>Children's Services                                | Full year effect of management action to reduce section 17<br>payments | -100           |
| Directorate<br>Management and<br>Support                           | Review of commissioning and support services                           | -350           |
|  |  | <b>-2,249</b>  |
| <b>Total Savings and Mitigations</b>                               |  | <b>-5,436</b>  |
| <b>Total Savings and Income</b>                                    |  | <b>-17,561</b> |
| <b>Budget controlled by this portfolio (Net Cost)</b>              |  | <b>148,786</b> |



## Appendix B Prudential Indicators

### 1. Estimate of capital expenditure (including PFI)

|          |         |           |
|----------|---------|-----------|
| Actual   | 2011-12 | £265.761m |
| Estimate | 2012-13 | £218.698m |
|          | 2013-14 | £284.103m |
|          | 2014-15 | £264.143m |
|          | 2015-16 | £143.834m |

### 2. Gross Borrowing and the Capital Financing Requirement:

The Corporate Director of Finance and Procurement reports that, in light of current commitments and plans reflected in the budget forecast, gross borrowing by the Council is not envisaged to exceed the Capital Financing Requirement in 2012/13, nor are there any difficulties envisaged in meeting this requirement for future years.

### 3. Estimate of capital financing requirement (underlying need to borrow for a capital purpose)

Capital financing requirement at 31 March

|   | 2011-12<br>Actual<br>£000 | 2012-13<br>Forecast<br>£000 | 2013-14<br>Estimate<br>£000 | 2014-15<br>Estimate<br>£000 | 2015-16<br>Estimate<br>£000 |
|---|---------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Capital Financing Requirement                           | 1,495,873                 | 1,486,415                   | 1,483,590                   | 1,461,349                   | 1,410,452                   |
| Annual increase (decrease) in underlying need to borrow | (22,273)                  | (9,458)                     | (2,825)                     | (22,241)                    | (50,897)                    |

### 4. Estimates of ratio of financing costs to net revenue stream

|          |         |        |
|----------|---------|--------|
| Actual   | 2011-12 | 12.85% |
| Estimate | 2012-13 | 14.25% |
|          | 2013-14 | 13.42% |
|          | 2014-15 | 14.40% |
|          | 2015-16 | 14.61% |

### 5. Estimates of the incremental impact of capital investment decisions on the Council Tax (over and above capital investment decisions taken in previous years)

|                               | 2013-14<br>£ | 2014-15<br>£ | 2015-16<br>£ |
|-------------------------------|--------------|--------------|--------------|
| Impact on Band D – cumulative | 0.00         | 0.00         | 0.00         |

No new borrowing has been approved as part of this MTP therefore the impact on Council Tax is nil.

**6. Adoption of the CIPFA Treasury Management Code:**

Kent County Council has adopted the CIPFA's Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes

**7. Actual External Debt:**

This indicator is obtained directly from the Council's balance sheet. It is the closing balance for actual gross borrowing plus other long-term liabilities. This indicator is measured in a manner consistent for comparison with the Operational Boundary and Authorised Limit.

| <b>Actual External Debt as at 31/03/2012</b> | <b>£m</b>    |
|--|--------------|
| Borrowing                                    | 1,104        |
| Other Long Term Liabilities                  | 1,134        |
| <b>Total</b>                                 | <b>2,238</b> |

**8. Authorised Limit and Operational Boundary for External Debt:**

The **Authorised Limit** sets the maximum level of external borrowing on a gross basis (i.e. not net of investments) for the Council. It is measured on a daily basis against all external borrowing items on the Balance Sheet. It has been set on the estimate of the most likely, prudent scenario with sufficient headroom over and above this to allow for unusual cash movements.

The Authorised Limit is the statutory limit determined under Section 3(1) of the Local Government Act 2003 (referred to in the legislation as the Affordable Limit).

**Authorised Limit for External Debt relating to KCC assets and activities**

|                             | <b>2012-13<br/>Approved<br/>£m</b> | <b>2012-13<br/>Revised<br/>£m</b> | <b>2013-14<br/>Estimate<br/>£m</b> | <b>2014-15<br/>Estimate<br/>£m</b> | <b>2015-16<br/>Estimate<br/>£m</b> |
|-----------------------------|------------------------------------|-----------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Borrowing                   | 1,195                              | 1,195                             | 1,033                              | 1,066                              | 1,068                              |
| Other Long Term Liabilities | 0                                  | 0                                 | 1,134                              | 1,134                              | 1,134                              |
| <b>Total</b>                | <b>1,195</b>                       | <b>1,195</b>                      | <b>2,167</b>                       | <b>2,200</b>                       | <b>2,202</b>                       |

**Authorised Limit for External Debt managed by KCC including that relating to Medway Council (pre Local government reorganisation)**

|                             | <b>2012-13<br/>Approved<br/>£m</b> | <b>2012-13<br/>Revised<br/>£m</b> | <b>2013-14<br/>Estimate<br/>£m</b> | <b>2014-15<br/>Estimate<br/>£m</b> | <b>2015-16<br/>Estimate<br/>£m</b> |
|-----------------------------|------------------------------------|-----------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Borrowing                   | 1,238                              | 1,238                             | 1,080                              | 1,111                              | 1,111                              |
| Other Long Term Liabilities | 0                                  | 0                                 | 1,134                              | 1,134                              | 1,134                              |
| <b>Total</b>                | <b>1,238</b>                       | <b>1,238</b>                      | <b>2,214</b>                       | <b>2,245</b>                       | <b>2,245</b>                       |

The **Operational Boundary** links directly to the Council's estimates of the CFR and estimates of other cashflow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely, prudent scenario but without the additional headroom included within the Authorised Limit.

**Operational Boundary for External Debt relating to KCC assets and activities**

|                             | <b>2012-13<br/>Approved<br/>£m</b> | <b>2012-13<br/>Revised<br/>£m</b> | <b>2013-14<br/>Estimate<br/>£m</b> | <b>2014-15<br/>Estimate<br/>£m</b> | <b>2015-16<br/>Estimate<br/>£m</b> |
|-----------------------------|------------------------------------|-----------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Borrowing                   | 1,154                              | 1,154                             | 993                                | 1,026                              | 1,028                              |
| Other Long Term Liabilities | 0                                  | 0                                 | 1,134                              | 1,134                              | 1,134                              |
| <b>Total</b>                | <b>1,154</b>                       | <b>1,154</b>                      | <b>2,127</b>                       | <b>2,160</b>                       | <b>2,162</b>                       |

**Operational Boundary for total debt managed by KCC including that relating to Medway Council etc**

|                             | <b>2012-13<br/>Approved<br/>£m</b> | <b>2012-13<br/>Revised<br/>£m</b> | <b>2013-14<br/>Estimate<br/>£m</b> | <b>2014-15<br/>Estimate<br/>£m</b> | <b>2015-16<br/>Estimate<br/>£m</b> |
|-----------------------------|------------------------------------|-----------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Borrowing                   | 1,198                              | 1,198                             | 1,040                              | 1,071                              | 1,071                              |
| Other Long Term Liabilities | 0                                  | 0                                 | 1,134                              | 1,134                              | 1,134                              |
| <b>Total</b>                | <b>1,198</b>                       | <b>1,198</b>                      | <b>2,174</b>                       | <b>2,205</b>                       | <b>2,205</b>                       |

**9. Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure:**

These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. This Council calculates these limits on net principal outstanding amounts.

The upper limit for variable rate exposure has been set to ensure that the Council is not exposed to interest rate rises which could adversely impact on the Revenue Budget. The limit allows for the use of variable rate debt to offset exposure to changes in short-term rates on investments

The limits provide the necessary flexibility within which decisions will be made for drawing down new loans on a fixed or variable rate basis; the decisions will ultimately be determined by expectations of anticipated interest rate movements as set out in the Council's treasury management strategy.

|   | <b>2012-13<br/>Approved<br/>%</b> | <b>2012-13<br/>Revised<br/>%</b> | <b>2013-14<br/>Estimate<br/>%</b> | <b>2014-15<br/>Estimate<br/>%</b> | <b>2015-16<br/>Estimate<br/>%</b> |
|---|-----------------------------------|----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| <b>Upper limit for Fixed interest rate exposure</b> | 100                               | 100                              | 100                               | 100                               | 100                               |
| <b>Upper limit for Variable rate exposure</b>       | 30                                | 30                               | 30                                | 30                                | 30                                |

**10. Maturity Structure of Fixed Rate borrowing:**

This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period, in particular in the course of the next ten years.

It is calculated as the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate. The maturity of borrowing is determined by reference to the earliest date on which the lender can require payment.

| <b>Maturity structure of fixed rate borrowing</b> | <b>Lower Limit<br/>%</b> | <b>Upper Limit<br/>%</b> |
|---|--------------------------|--------------------------|
| under 12 months                                   | 0                        | 10                       |
| 12 months and within 24 months                    | 0                        | 10                       |
| 24 months and within 5 years                      | 0                        | 15                       |
| 5 years and within 10 years                       | 0                        | 15                       |
| 10 years and within 20 years                      | 5                        | 15                       |
| 20 years and within 30 years                      | 5                        | 20                       |
| 30 years and within 40 years                      | 10                       | 20                       |
| 40 years and within 50 years                      | 10                       | 25                       |
| 50 years and within 60 years                      | 10                       | 30                       |

**11. Upper limit for total principal invested over 364 days:**

The purpose of this limit is to contain exposure to the possibility of loss that may arise as a result of the Council having to seek early repayment of the sums invested.

| <b>Upper limit for total principal invested over 364 days</b> | <b>2012-13<br/>Approved<br/>£m</b> | <b>2012-13<br/>Revised<br/>£m</b> | <b>2013-14<br/>Estimate<br/>£m</b> | <b>2014-15<br/>Estimate<br/>£m</b> | <b>2015-16<br/>Estimate<br/>£m</b> |
|---|------------------------------------|-----------------------------------|------------------------------------|------------------------------------|------------------------------------|
|   | 50                                 | 50                                | 30                                 | 30                                 | 30                                 |

## Appendix C

### Annual Minimum Revenue Provision (MRP) Statement

Local authorities are under a statutory requirement to make an annual calculation of an amount of MRP that they consider prudent to offset against borrowings. We are using the asset life as the basis for this provision.

Authorities are asked to submit a statement on their policy of making MRP to full Council or similar. Any revision to the original statement must also be issued.

For 2013-14 and the Medium Term Financial Plan we continue to adopt the asset life method. This method provides authorities with the option of applying MRP over the life of the asset once it is in operation, so for assets that are not yet operational and still under construction we effectively have an “MRP holiday”.

