



Summons to and  
Agenda for a  
Meeting on  
**Thursday, 13th  
February, 2014  
at 9.30 am**





DEMOCRATIC SERVICES  
SESSIONS HOUSE  
MAIDSTONE

Tuesday, 4 February 2014

To: All Members of the County Council

Please attend the meeting of the County Council in the Council Chamber, Sessions House, County Hall, Maidstone on Thursday, 13 February 2014 at **9.30 am** to deal with the following business. **The meeting is scheduled to end by 5.00 pm.**

### Webcasting Notice

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

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

### A G E N D A

1. Apologies for Absence
2. Declarations of Disclosable Pecuniary Interests or Other Significant Interests
3. Minutes of the meetings held on 12 December 2013 and, if in order, to be approved as a correct record **(Pages 5 - 18)**
4. Chairman's Announcements
5. Budget 2014-15 and Medium Term Financial Plan 2014-17 **(Pages 19 - 30)**  
(including Council Tax setting 2014-15)

Peter Sass  
Head of Democratic Services  
01622 694002

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## KENT COUNTY COUNCIL

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MINUTES of a meeting of the Kent County Council held in the Council Chamber, Sessions House, County Hall, Maidstone on Thursday, 12 December 2013.

**PRESENT:**

Mr E E C Hotson (Chairman)  
Mr P J Homewood (Vice-Chairman)

Mrs A D Allen, Mr M J Angell, Mr D Baker, Mr M Baldock, Mr M A C Balfour, Mr R H Bird, Mr H Birkby, Mr N J Bond, Mr A H T Bowles, Mr D L Brazier, Mrs P Brivio, Mr R E Brookbank, Mr L Burgess, Mr C W Caller, Miss S J Carey, Mr P B Carter, Mr N J D Chard, Mr B E Clark, Mrs P T Cole, Mr G Cooke, Mr G Cowan, Mrs M E Crabtree, Ms C J Cribbon, Mr A D Crowther, Mrs V J Dagger, Mr D S Daley, Mr M C Dance, Mr J A Davies, Dr M R Eddy, Mr J Elenor, Mrs M Elenor, Mr T Gates, Mr G K Gibbens, Mr R W Gough, Ms A Harrison, Mr M J Harrison, Mr M Heale, Mr P M Hill, OBE, Mr C P D Hoare, Mrs S V Hohler, Mr S Holden, Mrs S Howes, Mr A J King, MBE, Mr J A Kite, MBE, Mr S J G Koowaree, Mr R A Latchford, OBE, Mr R L H Long, TD, Mr G Lymer, Mr B E MacDowall, Mr T A Maddison, Mr S C Manion, Mr R A Marsh, Mr F McKenna, Mr B Neaves, Mr M J Northey, Mr P J Oakford, Mr J M Ozog, Mr R J Parry, Mr C R Pearman, Mr L B Ridings, MBE, Mrs E D Rowbotham, Mr J E Scholes, Mr W Scobie, Mr T L Shonk, Mr C Simkins, Mr J D Simmonds, Mr C P Smith, Mr D Smyth, Mrs P A V Stockell, Mr B J Sweetland, Mr A Terry, Mr N S Thandi, Mr R Truelove, Mr M J Vye, Mr J N Wedgbury, Mrs J Whittle, Mr M E Whybrow, Mr M A Wickham and Mrs Z Wiltshire

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

### UNRESTRICTED ITEMS

#### **45. Apologies for Absence**

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

Mr Ian Chittenden  
Mrs Trudy Dean  
Mr Peter Harman

#### **46. Declarations of Disclosable Pecuniary Interests or Other Significant Interests**

(1) Mr Cowan declared an interest as both he and his wife were foster carers for Kent County Council.

(2) Mr Hoare declared an interest in Question 9 as a director of Conduit, a community interest company that gets young people into employment in the construction industry.

(3) Mr Koowaree declared an interest as he had a grandson who is a Looked After Child.

(4) The following Members declared an interest as members of their family were employed by KCC; Mr Bond, Mr Caller, Mrs Whittle, Mr Maddison and Mrs Brivio.