In order to establish MRP for the MTP we have based the asset life principle on all capital expenditure funded by both supported and prudential borrowing in 2008-09, 2009-10, 2010-11 and 2011-12. This has resulted in the following projected MRP percentages on 2008-09 capital expenditure of £138m, 2009-10 capital expenditure of £113m, 2010-11 capital expenditure of £93m and 2011-12 capital expenditure of £34m with assumptions on completion dates:

| Year  | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
|---|---------|---------|---------|---------|
| Based on revised completed projects within 0809 actual spend of £138m | 4.4%    | 4.2%    | 4.2%    | 4.0%    |
| Based on revised completed projects within 0910 actual spend of £113m | 5.5%    | 5.5%    | 4.6%    | 4.3%    |
| Based on revised completed projects within 1011 actual spend of £93m  | 5.7%    | 5.7%    | 5.6%    | 5.1%    |
| Based on revised completed projects within 1112 actual spend of £34m  | 7.3%    | 7.3%    | 7.3%    | 7.3%    |
| % of 1213 projected completed capital spend                           | 1.2%    | 7.3%    | 7.3%    | 7.3%    |
| % of 1314 projected completed capital spend                           |         | 1.2%    | 7.3%    | 7.3%    |
| % of 1415 projected completed capital spend                           |         |         | 1.2%    | 7.3%    |
| % of 1516 projected completed capital spend                           |         |         |         | 1.2%    |

In addition to this will be MRP at 4% on our capital financing requirement less actual capital expenditure in 2008-09, 2009-10, 2010-11 and 2011-12 and projected capital expenditure in subsequent years, i.e. this will be on a reducing balance as each year additional capital spend will be deducted from the recalculated capital financing requirement.

Each year the percentages will change and MRP for the MTP will be calculated on the previous year's capital expenditure and will depend on the type of asset the spend is on, its life and whether it is completed or not.

Each year a new MRP statement will be presented.



## Appendix E – Corporate Risk Register

### Summary Risk Profile

Low = 1-6    Medium = 8-15    High = 16-25

| Risk No.** | Risk Title                                     | Current Risk Rating | Target Risk Rating |
|------------|--|---------------------|--------------------|
| CRR 1      | Data and Information Management                | 12                  | 9                  |
| CRR 2      | Safeguarding                                   | 16                  | 12                 |
| CRR 3      | Economic Growth                                | 12                  | 12                 |
| CRR 4      | Civil Contingencies and Resilience             | 12                  | 9                  |
| CRR 5      | Organisational Transformation                  | 12                  | 8                  |
| CRR 6      | Localism                                       | 9                   | 9                  |
| CRR 9      | Health Reform                                  | 12                  | 6                  |
| CRR 10     | Management of Social Care Demand               | 25                  | 16*                |
| CRR 12     | Welfare Reform Act                             | 16                  | 9                  |
| CRR 13     | Delivery of Medium Term Financial Plan savings | 12                  | 2                  |
| CRR 14     | Procurement                                    | 9                   | 6                  |

\*Interim position, as we clearly would wish to reduce this risk further. Early intervention and transformational initiatives are being pursued and the impact of them will need to be evaluated before exploration of further mitigating actions.

\*\*Each risk is allocated a unique code, which is retained even if a risk is transferred off the Corporate Register. Therefore there will be some 'gaps' between risk IDs.

## Appendix E - Corporate Risk Register

| Risk ID | CRR1 | Risk Title   | Data and Information Management  |   |  |  |  |
|---------|------|--|--|---|--|--|--|
|         |      | <b>Source / Cause of risk</b><br>The Council is reliant on vast amount of good, quality data and information to determine sound decisions and plans, conduct operations and deliver services. It is also required by the Data Protection Act to maintain confidentiality, integrity and proper use of the data. With the Government's 'Open' agenda, increased flexible working patterns of staff, and increased partnership working and use of multiple information repositories, controls on data management and security have become complex and important. | <b>Risk Event</b><br>Poor decision making due to ineffective use of or insufficient availability of data and information sharing.<br><br>Loss, misrepresentation or unauthorised disclosure of sensitive data.<br><br>Malicious attacks and sabotage<br><br>The corruption, misuse, misplacement, loss or theft of the data and information could disrupt the council's ability to function effectively and result in unwelcome adverse publicity or legal action. | <b>Consequence</b><br>Under performance.<br><br>Breach of Data Protection Act leading to legal actions, fines, adverse publicity, and additional remedial and data protection costs.<br><br>Significant interruption of vital services leading to failure to meet duties and to protect people, finances and assets<br><br>Potential damage to KCC's reputation | <b>Risk Owner</b><br>On behalf of CMT:<br><br>Director Governance & Law<br><br><b>Responsible Cabinet Member(s):</b><br><br>Business Strategy, Performance & Health Reform | <b>Current Likelihood</b><br>Likely (4)          | <b>Current Impact</b><br>Significant (3) |
|         |      |  |  |   | <b>Target Residual Likelihood</b><br>Possible (3)  | <b>Target Residual Impact</b><br>Significant (3) |  |

| Risk ID | CRR2 | Risk Title  | Safeguarding   |   |   |  |                                      |
|---------|------|---|--|---|---|--|--------------------------------------|
|         |      | <b>Source / Cause of risk</b><br>The Council must fulfil its statutory obligations to effectively safeguard vulnerable adults and children. | <b>Risk Event</b><br>Insufficiently robust management grip, performance management or quality assurance<br><br>Its ability to fulfil this obligation could be affected by the adequacy of its controls, management and operational practices or if demand for its services exceeded its capacity and capability.<br><br>Insufficient rigor in maintaining threshold application/inconsistency<br><br>Increase in referrals and service demand resulting in unmanageable caseloads/ workloads for social workers<br><br>Decline in performance and effective service delivery leading to critical inspection findings and reputational damage | <b>Consequence</b><br>Serious impact on vulnerable people<br><br>Serious impact on ability to recruit the quality of staff critical to service delivery.<br><br>Serious operational and financial consequences<br><br>Attract possible intervention from a national regulator for failure to discharge corporate and executive responsibilities<br><br>Incident of serious harm or death of a vulnerable adult or child | <b>Risk Owner</b><br>Corporate Director<br>Families & Social Care<br><br><b>Responsible Cabinet Member(s):</b><br><br>Specialist Children's Services<br><br>Adult Social Care & Public Health | <b>Current Likelihood</b><br>Likely (4)      | <b>Current Impact</b><br>Serious (4) |
|         |      |   |  |   | <b>Target Residual Likelihood</b><br>Possible (3)   | <b>Target Residual Impact</b><br>Serious (4) |                                      |

Appendix E - Corporate Risk Register

| Risk ID   | CRR3 | Risk Title  | Economic Growth |  |  |   |  |                                   |  |                               |  |
|---|------|---|-----------------|--|--|---|--|-----------------------------------|--|-------------------------------|--|
| <b>Source / Cause of Risk</b>   |      | <b>Risk Event</b>   |                 | <b>Consequence</b>   |  | <b>Risk Owner</b>   |  | <b>Current Likelihood</b>         |  | <b>Current Impact</b>         |  |
| The Council carries significant responsibility for encouraging and enabling growth in the County's economy. Our aim to 'grow the economy' is becoming increasingly challenging in the current economic climate. |      | Prolonged adverse, uneven or worse than anticipated economic situation  |                 | Stalled/low economic and jobs growth   |  | Corporate Director Business Strategy & Support and Head of Paid Service |  | Likely (4)                        |  | Significant (3)               |  |
|   |      | If the current economic climate continues or worsens or other regions re-stimulate their economies more quickly than Kent, then the Council's ability to deliver its plans for economic growth will be constrained. |                 | The Council finds it increasingly difficult to fund KCC services across Kent and deal with the impact of growth on communities.  |  | (Corporate Director Enterprise & Environment)                           |  | <b>Target Residual Likelihood</b> |  | <b>Target Residual Impact</b> |  |
|   |      | Community Infrastructure Levy (CIL) payments, Section 106 contributions and other growth levers do not cover the cost of infrastructure   |                 | Kent becomes a less viable place for inward investment and business  |  |   |  | Likely (4)                        |  | Significant (3)               |  |
|   |      |   |                 | Without growth the county residents will have less disposable income, face increased levels of unemployment and deprivation which could lead to heightened social and community tensions |  | <b>Responsible Cabinet Member(s):</b>                                   |  |                                   |  |                               |  |
|   |      |   |                 | Reduced income, business exodus, unplanned increase in costs, and demand for Council services beyond capacity to deliver   |  | Regeneration & Economic Development                                     |  |                                   |  |                               |  |
|   |      |   |                 | Our ability to deliver an enabling infrastructure becomes constrained  |  |   |  |                                   |  |                               |  |

## Appendix E - Corporate Risk Register

| Risk ID  | CRR4 | Risk Title   | Civil Contingencies and Resilience   |   |   |   |
|--|------|--|--|---|---|---|
| <b>Source / Cause of Risk</b>  |      | <b>Risk Event</b>  | <b>Consequence</b>   | <b>Risk Owner</b>   | <b>Current Likelihood</b>   | <b>Current Impact</b>   |
| The Council, along with other Category 1 Responders in the County have a legal duty to establish and deliver containment actions and contingency plans to reduce the likelihood, and impact, of high impact incidents and emergencies and severe / extreme weather conditions. |      | Failure to deliver suitable planning measures, respond to and manage these events when they occur.<br><br>Their ability to effectively manage incidents and maintain critical services could be undermined if they are unprepared or have ineffective emergency and business continuity plans and associated activities. | Potential increased loss of life if response is not effective.<br><br>Serious threat to delivery of critical services.<br><br>Increased financial cost in terms of damage control and insurance costs.<br><br>Adverse effect on local businesses and the Kent economy.<br><br>Possible public unrest and significant reputational damage<br><br>Legal actions and intervention for failure to fulfill KCC's obligations under the Civil Contingencies Act or other associated legislation. | Corporate Director<br>Customer & Communities<br><br><b>Responsible Cabinet Member(s):</b><br><br>Customer & Communities | Possible (3)<br><br><b>Target Residual Likelihood</b><br>Possible (3) | Serious (4)<br><br><b>Target Residual Impact</b><br>Significant (3) |

| Risk ID  | CRR5 | Risk Title   | Organisational Transformation   |   |   |   |
|--|------|--|---|---|---|---|
| <b>Source / Cause of Risk</b>  |      | <b>Risk Event</b>  | <b>Consequence</b>  | <b>Risk Owner</b>   | <b>Current Likelihood</b>   | <b>Current Impact</b>   |
| The Council is undergoing rapid change in order to deliver <i>Bold Steps for Kent</i> . A programme of major structural, operational and cultural transformation is underway. Staff reductions are being made because of budget pressures. The move towards more strategic commissioning and other changes to ways of working requires new skill sets and the changing environment for local government requires new behaviours from all staff. A "one council" approach to workforce planning is essential to ensure we have the right numbers of suitably skilled staff in the right places. The combination of losing experienced staff, recruiting new staff, and ensuring existing staff have the right skills and behaviours is a major challenge. |      | Failure to manage the transformation process through adequate planning and resources<br><br>Lack of appropriate skills and capacity to move to alternative delivery process<br><br>Loss of excellent staff due to scale of changes<br><br>Failure to deliver expected outcomes and benefits, and critical services may be impeded. | Failure to deliver key services, to maintain quality of services provided and to achieve financial savings required, leading to reputational damage and further pressure on services. | On behalf of CMT:<br>Corporate Director<br>Human Resources<br><br><b>Responsible Cabinet Member(s):</b><br><br>Business Strategy,<br>Performance &<br>Health Reform | Possible (3)*<br><br><b>Target Residual Likelihood</b><br>Unlikely (2)  | Serious (4)<br><br><b>Target Residual Impact</b><br>Serious (4) |
|  |      |  |   |   | *While the overall risk has diminished for the organisation over the last year because of controls put in place and the fact that many significant restructures have been completed successfully, there is still risk relating to the adult transformation programme and change in ways of working. The score for this area in isolation would remain at 4. |   |

## Appendix E - Corporate Risk Register

| Risk ID  | CRR6 | Risk Title   | Localism |  |  |  |  |
|--|------|--|----------|--|--|--|--|
| <b>Source / Cause of Risk</b>  |      | <b>Risk Event</b>  |          | <b>Consequence</b>   | <b>Risk Owner</b>  | <b>Current Likelihood</b>  | <b>Current Impact</b>  |
| <p><i>Bold Steps for Kent</i> envisages place-based commissioning for some KCC services, considerable opportunity for a more joined-up approach and greater efficiencies if there is a single district-based commissioning plan that is shared by KCC Members and District Councillors. In addition, the Localism Act paves the way for the Right to Buy public assets, the Right to Challenge the provision of public services and the Right to Bid to provide services, all of which potentially bring still greater complexity into the way in which services are commissioned and delivered.</p> |      | <p>Right to Challenge may not be conducive to the overall aims of Localism or corporate priorities</p> <p>Locality Boards fail to deliver effective &amp; efficient place-based provision arrangements</p> <p>Delay in decision making due to complexity of this agenda</p> <p>Breakdown in critical relationships</p> |          | <p>Failure to deliver required transformation fast enough.</p> <p>Loss of economies of scale for service delivery and failure to deliver required budget savings.</p> <p>Procurement &amp; Commissioning process for locality arrangements becomes resource intensive / duplicates effort.</p> <p>Key Bold Steps for Kent objectives not achieved.</p> | <p>Corporate Director</p> <p>Customer &amp; Communities</p> <p><b>Responsible Cabinet Member(s):</b></p> <p>Customer &amp; Communities</p> | <p>Possible (3)</p> <p><b>Target Residual Likelihood</b></p> <p>Possible (3)</p> | <p>Significant (3)</p> <p><b>Target Residual Impact</b></p> <p>Significant (3)</p> |

| Risk ID  | CRR9 | Risk Title  | Health Reform |   |  |  |  |
|--|------|---|---------------|---|--|--|--|
| <b>Source / Cause of Risk</b>  |      | <b>Risk Event</b>   |               | <b>Consequence</b>  | <b>Risk Owner</b>  | <b>Current Likelihood</b>  | <b>Current Impact</b>  |
| <p>The enactment of the Health and Social Care Bill gives KCC, as an upper tier Authority, a new duty to take appropriate steps to improve the health of the people.</p> <p>As well as the Act introducing a generic duty, it also requires KCC to undertake a number of specific steps including establishing a Health and Wellbeing Board; development of an enhanced Joint Strategic Needs Assessment (JSNA) under the auspices of the Health and Wellbeing Board; Commissioning Kent Health Watch; assuming statutory responsibility for some of the key locality-led elements of the new national Public Health System; and appointing (by statute) a Director of Public Health.</p> <p>In effect, this means that KCC becomes an integral part of this new national system providing locality-led leadership and oversight of public health (PH) in the County together with responsibilities in delivering some key public health services from the 1 April 2013.</p> |      | <p>The changes outlined in the Act to the NHS, including the changes to the national Public Health system prove overly difficult to achieve in the timescales set</p> <p>Following successful delivery / implementation the predefined outcomes and benefits are unachievable.</p> <p>Not enough Public Health resource is transferred to cover the delivery of services.</p> <p>Insufficient resource to support Health and Well Being Board and related sub-architecture.</p> |               | <p>Existing arrangements would be undermined by changes to health structures leading to additional costs particularly in adult social services (cost shunting).</p> <p>Potentially ineffective health and social care provision for citizens.</p> <p>Inadequate budgets provided by Central Govt to sustain current levels of locality-led Public Health services.</p> <p>Business Continuity issues due to delay in the development and management of essential new complex partnerships between KCC and the NHS.</p> <p>Potential increase in debt owed to KCC by outgoing NHS organisations. Ability and commitment of successor bodies to continue with Section 31, 75 and 256 agreements.</p> <p>Possibility of unsafe practices in health protection as a consequence of responsibilities for this domain of Public Health being split.</p> | <p>Corporate Director</p> <p>Families &amp; Social Care</p> <p>(Director of Public Health)</p> <p><b>Responsible Cabinet Member(s):</b></p> <p>Business Strategy, Performance &amp; Health Reform</p> <p>Adult Social Care &amp; Public Health</p> | <p>Possible (3)</p> <p><b>Target Residual Likelihood</b></p> <p>Unlikely (2)</p> | <p>Serious (4)</p> <p><b>Target Residual Impact</b></p> <p>Significant (3)</p> |

## Appendix E - Corporate Risk Register

| Risk ID   | CRR10 | Risk Title  | Management of Social Care Demand   |  |   |  |
|---|-------|---|--|--|---|--|
| <b>Source / Cause of Risk</b>   |       | <b>Risk Event</b>   | <b>Consequence</b>   | <b>Risk Owner</b>  | <b>Current Likelihood</b>                       | <b>Current Impact</b>                        |
| KCC recognises that to effectively operate its services within budget limitations and affect preventative early intervention it must examine its operations and services and how they match customer expectations and demand. |       | Council fails to determine, manage and resource to future demand and its services are then unable to meet future customer requirements. | Customer dissatisfaction with service provision.<br>Increased and unplanned pressure on resources<br>Decline in performance.<br>Legal challenge resulting in adverse reputational damage to the Council. | Corporate Director Families & Social Care  | Very Likely (5)                                 | Major (5)                                    |
|   |       | Fulfilling statutory obligations and duties becomes increasingly difficult against rising expectations                                  |  | <b>Responsible Cabinet Member(s):</b><br>Adult Social Care & Public Health<br><br>Specialist Children's Services | <b>Target Residual Likelihood</b><br>Likely (4) | <b>Target Residual Impact</b><br>Serious (4) |

| Risk ID   | 12 | Risk Title   | Welfare Reform Act   |  |   |  |
|---|----|--|--|--|---|--|
| <b>Source / Cause of Risk</b>   |    | <b>Risk Event</b>  | <b>Consequence</b>   | <b>Risk Owner</b>  | <b>Current Likelihood</b>                         | <b>Current Impact</b>                            |
| The Welfare Reform Act 2012 puts into law many of the proposals set out in the 2010 white paper <i>Universal Credit: Welfare that Works</i> . It aims to bring about a major overhaul of the benefits system and the transference of significant centralised responsibilities to local authorities. The Act presents KCC with two major challenges; firstly to determine and implement the schemes and operations required to effectively comply with the Act on time and to specification and secondly to be prepared to manage the uncertain affects and outcomes that the changes may have on Kent and its people. |    | Failure to develop and deliver effective schemes and operations within statutory deadlines, specification and budget.<br><br>The financial models and budgets and funding sources underpinning the new schemes prove to be inadequate and allocation of payments and grants has to become prioritised against more challenging criteria.<br><br>The impact of the reforms in regions outside of Kent could trigger the influx of significant numbers of 'Welfare' dependent peoples to Kent.<br><br>Failure to plan appropriately to deal with potential consequences. | Failure to meet statutory obligations has major legal, financial and reputational repercussions for KCC.<br><br>Ineffective delivery of schemes and operations to customers compounds demand on KCC and partner services.<br><br>An increase in households falling below poverty thresholds with vulnerable people becoming exposed to greater risk.<br><br>New schemes and operations are undermined by a negative impact on Kent's demographic profile.<br><br>Insufficient employment to meet additional demand and to fill the publics' 'funding gap' places additional challenges for adult and child safeguarding and demand for social support.<br><br>Increasing deprivation leads to increase in social unrest and criminal activity. | Corporate Director Customer & Communities<br><br>Corporate Director Families & Social Care<br><br>(Corporate Director of Finance & Procurement)<br><br><b>Responsible Cabinet Member(s):</b><br>Finance & Procurement<br>Customer & Communities<br><br>Older People's Services | Likely (4)  | Serious (4)                                      |
|   |    |  |  |  | <b>Target Residual Likelihood</b><br>Possible (3) | <b>Target Residual Impact</b><br>Significant (3) |

## Appendix E - Corporate Risk Register

| Risk ID  | CRR13 | Risk Title   | Delivery of Savings  |   |                                   |                               |  |
|--|-------|--|--|---|-----------------------------------|-------------------------------|--|
| <b>Source / Cause of Risk</b>  |       | <b>Risk Event</b>  | <b>Consequence</b>   | <b>Risk Owner</b>   | <b>Current Likelihood</b>         | <b>Current Impact</b>         |  |
| The ongoing difficult economic climate has led to significant reductions in funding to the public sector and Local Government in particular. KCC has already made significant cost savings and still needs to make ongoing year-on-year savings in order to "balance its books." |       | The required savings from key programmes or efficiency initiatives are not achieved. | Urgent alternative savings need to be found which could have an adverse impact on service users and/or residents of Kent.<br><br>Reputational damage to the council. | On behalf of CMT:<br>Corporate Director<br>Finance &<br>Procurement<br><br><b>Responsible Cabinet Member(s):</b><br><br>Finance &<br>Business Support | Possible (3)                      | Serious (4)                   |  |
|  |       |  |  |   | <b>Target Residual Likelihood</b> | <b>Target Residual Impact</b> |  |
|  |       |  |  |   | Very unlikely (1)                 | Moderate (2)                  |  |

| Risk ID  | CRR14 | Risk Title  | Procurement  |   |                                   |                               |  |
|--|-------|---|--|---|-----------------------------------|-------------------------------|--|
| <b>Source / Cause of Risk</b>  |       | <b>Risk Event</b>   | <b>Consequence</b>   | <b>Risk Owner</b>   | <b>Current Likelihood</b>         | <b>Current Impact</b>         |  |
| As part of the transformation programme set out in <i>Bold Steps for Kent</i> , the Authority is moving towards more strategic commissioning arrangements. This will put even greater emphasis on the importance of robust procurement and commissioning arrangements and contract management. |       | Commercial or contractual failure of suppliers<br><br>A procurement process is challenged because it is considered to be discriminatory or to have failed to adhere to procedures set out in procurement law.<br><br>Potential conflict between best price and <i>Bold Steps for Kent</i> objectives<br><br>Non-delivery of procurement savings | Providers fail to deliver expected benefits. Service users / residents of Kent suffer – potential legal, financial and reputational implications.<br><br>Procurement processes may have to be halted / restarted, which has service and financial implications | On behalf of CMT:<br>Corporate Director<br>Finance &<br>Procurement<br><br><b>Responsible Cabinet Member(s):</b><br><br>Finance &<br>Business Support | Possible (3)                      | Significant (3)               |  |
|  |       |   |  |   | <b>Target Residual Likelihood</b> | <b>Target Residual Impact</b> |  |
|  |       |   |  |   | Unlikely (2)                      | Significant (3)               |  |





## Appendix F – Assessment of Level of Reserves

### 1 INTRODUCTION

Each year, reviewing the level of reserves the Council holds is an important part of the budgetary process. The review must be balanced and reasonable, factoring in the current financial standing of the Council, the funding outlook into the medium term and beyond, and most importantly, the financial risk environment we are operating in.

### 2 RECENT HISTORY

The spotlight has been well and truly shone on Council Reserves in the past two years, much brighter than before the current coalition government. This is in part due to reductions in funding, leading to job losses and in some Councils, service reductions. The ‘accusation’ from some quarters is/was that Councils are sitting on millions of pounds of reserves, with no good reason, while at the same time cutting essential services. That criticism has never been directly targeted at this Council.

In the past two years’ budgets, we have ‘borrowed’ some £19m of reserves from our long-term PFI reserves, and added £5m to our General Fund reserve to reflect our increased financial risk profile. Most, if not all, Councils will have experienced increased financial risk, although not all have reflected that in the balance sheet. The £19m borrowed either needs to be paid back, or built in as unavoidable budget pressures in the medium term.

### 3 BACKGROUND

The Chartered Institute of Public Finance and Accountancy (CIPFA) recommend that the following factors should be taken into account when considering the level of reserves and balances:

- Assumptions regarding inflation and interest rates
- Estimates of the level and timing of capital receipts
- The capacity to manage in-year demand led pressures
- Ability to activate contingency plans if planned savings cannot be delivered
- Risks inherent in any new partnerships
- Financial standing of the authority (level of borrowing, debt outstanding etc.)
- The authority’s record of budget management and ability to manage in year budget pressures
- Virement and year-end procedures in relation to under and overspends
- The general financial climate
- The adequacy of insurance arrangements

It should be made clear that the assessment of the adequacy of reserves is very subjective. There is no 'right' answer as to the precise level of reserves to be held. There is also no formula approach to calculating the correct level; it is a matter of judgement, responsibility for which lies with the S151 officer.

#### **4 2012/13 BUDGETED CONTRIBUTIONS AND DRAW-DOWNS**

The two main contributions to reserves are;

- 1) A contribution of £7.5m into the Council Tax equalisation reserve, to be used in future years to smooth the loss of the one-off Council Tax Freeze Grant awarded in 2012/13. The contribution to this is shown in the budget as a base contribution in order that the decision can be reviewed each year. It is proposed to release one-year's contribution of £7.5m
- 2) A contribution of £2m into an Invest to Save reserve, to be used to support innovation and transformation programmes and projects that will deliver cashable savings over the medium term

The main draw-down from reserves planned for 2012/13 is £3.8m, coming from the long-term PFI reserves (£2.25m) and the Economic Downturn Reserve (£1.55).

#### **5 COMPARISON WITH OTHER COUNTY COUNCILS**

Attached at Annex 1 is a comparison of our Reserves compared to the five next largest upper tier authorities (KCC being the biggest). This shows that we have the second lowest level of reserves of the six Councils, when measured as a percentage of the annual revenue budget (which is the only sensible measure).

To reach the level of the highest reserves (32% of budget) we would need to ADD £115m to our reserves. To drop to the lowest (14% of budget) we could REDUCE our reserves by £38m.

A detailed examination of each of those Authorities balance sheet reveals a myriad of different reserves. Many of the reserves will be effectively the same, just labelled with a different name.


A report by the Audit Commission in December 2012 titled 'Striking a balance' showed that the average reserves held by County Councils and Single-tier Councils is 27%. Kent currently holds 18.6%, and this will fall as a result of the 2013/14 budget proposals.

Regardless of what the reserves are called and for what specific purpose, the bottom-line is that individual Councils need to make their own assessment and keep a REASONABLE AND ADEQUATE level of reserves based on an assessed level of risk in their budget strategy and the financial climate in the medium to longer term.

## 6 ANALYSIS OF RISK

This Council has been able to deliver an underspend against its budget in each and every year since 1999/2000. That shows the Council can and has effectively managed its budget. But we live in different times. Since 1999/2000, every years' budget was bigger than the previous year, except in 2011/12. Despite reduced funding in 2011/12, the Council delivered an underspend in the most difficult of circumstances; a reduction in funding coupled with an in-year increase in demand for children's services. Doing so again in 2012/13 will be difficult, but the current forecast is to achieve an underspend despite those same two circumstances repeating. Doing so in future years, where a continued and sustained reduction in our funding is the only forecast trend-line, will be increasingly and exponentially more difficult.

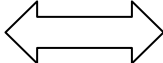
Listed in Section 3 of this appendix are the factors that CIPFA recommend should be taken into account when considering the level of reserves and balances. Below, each of those factors is given a 'direction of travel' indicator since last year's budget was set. An upward direction means an improved position for this Council (ie the risk is less than it was last year).

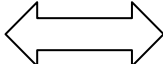
- Assumptions regarding inflation and interest rates 

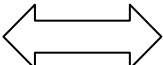
Inflation is returning close to Govt target of 2.0%, from last year's high of over 5%. Forecasts for the short to medium term are encouraging (although that optimism is mainly due to the stagnant economy). Interest rates are largely determined by base rate, which has been at 0.5% for a long time. Any rate change in the next 3 years is likely to be downward.


- Estimates of the level and timing of capital receipts 

Land values and house prices continue to struggle outside of London. The number of years projected to recover to 2007 values has increased, and we continue to have to fund the deficit on the Property Enterprise Fund 2 (PEF2) account.

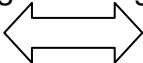
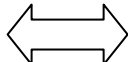

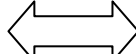
- The capacity to manage in-year demand led pressures 

- Ability to activate contingency plans if planned savings cannot be delivered 


- Risks inherent in any new partnerships 

- Financial standing of the authority (level of borrowing, debt outstanding etc.) 

By definition, this risk must have increased given the Council's additional underlying need to borrow, and lower reserves

- The authority's record of budget management and ability to manage in year budget pressures 
- Virement and year-end procedures in relation to under and overspends 
- The general financial climate   
The squeeze looks set to last for at least another five years
- The adequacy of insurance arrangements 

Of the ten factors, one shows an improvement since November 2010, six are relatively unchanged, and three have deteriorated. No weighting has been applied to the ten factors, although two of the factors that have worsened are two of the more important ones; the financial standing of the Authority and the general financial climate.

Crucially, none of the above adequately reflect the risk attached to the approved savings plans. Historically, most savings have been within our direct control eg reduce the number of staff. The budget for 2013/14 now has well over £20m based on us achieving savings that are not directly in our control, such as reducing demand for adult services, and reducing the number of looked-after children. This brings additional risk and this has increased since the 2012/13 budget. 

The overall conclusion is therefore that we have an increased risk profile since the 2012/13 budget, and therefore the reserves that cover these risks should not be reduced.

## 7 THE DETAIL OF OUR RESERVES

The headline figure for our Earmarked Reserves is that we held £141.3m as at 31 March 2012, although the £8.6m of DSG reserve is not readily available to use. General Reserves stood at £31.7m. In addition, schools held £59.1m, although we have no access to those reserves. Therefore, the figure we should concentrate on is the total of the Earmarked and General Reserves, which is £164.4m. This represents 18.6% of our annual budget and as shown in section 5 above, is lower than 4 of the other 5 largest County Councils.

Annex 2 details all of our available earmarked revenue reserves. These are categorised into 6 groups:

#### Group 1

These reserves, totalling £39m are already committed in the 2012/13 or 2013/14 budgets, and are therefore not available to further support the 2013/14 budget.

#### Group 2

These reserves total £12m, and are for known commitments within the next 3 years, although the precise level of spend cannot be quantified, and these therefore represent our best estimate, and should not be 'raided'.

#### Group 3

These are our reserves held to support longer-term commitments on PFI contracts. At £14m, this is only 50% of our commitment, as we 'borrowed' the other £14m in the 2011/12 budget. A further draw-down is possible, but that plus the £14m needs to be repaid within the next ten years.

#### Group 4; The Economic Downturn Reserve

This reserve is currently forecast to have a balance of £16.8m as at 31 March 2013, and is made up of three significant pots:

- a) £4.4m for any future impairment on Icelandic deposits. This risk is now highly unlikely
- b) £6.8m for possible abortive costs relating to cancelled BSF projects. This risk is now much reduced
- c) £5.4m as a general reserve against the economic downturn. However, £5m of this is already set-aside to support the 2013/14 budget as shown in the 'Use of 2011/12 uncommitted underspend' line in the draft MTFP. The remainder is available to support the 2013/14 budget

#### Group 5; The Prudential Equalisation Reserve

This reserve stands at £9.7m. This fund is used to pay for the short-term borrowing costs resulting from the deficits on PEF1 and PEF2. It is also the only pot available to meet any realised loss on either of those two funds. Given the current 'deficit' balances on PEF1 and 2 are much lower than previously estimated, some of this reserve could be released.

#### Group 6; All other Reserves

Although these total some £34m, all of these reserves have very specific use and if we did 'raid' them, we would simply have to re-provide the same amounts in the budget within the next 1-3 years. Given the financial outlook will continue to worsen, this would be a false economy. I would also have real concerns of an adverse external audit opinion should we use any of these funds.

## General Fund Reserves

As illustrated earlier, our risk profile is increasing, and therefore no reduction in the General Fund Reserve is possible. The more likely scenario is the need to add to it to reflect the lower level of direct control we have over our proposed budget savings, and the reduced level of mitigation we have should things go awry. However, on balance, it is appropriate to maintain this reserve at its current level.

## **8 ROLE OF THE SECTION 151 OFFICER**

The duties of the council's Section 151 Officer include the requirement 'to ensure that the Council maintains an adequate level of reserves, when considered alongside the risks the Council faces and the general economic outlook'.

## **9 CONCLUSIONS**

It is appropriate, during these difficult times to use some reserves, but it would be reckless to 'empty the safe' knowing that the good times are not just around the corner; we have several more years of very challenging budgets. An independent report extract published in November 2012 is attached at Annex 3, which captures some of the issues and risks Councils face in determining the appropriate level of reserves for their Authority.

In summary, it is recommended that we draw-down around £10m of Reserves, plus the £7.5m Council Tax Equalisation payment for 2013/14. This is a sensible balance between current financial risks, the economic outlook, and the need to support the various transformation programmes being delivered by the Council in order to reduce future demand. This is a one-off solution to the budget for 2013/14 and this 'saving' will need to be replaced with on-going savings for 2014/15 onwards.

|                                    | General Fund<br>£m | Earmarked Reserves<br>£m | Total Usable Reserves<br>£m | Net Budget<br>£m | Total UR as a % of NB<br>% |
|------------------------------------|--------------------|--------------------------|-----------------------------|------------------|----------------------------|
| Kent                               | 31.7               | 132.7                    | 164.4                       | 883.6            | 18.6                       |
| Five other largest County Councils |                    |                          |                             |                  |                            |
| 1                                  | 63.0               | 170.1                    | 233.1                       | 855.8            | 27.2                       |
| 2                                  | 17.9               | 207.3                    | 225.2                       | 711.6            | 31.6                       |
| 3                                  | 36.5               | 169.5                    | 206.0                       | 742.8            | 27.7                       |
| 4                                  | 28.8               | 112.1                    | 140.9                       | 728.6            | 19.3                       |
| 5                                  | 26.0               | 73.5                     | 99.5                        | 697.6            | 14.3                       |
| Total                              |                    |                          | <u>1069.1</u>               | <u>4620</u>      | <u>23.1</u>                |

**Earmarked Reserves**

|   | <b>Balance at</b> |                 | <b>Balance at</b> | Group |
|---|-------------------|-----------------|-------------------|-------|
|   | <b>01-Apr-11</b>  | <b>Movement</b> | <b>31/03/2012</b> |       |
|   | £'000             | £'000           | £'000             |       |
| Rolling budget reserve  | -11,349           | -8,893          | -20,242           | 1     |
| Economic Downturn reserve   | -13,308           | -3,313          | -16,621           | 4     |
| NHS Support for Social Care reserve                                 | 0                 | -12,900         | -12,900           | 1     |
| Prudential Equalisation reserve                                     | -10,104           | 397             | -9,707            | 5     |
| Dedicated Schools Grant - Central Expenditure                       | -4,381            | -4,227          | -8,608            | n/a   |
| VPE reserve   | -3,955            | -1,580          | -5,535            | 6     |
| IT Asset Maintenance reserve  | -3,898            | -744            | -4,642            | 6     |
| Workforce Reduction reserve   | -4,363            | 0               | -4,363            | 2     |
| Special funds   | -5,153            | 987             | -4,166            | 6     |
| Three schools PFI   | -1,429            | -2,292          | -3,721            | 3     |
| KCC Insurance reserve   | -3,099            | -531            | -3,630            | 2     |
| Earmarked Reserve to support next years budget                      | 0                 | -3,512          | -3,512            | 1     |
| Better Homes Active Lives PFI equalisation reserve                  | -3,564            | 709             | -2,855            | 3     |
| Reserve for projects previously classified as capital - now revenue | -5,300            | 2,453           | -2,847            | 6     |
| Dilapidations reserve   | -1,643            | -877            | -2,520            | 2     |
| Swanscombe School PFI equalisation reserve                          | -5,950            | 3,552           | -2,398            | 3     |
| Westview/Westbrook PFI equalisation reserve                         | -2,344            | 191             | -2,153            | 3     |
| Supporting People reserve   | -3,178            | 1,045           | -2,133            | 6     |
| Turner Contemporary Investment reserve                              | -3,158            | 1,068           | -2,090            | 6     |
| Environmental initiatives reserve                                   | -2,425            | 351             | -2,074            | 6     |
| Social Care Supported Living Costs reserve                          | -1,371            | -630            | -2,001            | 6     |
| Corporate Restructuring reserve                                     | -2,667            | 729             | -1,938            | 6     |
| Libraries/IT PFI grant settlement reserve                           | -2,270            | 581             | -1,689            | 2     |
| Six schools PFI   | -9,942            | 8,415           | -1,527            | 3     |
| Kings Hill development smoothing reserve                            | 4,404             | -5,500          | -1,096            | 1     |
| Elections reserve   | -422              | -410            | -832              | 1     |
| Emergency Conditions reserve  | -1,309            | 500             | -809              | 6     |
| School Maintenance Indemnity schemes                                | -936              | 141             | -795              | 6     |
| Public Inquiries reserve  | -635              | -64             | -699              | 6     |
| KPSN Re-procurement reserve   | -373              | -155            | -528              | 6     |
| KPSN Development reserve  | -1,042            | 1,042           | 0                 | 6     |
| Other   | -4,375            | 608             | -3,767            | 6     |
| <b>Total</b>  | <b>-109,539</b>   | <b>-22,859</b>  | <b>-132,398</b>   |       |
| <b>LATS Reserve</b>   |                   |                 |                   |       |
| Landfill Allowance Taxation Scheme                                  | -1,208            | 1,208           | 0                 |       |
|   | <b>-113,846</b>   | <b>-21,651</b>  | <b>-132,398</b>   |       |
| <b>Commercial Services Earmarked Reserves</b>                       | -2,332            | -1,604          | -3,936            | n/a   |
| <b>EKO</b>  | -4,985            | 5               | -4,980            | n/a   |
| <b>Total Earmarked Reserves</b>                                     | <b>-121,163</b>   | <b>-23,250</b>  | <b>-141,314</b>   |       |
| Correction to late entry put through on Insurance Fund in 10-11     | -27               | 27              | 0                 |       |
|   | <b>-121,190</b>   | <b>-23,223</b>  | <b>-141,314</b>   |       |



**Extract from:**

**Local Government's role in promoting economic growth  
Removing unnecessary barriers to success**

**Professor Tony Travers  
London School of Economics and Political Science**

**An independent report commissioned by the LGA**

## **5. Could reserves be used to reduce the impact of central grant reductions?**

Councils are legally required to balance their revenue expenditure with their income each year. Unlike the Government, a council cannot plan for a deficit on its annual current budget. This constraint is particularly challenging during a period of declining income. As the result of government policy, councils' main sources of income, notably council tax and business rates, cannot be increased faster than inflation. Indeed, council tax is now, in effect, capped below the rate of inflation. Government grants are being sharply cut back to bring down the total of local authority spending.

Local authorities maintain reserves to help them manage changes in income or spending from one year to the next. At 31 March 2012, according to DCLG's provisional outturn statistics, local authorities in England had just under £4.0 billion in unallocated reserves which were not already ring-fenced to cover particular items of future spending. Earmarked and unallocated non-schools reserves at the end of 2010/11 were equivalent to 50 days' expenditure. Of course, the total of reserves and investments is significantly greater in size, though generally these are set aside to fund particular items of expenditure.

When setting the budget a council's finance director must, by law, consider the reasonableness of its budget and propose levels of reserves sufficient to cover unexpected events. Councils are now entering into a period of significantly higher risk, with the start of business rate retention and the localisation of council tax benefit in April 2013. These reforms will transfer risks that hitherto have been borne by the Exchequer to councils. The impact of such risk and pressures are hard to estimate precisely. Total expenditure on council tax benefit in 2012/13 is about £4 billion, having risen by 45 per cent since 2005/06. Business rates being retained locally will total some £10 billion. If councils believed it was prudent, over time, to plan on the basis of a potential unpredictable variance of 10 to 20 per cent of this total sum – this would amount to a sum in the range £1.4 billion to £2.8 billion. For any individual council the impact might be greater.

The formula grant paid to local government has been reduced by 28 per cent during the period covered by the 2010 spending review. This reduction in grant is permanent, and there will be further reductions annually for at least the next four to five years.

Earmarked reserves, which constitute over 70 per cent of resources held in this way, are set aside for particular purposes. Local Government Association (LGA) analysis has shown that almost half earmarked reserves are being held to support future capital investment, a government priority at a time when economic growth is slow. Other reserves are held to help with restructuring, paying for Private Finance Initiatives or to provide short- term cover for grants which are paid at the end of the financial year.

Auditors have long acknowledged councils have good reasons to hold reserves which constitute a sensible part of strategic financial and risk management. Reserves can be used to smooth variations between income and spending and to cope with uneven cash flows. If councils used their reserves as an alternative to making cuts, such resources would be used up rapidly. Reserves can be used to smooth cuts, but they cannot prevent them. Reserves can only be used once.

## Appendix G – Glossary of Abbreviations

|                         |   |
|-------------------------|---|
| A to Z of Services      | Presentation of KCC's annual budget according to services provided                            |
| ASC&PH                  | Adult Social Care and Public Health Portfolio   |
| Autumn Budget Statement | Chancellor's Annual midyear update to national budget   |
| BoE                     | Bank of England   |
| Bold Steps              | Bold Steps for Kent - The Council's strategic vision document                                 |
| BSF                     | Building Schools for the Future   |
| BSP&HR                  | Business Strategy Performance and Health Reform   |
| BSS                     | Business Strategy and Support Directorate   |
| Budget                  | Annual spending plan for 2013/14  |
| Business Rates (NNDR)   | Local property tax levied on businesses and redistributed by the Government.                  |
| Capital Budget          | Investment programme on infrastructure improvements   |
| C&C                     | Customer and Communities Directorate/ Portfolio   |
| CFR                     | Capital Financing Requirement   |
| CIPFA                   | Chartered Institute of Public Finance & Accountancy   |
| CLG                     | Government Department for Communities & Local Government                                      |
| CPI                     | Consumer Price Index - Government measure of inflation  |
| CRB                     | Criminal Records Bureau   |
| DEFRA                   | Government Department for Environment, Food & Rural Affairs                                   |
| D&P                     | Democracy and Partnership Portfolio   |
| DfE                     | Government Department for Education   |
| DfT                     | Government Department for Transport   |
| DH                      | Government Department for Health  |
| DMO                     | Debt Management Office  |
| DSG                     | Dedicated Schools Grant - government grant 100% funded from national taxation to fund schools |
| DWP                     | Government Department for Work and Pensions   |

|               |   |
|---------------|---|
| E&E           | Enterprise and Environment Directorate  |
| EFA           | Education Funding Agency  |
| ELS           | Education, Learning and Skills Directorate/<br>Portfolio  |
| EHW           | Environment, Highways and Waste Portfolio   |
| EIG           | Early Intervention Grant - DfE grant  |
| EU            | European Union  |
| ERP           | Enterprise Resource Planning; computer<br>systems   |
| ESG           | Education Services Grant – new grant provided<br>to local authorities on a national per pupil basis to<br>provide central services for maintained schools |
| F&BS          | Finance and Business Support Portfolio  |
| Formula Grant | Until 2013/14 this was the main grant to local<br>government comprising RSG and redistributed<br>business rates   |
| FSC           | Families and Social Care Directorate  |
| FTE           | Full Time Equivalent - standard used to assess<br>equivalent number of full time and part time<br>employees   |
| FYE           | Impact in a full financial year of an initiative that<br>has been implemented part way through the year   |
| GAC           | Governance & Audit Committee  |
| Gateway       | Customer contact points for all local councils'<br>services   |
| GDP           | Gross Domestic Product - Government measure<br>for the overall health of the economy  |
| GP            | General Practitioner  |
| GUF           | Guaranteed Unit of Funding - mechanism used to<br>determine DSG for each local authority  |
| HO            | Home Office   |
| HWRC          | Household Waste Recycling Centre  |
| ICT           | Information Communication Technology  |
| KCC           | Kent County Council   |
| KCS           | Kent Commercial Services  |
| KDAAT         | Kent Drug & Alcohol Action Team   |

|        |  |
|--------|--|
| LAC    | Looked After Children - children placed into care by the local authority   |
| LACSEG | Local Authority Central Equivalent Grant (LACSEG)  |
| LAMS   | Local Authority Mortgage Scheme  |
| LD     | Learning Disability  |
| LDF    | Local Development Framework  |
| LEP    | Local Enterprise Partnership - regional grouping of local authorities to promote economic prosperity   |
| LGA    | Local Government Association   |
| LOBO   | Lender Option Borrower Option – lender has the option to call in loan at pre-determined future date  |
| LSSG   | Local Service Support Grant – grant introduced in 2011 to summarise a number of small grants   |
| MFG    | Minimum Funding Guarantee - guaranteed level of funding for individual schools   |
| MRP    | Minimum Revenue Provision - prudent amount needed to cover the revenue consequences of capital investment                                      |
| MTFP   | Medium Term Financial Plan   |
| NHS    | National Health Service  |
| NNDR   | National Non Domestic Rates  |
| NQT    | Newly Qualified Teacher  |
| OBR    | Office for Budget Responsibility - independent body advising the chancellor on economic forecasts  |
| OfSTED | Office for Standards in Education, Children's Services and Skills  |
| ONS    | Office for National Statistics   |
| PCT    | Primary Care Trust   |
| PEF(2) | Property Enterprise Fund - scheme established by the council to maximise benefit from property holding at a time property values are depressed |
| PER    | Prudential Equalisation Reserve  |
| PFI    | Private Finance Initiative   |
| PROW   | Public Right of Way  |
| PWLB   | Public Works Loan Board  |

|                        |   |
|------------------------|---|
| R&E                    | Regeneration and Enterprise Portfolio   |
| Revenue Budget         | Annual recurring expenditure on staff, buildings, contracts, supplies, etc.                                 |
| RPI                    | Retail Price Index - alternative measure of inflation   |
| RSG                    | Revenue Support Grant - grant to local government funded from national taxation and share of business rates |
| Schools' Funding Forum | Statutory body representing views of schools in relation to a number of financial matters                   |
| SEN                    | Special Educational Needs   |
| SCS                    | Specialist Children's Services Portfolio  |
| SIP                    | Supporting Independence Programme   |
| SORP                   | Statement of Required Practice - new KCC risk management tool   |
| SR2010                 | Spending Review 2010  |
| TAG                    | Treasury Advisory Group   |
| TCP                    | Total Contribution Pay - performance reward payments to staff   |
| TM                     | Treasury Management   |
| WCA                    | Waste Collection Authority  |
| WDA                    | Waste Disposal Authority  |
| VAT                    | Value Added Tax   |



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By: John Simmonds, Cabinet Member for Finance & Business Support  
Andy Wood, Corporate Director of Finance & Procurement

To: CABINET – 23 January 2013

## Subject: REVENUE & CAPITAL BUDGET MONITORING EXCEPTION REPORT 2012-13

### 1. Introduction

1.1 The second full monitoring report for 2012-13 was presented to Cabinet in December. This exception report, based on the monitoring returns for November, highlights the main movements since that report.

### 2. REVENUE

2.1 The current underlying net revenue position by portfolio, before and after the implementation of assumed management action, compared with the net position last reported to Cabinet, is shown in **table 1** below.

**Table 1: Net Revenue Position before and after Proposed Management Action**

| Portfolio                                      | Gross Position<br>£m | Proposed Management Action<br>£m | Net Position after mgmt action<br>£m |               | Movement<br>£m |
|--|----------------------|----------------------------------|--------------------------------------|---------------|----------------|
|  |                      |                                  | This report                          | Last report   |                |
| Education, Learning & Skills                   | -4.157               | -                                | -4.157                               | -3.623        | -0.534         |
| Specialist Children's Services                 | +5.633               | -                                | +5.633                               | +4.983        | +0.650         |
| Specialist Children's Services - Asylum        | +3.000               | -                                | +3.000                               | +3.000        | -              |
| Adult Social Care & Public Health              | -1.522               | -                                | -1.522                               | -2.697        | +1.175         |
| Environment, Highways & Waste                  | -0.938               | -                                | -0.938                               | -0.774        | -0.164         |
| Customer & Communities                         | -0.810               | -                                | -0.810                               | -1.147        | +0.337         |
| Regeneration & Economic Development            | -                    | -                                | -                                    | -             | -              |
| Finance & Business Support                     | -8.010               | -                                | -8.010                               | -5.448        | -2.562         |
| Business Strategy, Performance & Health Reform | +0.414               | -0.414                           | -                                    | -             | -              |
| Democracy & Partnerships                       | -0.349               | -                                | -0.349                               | -0.294        | -0.055         |
| <b>Total (excl Schools)</b>                    | <b>-6.739</b>        | <b>-0.414</b>                    | <b>-7.153</b>                        | <b>-6.000</b> | <b>-1.153</b>  |
| <i>Schools (ELS portfolio)</i>                 | +2.286               | -                                | +2.286                               | +2.286        | -              |
| <b>TOTAL</b>                                   | <b>-4.453</b>        | <b>-0.414</b>                    | <b>-4.867</b>                        | <b>-3.714</b> | <b>-1.153</b>  |

2.2 **Table 2** shows the forecast underlying gross position **before** the implementation of proposed management action, compared with the gross position reported to Cabinet in December.

**Table 2: Gross Revenue Position before Management Action**

| Portfolio                                      | Variance          |                   | Movement<br>£m |
|--|-------------------|-------------------|----------------|
|  | This Report<br>£m | Last Report<br>£m |                |
| Education, Learning & Skills                   | -4.157            | -3.623            | -0.534         |
| Specialist Children's Services                 | +5.633            | -4.983            | +0.650         |
| Specialist Children's Services - Asylum        | +3.000            | +3.000            | -              |
| Adult Social Care & Public Health              | -1.522            | -2.697            | +1.175         |
| Environment, Highways & Waste                  | -0.938            | -0.774            | -0.164         |
| Customer & Communities                         | -0.810            | -1.147            | +0.337         |
| Regeneration & Economic Development            | -                 | -                 | -              |
| Finance & Business Support                     | -8.010            | -5.448            | -2.562         |
| Business Strategy, Performance & Health Reform | +0.414            | +0.848            | -0.434         |

| Portfolio                      | Variance          |                   | Movement<br>£m |
|--------------------------------|-------------------|-------------------|----------------|
|                                | This Report<br>£m | Last Report<br>£m |                |
| Democracy & Partnerships       | -0.349            | -0.294            | -0.055         |
| <b>Total (excl Schools)</b>    | <b>-6.739</b>     | <b>-5.152</b>     | <b>-1.587</b>  |
| <i>Schools (ELS portfolio)</i> | +2.286            | +2.286            | -              |
| <b>TOTAL</b>                   | <b>-4.453</b>     | <b>-2.866</b>     | <b>-1.587</b>  |

- 2.3 The gross underlying revenue position (excluding schools) is currently an underspend of £6.739m as shown in table 2 above, but this underspend is expected to increase to £7.153m by year end, after assuming the delivery of management action within the Business Strategy, Performance & Health Reform portfolio, as shown in table 1. However, within this position, as reported in the Quarter 2 report, is a current requirement to roll forward £1.930m of Big Society funding for the Kent Youth Employment Programme within the ELS portfolio as payments are only made to employers following completion of 6 months and 12 months in placements, so a significant amount of the budget will not be spent until 2013-14 and beyond. **The underlying 2012-13 underspending position is therefore -£5.223m after management action.** The draft 2013-14 budget proposals, released on 16 January, assume that £5m of this underspend is transferred to reserves to support next year's budget.
- 2.4 In the context of a net savings requirement of around £80m and on the back of delivering a £95m savings target last year, this is a very promising position at this stage of the year. The forecasts show that the vast majority of these savings are on track to be delivered. The intention remains that where delivery proves to be unlikely, that equivalent savings elsewhere within the relevant portfolio will be made as appropriate. The position will be monitored very closely throughout the remainder of the financial year and every effort will be made to ensure that we retain an underspend of at least £5m, in order to support our 2013-14 draft budget proposals.
- 2.5 Table 2 shows that there has been an increase in the underspend of -£1.587m before management action since the last report. The main movements, by portfolio, are detailed below:

## 2.6 Education, Learning & Skills portfolio:

The underspend for this portfolio, excluding schools, has increased by -£0.534m since the last report from -£3.623m to -£4.157m. This is due to:

- 2.6.1 -£0.391m Home to College Transport – there is a gross pressure on this budget line of +£1.095m due to the implementation of the new Kent 16+ card which is covered by income from the sale of the tickets of -£1.133m. The forecast pressure is based on limited usage data from when the scheme began in September 2012 and a more accurate forecast is expected in the next full monitoring report. The historic home to college transport budget is now transporting fewer students than budgeted for, leading to a gross underspend of -£0.600m and a reduction in income for the sale of tickets of +£0.247m.
- 2.6.2 -£0.604m Mainstream Home to School Transport – as identified in the quarter 2 report, the numbers requiring transport are considerably lower than budgeted levels. The financial impact of this has now been assessed and a gross underspend of -£0.968k is now forecast. This has been reflected as a saving in the draft 2013-15 MTFP. In addition there is a corresponding reduction in post statutory charge income of +£0.364k as new 16+ students are tending to opt for the 16+ card for school transport.
- 2.6.3 +£0.461m SEN Home to School Transport – there is a forecast gross pressure on this budget as the number of children travelling is consistently higher than the budgeted number. This has been reflected as a pressure in the draft 2013-15 MTFP.

### 2.7.1 Specialist Children's Services portfolio:

The pressure on this portfolio (excluding Asylum) has increased by +£0.650m since the last report from +£4.983m to +£5.633m. This is due to:

- 2.7.1.1 +£0.650m Legal Charges – an increase in the pressure from +£0.285m to +£0.935m. Despite significant efforts of Specialist Children's Services (SCS) in dealing with their historic workload, this has resulted in continuing work by Legal Services and the forecast, although still lower than the costs in 2011-12, is now higher than anticipated earlier in the year. Work continues both within SCS

and Legal Services to reduce this expenditure, but it is felt at this stage that it is prudent to forecast this higher position.

## 2.7.2 Specialist Children's Services portfolio - Asylum:

The pressure on the Asylum budget has remained at +£3.000m, which is attributable to a forecast shortfall in the grant anticipated, compared to forecast costs.

## 2.8 Adult Social Care & Public Health portfolio:

The forecast underspend on this portfolio has reduced by +£1.175m from -£2.697m to -£1.522m. The movements over £0.1m since the last report are:

- 2.8.1 +£0.236m Learning Disability Direct Payments – a reduction in the underspend from -£0.701m to -£0.465m. The increase, in the main, relates to approximately 40 new direct payment users, of which some have transferred to direct payments from other services. There has also been an increase in some one-off direct payments
- 2.8.2 -£0.282m Older People Domiciliary Care – a reduction in the position from a pressure of +£0.076m to an underspend of -£0.206m. This reduction mainly relates to the transfer of clients to the Supporting Independence Service and Provider Managed Services (both included under Other Adult Services A-Z budget line – see paragraph 2.8.10 below), coupled with an overall reduction in activity.
- 2.8.3 +£0.195m Learning Disability Domiciliary Care – an increase in the pressure from +£0.413m to +£0.608m. This increase mainly relates to a reduction in assumed income, from that previously forecast, which is mainly reflecting the full impact of the changes in the non-residential charging policy, now that the full policy changes have been implemented.
- 2.8.4 +£0.735m Learning Disability Residential Care – an increase in the pressure from +£0.232m to +£0.967m which mainly relates to an additional 6 service users, of which 5 transferred from supported accommodation, and some increase to costs for existing users relating to more complex needs.
- 2.8.5 +£0.288m Older People Residential Care – a reduction in the underspend from -£0.996m to -£0.708m. £0.100m of this increase relates to the in-house residential units. The remainder of the increase mainly relates to a reduction in forecast income, which is in part due to the fact that the Quarter 2 forecast assumed that an increase in income trends over the summer months would continue throughout the year. It has however now been realised that this increase was mainly due to the clearing of some backlogs in income assessments that had built up whilst the Income Team were having to put resources into the implementation of the non-residential charging policy changes.
- 2.8.6 +£0.218m Older People Nursing Care – an increase in the pressure from +£0.834m to +£1.052m. Similar to residential care most of this increase relates to the income forecast, however there has been a slight net increase in nursing placements since September.
- 2.8.7 -£0.140m Physical Disability Residential Care – an increase in the underspend from -£0.440m to -£0.580m which relates in the main to a net reduction of 7 service users since September.
- 2.8.8 -£0.459m Learning Disability Supported Accommodation – a reduction in the position from a pressure of +£0.304m to an underspend of -£0.155m which in the main relates to those service users who transferred to residential care or have opted for direct payments (see paragraphs 2.8.4 and 2.8.1 above).
- 2.8.9 +£0.166m Learning Disability Day Care – a movement in the position from an underspend of -£0.156m to a pressure of +£0.010m. £0.110m of this increase relates to independent sector day care and reflects a more accurate forecast following reconciliation of actual expenditure against the contracts. The remainder of the increase is in relation to staffing and other associated costs of the in-house day services.
- 2.8.10 +£0.133m Other Adult Services – a reduction in the underspend from -£0.194m to -£0.061m which is mainly due to the transfer of older people clients from OP Domiciliary Care to the Supporting Independence Service and Provider Managed Services. This increase is offset by a reduction in the position on Older People Domiciliary Care (see paragraph 2.8.2 above).

2.8.11 £0.240m Assessment Services - Adult's Social Care Staffing – a reduction in the underspend from -£0.452m to -£0.212m as a number of vacant posts have been recruited to earlier than previously forecast.

2.8.12 £0.257m FSC Strategic Management and Directorate Support Budgets – a reduction in the pressure from +£0.346m to +£0.089m which is mainly due to the management action undertaken to hold vacancies within the Operational Support unit to manage the pressure previously reported in the Quarter 2 Monitoring Report to Cabinet in December.

## 2.9 Environment, Highways & Waste portfolio:

The underspend for this portfolio has increased by -£0.164m since the last report from -£0.774m to -£0.938m which is mainly due to an increase of £0.131m in the underspend on the Strategic Management and Directorate Support budgets from -£0.280m to -£0.411m which is made up of many small movements each under £0.1m.

## 2.10 Customer & Communities portfolio:

The underspend for this portfolio has reduced by £0.337m since the last report from -£1.147m to -£0.810m. This is mainly due to:

2.10.1 £0.071m C&C Strategic Management & Directorate Support – an increase in the underspend from -£0.039m to -£0.110m. The primary movement in this budget is within the Business Transformation unit where there has been a delay recruiting to project management roles in relation to the Troubled Families programme. This has led to a staffing underspend of -£0.046m. Other staffing underspends reconcile to the -£0.071m movement.

2.10.2 £0.129m Youth Service – a pressure is now forecast for this budget. The inclement weather over the summer has led to a significant reduction in expected income of +£0.196m in relation to the Outdoor Education Centres. The service has partly mitigated this pressure by reducing costs where possible, albeit a large majority of costs being fixed in nature, and the net pressure amounts to +£0.129m.

*(The Integrated Youth Service, which comprises the Youth Service and Youth Offending Service (a different A-Z budget line), is delivering a combined underspend of -£0.055m as the Youth Offending Service has previously reported an underspend of -£0.184m in anticipation of this income pressure).*

2.10.3 £0.095m Community Wardens – a reduction in the underspend from -£0.134m to -£0.039m which is largely due to a one-off contribution of £0.110m towards a multi-agency project aimed at establishing an Independent Domestic Violence Advocate (IDVA) fund. This has been partly offset by staffing underspends.

2.10.4 £0.118m Registration – a reduction in the underspend from -£0.172m to -£0.054m. The quarter 2 full monitoring report referred to an unquantified emerging pressure. It can now be confirmed that these one-off costs relating to licences and software amount to +£0.200m but have been offset by additional income on licences (-£0.048m) and ceremonies (-£0.038m), as well as other minor compensating movements.

2.10.5 There have also been a number of smaller movements, all below £0.1m, across other A-Z budget lines which total +£0.066m.

## 2.11 Finance & Business Support portfolio:

The forecast underspend for this portfolio has increased by -£2.562m since the last report from -£5.448m to -£8.010m. This is mainly due to:

- -£1.828m representing the balance of the unallocated A-Z budget line. This budget was set aside for anticipated pressures during the year but these pressures are now fully reported within the portfolio positions included within this and previous reports e.g the £1.220m shortfall in the Commercial Services contribution reported in the quarter 2 report to Cabinet in December.
- -£0.429m as a result of further underspending on the net debt charges budget largely due to reinstatement of previously suspended counterparties and some lengthening of deposit duration

leading to an improvement in interest returns, together with an earlier than expected full repayment of an outstanding loan balance from the Probation Service and further forecast underspending against the leases budget.

- -£0.305m on various other Financing Items budgets including an anticipated underspend on the Carbon Reduction Commitment energy efficiency scheme and further underspending on local authority subscriptions.

## **2.12 Business Strategy, Performance & Health Reform portfolio:**

The pressure on this portfolio has reduced by £0.434m since the last report from +£0.848m to +£0.414m. This is mainly due to:

- 2.12.1 -£0.093m BSS Strategic Management and Directorate Support – a reduction in the position from a pressure of +£0.006m to an underspend of -£0.087m mainly due to lower than anticipated costs of previous early retirements.
- 2.12.2 -£0.102m Property & Infrastructure – a reduction in the pressure from +£0.599m to +£0.497m reflecting the impact of management action in suppressing spend and the use of reserves following a review of commitments against residual balances, which has resulted in the release of some funds back to revenue.
- 2.12.3 -£0.117m Human Resources – a reduction in the pressure from +£0.151m to +£0.034m as a restructure within the Learning and Development team has created saving on staffing costs.
- 2.12.4 -£0.084m Information & Communication Technology – a reduction in the pressure from +£0.314m to +£0.230m following the earlier than anticipated release of some agency staff in line with management action.

## **2.13 Democracy & Partnerships portfolio:**

The underspend for this portfolio has increased by -£0.055m since the last report from -£0.294m to -£0.349m. There are no movements over £0.1m included within this.

## **3. CAPITAL**

### **OVERALL MONITORING POSITION**

- 3.1 The Capital Programme 2012-15 has an approved budget<sup>1</sup> of £629.382m excluding schools and PFI (see table 1 below). The forecast outturn against this budget is £610.899m, giving a variance of -£18.483m. After adjustments for funded variances and reductions in funding, the revised variance comes to -£29.749m. This is made up of an unfunded variance of +£1.227m, project underspends of -£1.460m and rephasing to later years of -£29.516m (see table 3).

### **3.2 Table 1 – Revised approved budget**

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<sup>1</sup> Approved budget is last reported budget to Cabinet plus any delegated approvals of changes i.e. virements, since last reported to Cabinet.

|   | Total   | Adults Social Care & Public Health | Business Strategy, Performance & Health Reform | Customers & Communities | Education, Learning & Skills | Environment, Highways & Waste | Regeneration & Economic Development | Specialist Childrens' Services |
|---|---------|------------------------------------|--|-------------------------|------------------------------|-------------------------------|-------------------------------------|--------------------------------|
|   | £m      | £m                                 | £m   | £m                      | £m                           | £m                            | £m                                  | £m                             |
| Approved budget last reported to Cabinet  | 621.362 | 21.468                             | 33.211   | 13.551                  | 274.096                      | 173.875                       | 104.392                             | 0.769                          |
| Approvals made since last Cabinet meeting | 8.020   | 0.030                              | 0.265  |                         | 1.564                        | 6.326                         | -0.165                              | 0.000                          |
| Revised approved budget                   | 629.382 | 21.498                             | 33.476   | 13.551                  | 275.660                      | 180.201                       | 104.227                             | 0.769                          |

### 3.3 Table 2 – Funded and Revenue Funded Variances

|   | Total  | Adults Social Care & Public Health | Business Strategy, Performance & Health Reform | Customers & Communities | Education, Learning & Skills | Environment, Highways & Waste | Regeneration & Economic Development | Specialist Childrens' Services | Reason for cash limit change                    |
|---|--------|------------------------------------|--|-------------------------|------------------------------|-------------------------------|-------------------------------------|--------------------------------|---|
| Scheme  | £m     | £m                                 | £m   | £m                      | £m                           | £m                            | £m                                  | £m                             |   |
| <b>Cabinet to agree cash limit changes:</b>               |        |                                    |  |                         |                              |                               |                                     |                                |   |
| Lowfield Road, Dartford (formerly Trinity Centre Project) | 0.073  | 0.073                              |  |                         |                              |                               |                                     |                                | Additional developer conts                      |
| Basic Need  | 5.352  |                                    |  |                         | 5.352                        |                               |                                     |                                | Additional grant funding                        |
| Total cash limit changes                                  | 5.425  | 0.073                              | 0.000  | 0.000                   | 5.352                        | 0.000                         | 0.000                               | 0.000                          |   |
| <b>No cash limit changes to be made:</b>                  |        |                                    |  |                         |                              |                               |                                     |                                |   |
| Highway Major Maintenance                                 | 0.950  |                                    |  |                         |                              | 0.950                         |                                     |                                | Revenue Funded                                  |
| Highway Major Maintenance                                 | 0.117  |                                    |  |                         |                              | 0.117                         |                                     |                                | Additional external and developer contributions |
| Member Highway Fund                                       | 0.377  |                                    |  |                         |                              | 0.377                         |                                     |                                | Revenue Funded                                  |
| Member Highway Fund                                       | -0.018 |                                    |  |                         |                              | -0.018                        |                                     |                                | To fund A2 Cyclo Park                           |
| Integrated Transport                                      | 0.750  |                                    |  |                         |                              | 0.750                         |                                     |                                | Additional external and developer contributions |
| Non TSG Land Compensation                                 | 0.187  |                                    |  |                         |                              | 0.187                         |                                     |                                | Additional developer contributions              |
| Energy and Water Efficiency                               | 0.098  |                                    |  |                         |                              | 0.098                         |                                     |                                | Revenue Funded                                  |
| Drovers Roundabout  | 1.985  |                                    |  |                         |                              | 1.985                         |                                     |                                | Additional grant                                |
| Victoria Way  | 0.033  |                                    |  |                         |                              | 0.033                         |                                     |                                | Additional grant                                |

|   | Total  | Adults Social Care & Public Health | Business Strategy, Performance & Health Reform | Customers & Communities | Education, Learning & Skills | Environment, Highways & Waste | Regeneration & Economic Development | Specialist Childrens' Services | Reason for cash limit change                                    |
|---|--------|------------------------------------|--|-------------------------|------------------------------|-------------------------------|-------------------------------------|--------------------------------|---|
| A2 Cyclo Park                                   | 0.018  |                                    |  |                         |                              | 0.018                         |                                     |                                | Grant from member Highway Fund                                  |
| A2 Cyclo Park                                   | 0.012  |                                    |  |                         |                              | 0.012                         |                                     |                                | Revenue Funded  |
| Ashford, Thanet & Swale MASH                    | 0.006  |                                    |  |                         |                              |                               |                                     | 0.006                          | Revenue Funded  |
| Self Funded Projects - Quarryfields             | 0.060  |                                    |  |                         |                              |                               |                                     | 0.060                          | Revenue Funded  |
| Public Rights of Way                            | 0.010  |                                    |  | 0.010                   |                              |                               |                                     |                                | Additional external funding                                     |
| Public Rights of Way                            | 0.063  |                                    |  | 0.063                   |                              |                               |                                     |                                | Revenue Funded  |
| Modernisation of Assets - Vehicles              | 0.146  |                                    |  | 0.146                   |                              |                               |                                     |                                | Revenue Funded  |
| Modernisation of Assets - Vehicles              | 0.041  |                                    |  | 0.041                   |                              |                               |                                     |                                | Additional developer conts                                      |
| Tonbridge Youth Facility                        | 0.025  |                                    |  | 0.025                   |                              |                               |                                     |                                | Revenue Funded  |
| Archbishop Courtenay - Primary Improvement Prog | 0.040  |                                    |  |                         | 0.040                        |                               |                                     |                                | Highways revenue contribution                                   |
| Modernisation Programme                         | 0.045  |                                    |  |                         | 0.045                        |                               |                                     |                                | Additional developer contributions                              |
| Modernisation Programme - Future Years          | 0.445  |                                    |  |                         | 0.445                        |                               |                                     |                                | Additional developer contributions and savings on The Judd      |
| St Johns/Kingsmead                              | 0.646  |                                    |  |                         | 0.646                        |                               |                                     |                                | Additional external funding expected                            |
| Goat Lees                                       | 0.013  |                                    |  |                         | 0.013                        |                               |                                     |                                | Additional developer conts                                      |
| Basic Need - 2012-13                            | -0.871 |                                    |  |                         | -0.871                       |                               |                                     |                                | Savings to be used against future years Basic need programme    |
| Basic Need - Future Years                       | 1.083  |                                    |  |                         | 1.083                        |                               |                                     |                                | From BN 2012-13 and additional developer contributions          |
| The Judd  | -0.420 |                                    |  |                         | -0.420                       |                               |                                     |                                | Savings to be used against modernisation programme future years |
| <b>Total Funded Variances</b>                   | 11.266 | 0.073                              | 0.000  | 0.285                   | 6.333                        | 4.509                         | 0.000                               | 0.066                          |   |

### 3.4 Table 3 – Summary of variance

|                                    | Total   | Adults Social Care & Public Health | Business Strategy, Performance & Health Reform | Customers & Communities | Education, Learning & Skills | Environment, Highways & Waste | Regeneration & Economic Development | Specialist Childrens' Services |
|------------------------------------|---------|------------------------------------|--|-------------------------|------------------------------|-------------------------------|-------------------------------------|--------------------------------|
|                                    | £m      | £m                                 | £m   | £m                      | £m                           | £m                            | £m                                  | £m                             |
| <b>Unfunded variance</b>           | 1.227   | 0.000                              | 0.000  | 0.000                   | 0.000                        | 0.120                         | 0.000                               | 1.107                          |
| Funded variance (from table 2)     | 9.489   | 0.073                              | 0.000  | 0.051                   | 6.293                        | 3.072                         | 0.000                               | 0.000                          |
| Variance to be funded from revenue | 1.777   | 0.000                              | 0.000  | 0.234                   | 0.040                        | 1.437                         | 0.000                               | 0.066                          |
| Project underspend                 | -1.460  | 0.000                              | -0.700   | 0.000                   | 0.000                        | -0.456                        | -0.282                              | -0.022                         |
| <b>Rephasing (to/from 2012-15)</b> | -29.516 | -1.418                             | 0.000  | 0.000                   | 0.000                        | -6.015                        | -22.083                             | 0.000                          |
| <b>Total Variance</b>              | -18.483 | -1.345                             | -0.700   | 0.285                   | 6.333                        | -1.842                        | -22.365                             | 1.151                          |

### 3.5 Movements in Variance

#### 3.5.1 Movements in unfunded variance

Unfunded variance totals £1.227m, previously reported to Cabinet totalled £1.238m. The difference of -£0.011m is due to a small change in the MASH forecast within Specialist Childrens Services.

#### 3.5.2 Movements in re-phasing

Rephasing beyond 2012-15 totals -£29.516m, previously reported to Cabinet was -£21.428m. The difference of -£8.088m is due to:

**Regional Growth Fund (REG) -£5.724m:** The forecast has now been realigned to show actual payments to be made rather than committed funds.

**Kent Thameside Strategic Transport Programme (EHW) -£2.252m:** Although there have been no changes to the overall cost of the programme, the phasing of the programme has now been changed to reflect a revised Forward Delivery Programme to be agreed between the key stakeholders for the programme.

The other -£0.112m movement on rephasing is a result of small movements (less than £0.100m) on two other schemes.

#### 3.5.3 Other movements

**Eurokent (REG) -£0.284m:** There is a forecast underspend on Eurokent due to a reduction in the forecast of compensation claims which are payable under the Land Compensation Act Part 1.

### 3.6 Key Issues & Risks

**Rural Broadband (REG):** is re-phasing within the three year period (2012-15), mainly due to further rounds of the grant schemes having been temporarily placed on hold, pending the outcome of the Kent and Medway BDUK procurement and until the DEFRA bidding rounds have concluded (to reduce the risk of displacing the draw-down of national funding). BDUK are also advising local authorities that they should consider holding a contingency for the BDUK - particularly to address any differences between budgeted tender provision and final procured costings. A view will be taken as to whether the rural community funding should be used as a contingency once the outcome of the BDUK procurement, surveys and delivery plan are known or to fund delivery to areas not currently included in the procurement.



There are no other new key issues and risks to report since those previously reported to Cabinet.

#### **4. RECOMMENDATIONS**

Cabinet is asked to:

- 4.1 **Note** the forecast revenue and capital budget monitoring position for 2012-13.
- 4.2 **Note** the changes to the capital programme.

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Decision No: 12/02003

**By:** Roger Gough - Cabinet Member for Business Strategy, Performance and Health Reform  
David Cockburn - Corporate Director of Business Strategy and Support

**To:** Cabinet – 23<sup>rd</sup> January 2013

**Subject:** Kent and Medway Broadband Delivery UK (BDUK) Project - Update

**Classification:** UNRESTRICTED – FOR GENERAL RELEASE

### Summary

This report contains information concerning the BDUK project, to which members should have regard before taking their decision their decision contained within the exempt report to be tabled at Item 8 of this agenda

Cabinet is asked to consider this report, in conjunction with the exempt report tabled at item 8 of this agenda, and agree to establish delegated authority to the Head of Paid Service in consultation with the Cabinet Member for Business Strategy, Performance and Health Reform to:

1. enter into a contract to deliver the Kent and Medway BDUK project;
2. enter into a grant agreement with BDUK to draw down the £9.87 million of Government funding.

### 1. Introduction

- 1.1 Kent County Council is working in partnership with the Government's Broadband Agency, Broadband Delivery UK (BDUK), to deliver a major project to transform Kent and Medway's rural broadband infrastructure.
- 1.2 The project aims to bring broadband to every property in Kent and Medway and will ensure that most will be able to access superfast broadband.
- 1.3 Without this project many rural businesses and communities would continue to have either no or very slow broadband services as there are no market-led plans to upgrade infrastructure in many rural parts of the County.
- 1.4 Kent County Council is investing over £10 million to enable this upgrade, which has been matched by £9.87 million from the Government. It is expected that the network operator who wins the right to build the network will contribute the remaining funding required for the project.

- 1.5 Transforming Kent and Medway's broadband infrastructure will be critical for delivering Kent's strategic ambitions as this project seeks to:
- Deliver economic growth by removing a significant barrier to development (especially for the 40% of Kent's businesses based in rural areas).
  - Support KCC's ambition to put the citizen in control by providing the infrastructure to support the transformation of public services especially channel-shift agendas and next generation assisted living technologies.
  - Tackle disadvantage by increasing access to services and improving educational outcomes.
- 1.6 Local businesses and residents continue to contact the Council and highlight their concerns over the impacts of poor quality rural broadband infrastructure – with the former highlighting that this continues to represent a key barrier to growth. Over 16,500 registrations have been received to date on the Make Kent Quicker website in response to concerns about poor broadband access.

## 2. Progress to date

- 2.1 Excellent progress has been made in taking forward the Make Kent Quicker project, including:
- **Successful implementation of the 'Make Kent Quicker Campaign'** to evidence the demand for better broadband services. Over 16,500 registrations from businesses and households have been received and feedback from BDUK has indicated that this is an excellent response rate.
  - **Early slot on the Government's broadband procurement pipeline secured** –the Government has made it very clear that not all authorities can undertake their procurement at the same time due to capacity constraints within the market. Kent County Council has managed to secure an early slot in the Government's procurement pipeline meaning that Kent businesses and residents will get better broadband ahead of many other areas.
  - **Invitation to Tender (procurement) launched at the end of October** according to plan.
  - **Open Market Review with suppliers completed** to ascertain the extent of current market deployment plans. This work is essential for meeting state aid requirements and confirming where there is market failure to finalise the intervention (delivery) area for the project.
  - **BDUK audits on readiness to procure completed and passed** – Kent County Council has passed a number of BDUK audits inspecting our 'readiness to procure'. These have assessed our Invitation to Tender documentation, the quality of our demand

registration data, open market review processes and pre-application state aid work.

- **Working with BDUK on the Kent and Medway State Aid Notification** – the national BDUK rural programme constitutes State Aid under EU law. We are currently working on the supporting information that will be required to accompany our state aid application to the Department of Culture, Media and Sport following the completion of the procurement process.
- **Supporting District Councils and communities submitting bids to the Defra Rural Community Broadband Fund.** This scheme has made an additional £20 million available nationally to provide superfast broadband solutions to those in the hardest to reach areas that are only likely to benefit from a basic 2mb service under the UK BDUK funded programmes. Kent has performed well to date with five 'Expressions of Interest' being approved in the first and second rounds.

2.2 At a national level, BDUK have now managed to secure approval from the European Commission for the UK Broadband State Aid Notification. This is welcome news as the UK state aid notification scheme was originally scheduled by BDUK to be in place by April 2012. Subsequent delays in securing agreement with the Commission over the parameters of the scheme has led to significant delays in taking forward BDUK procurements around the country – and delivering local community broadband schemes – including Kent.

### **3. Procurement approach and timetable**

3.1 Given that this is considered a complex procurement and BDUK have been reluctant to sanction and contribute funding to off-framework procurements, Kent County Council is using the Government's broadband procurement framework to deliver the project.

3.2 With the Invitation to tender launched according to plan, the Kent and Medway BDUK procurement remains on track meaning that Kent businesses and residents will benefit from improved broadband infrastructure ahead of many other parts of the Country. Subject to BDUK state aid sign off, we anticipate that we will award contract in April 2013.

### **4. Timescales for implementation**

4.1 Whilst precise delivery timescales will not be able to be confirmed until we have completed the procurement exercise and appointed a supplier, we anticipate that:

- An infrastructure supplier will be appointed in April 2013

- Work will start in 2013
- The first services will come on line in 2014
- Services will become available to all properties during 2015

4.2 It will not be possible to confirm the geographical phasing for the rollout until after the procurement has been completed and initial survey work has been undertaken.

## **5. Conclusions**

5.1 Despite delays at a national level, excellent progress has been made in taking forward the Kent and Medway BDUK project and the ITT was launched at the end of October, according to plan.

5.2 The evaluation of the tender submissions will begin in mid January, with state aid and Government sign off for the project being sought in February and March to enable contract award in April 2013.

## **6. Recommendation**

**Cabinet is recommended to**

- 1. note the information contained within the report**

**On having reviewed in private session the information in the exempt report, at Item 8, Cabinet is recommended to agree at that time:**

- 1. to delegate authority to the Head of Paid Service in consultation with the Cabinet Member for Business Strategy, Performance and Health Reform to enter into a contract to deliver the Kent and Medway BDUK project**
- 2. to delegate authority to the Head of Paid Service in consultation with the Cabinet Member for Business Strategy, Performance and Health Reform to enter into a grant agreement with BDUK to draw down the £9.87 million of Government funding.**

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**Background Documents:**  
None

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Agenda Item 8

Document is Restricted

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