**47. Minutes of the meeting held on 19 September 2013 and, if in order, to be approved as a correct record**

(1) Mr Latchford emphasised a point that he had made in his response to the Leader's report, 'where a name' should have read 'an aim'.

(2) Mr Vye referred to Minute 44 on the Motion for Time Limited Debate and stated that there had been a very good debate on the idea of a living wage for employees at KCC and there had been some sympathy right across the Chamber for this. He stated that he had been disappointed to see that some Members who had vocally supported the living wage had then not done so in the vote. The Chairman noted this point.

(3) RESOLVED: that the Minutes of the meeting held on 18 July 2013 are correctly recorded subject to the correction above and that they be signed by the Chairman.

**48. Chairman's Announcements**

(a) Death of Lady Pender OBE DL

The Chairman announced with great sadness the death of Lady Pender OBE DL on Thursday 26 September 2013.

Lady Pender was appointed as a Deputy Lieutenant in 2001 and was elected to the County Council in 1981 and served as the Conservative Member for Sandwich until 1997. She was Chairman of the Adoption Agency Sub-Committee, the Community Services Sub-Committee and the Social Services Committee. She served on the Emergency Committee, the Fire and Public Protection Committee, the Policy and Resources Committee, the Police Authority and the Probation Board.

Lady Pender was a Kent Ambassador, Honorary President of the Kent Association for Disabled People, President of Fairbridge Kent, KCA and East Kent National Trust and Patron of Home Start, Maidstone. She was Chairman of Governors at Sandwich Technology School from 1983 to 2001.

Lady Pender was appointed as an Honorary Alderman for the County of Kent on 15 December 2011. She was awarded an OBE in the New Year's Honours list this year for services to the community in Kent.

Mrs Sarah Hohler, Mr Alex King, Dr Mike Eddy, Mr Martin Vye and Mr Steve Manion gave tributes to Lady Pender.

(b) Death of Mr John Tolputt

The Chairman announced with much regret the death, on Thursday 19 September 2013, of Mr John Tolputt, the former Labour County Councillor for Maidstone South East, who served on the County Council between 2001 and 2005. Mr Tolputt was also a Maidstone Borough Councillor representing Heath ward.

Dr Mike Eddy gave a tribute to Mr Tolputt.

(c) Death of Lord Kingsdown, KG PC

The Chairman stated it was with much sadness that he had to inform Members of the death of Robert "Robin" Leigh-Pemberton, Lord Kingsdown, on Sunday 24 November 2013.

Lord Kingsdown was elected to the County Council in 1961 as the Conservative Member for the Hollingbourne No. 2 Division and served until 1977. He was Chairman of the old County Council in 1972 and of the new County Council from 1973 to 1975. He was also the Leader of the Conservative Group. Lord Kingsdown is a former Governor of the Bank of England and Lord Lieutenant of Kent.

Lord Kingsdown was appointed as an Honorary Alderman on 19 December 2009.

Mr Paul Carter, Mrs Paulina Stockell, Mr Roger Truelove, Mr Dan Daley, Mr Mike Harrison, Mr Tom Maddison and Mr Leyland Ridings gave tributes to Lord Kingsdown.

After the minute's silence:

The Chairman moved, the Vice Chairman seconded and the Council agreed unanimously that the Council records the sense of loss it felt on the sad passing of Lady Pender, Mr John Tolputt and Lord Kingsdown and extend to their families and friends its heartfelt sympathy to them in their sad bereavements.

(d) Severe flood alert – 5 and 6 December 2013

The Chairman stated that, as Members were aware, due to a combination of unusual weather and sea conditions expected during high tides on 5 and 6 December the Environment Agency had issued a severe flood alert for several UK areas. The main risk areas in Kent were Greenhithe, Aylesford, Faversham, Whitstable and Sandwich with some 1,200 properties identified as being most at risk of severe flooding.

KCC Community Wardens had worked in partnership with Police, Fire and Rescue officers and Borough and District staff to go door-to-door in all the affected communities to warn and inform people. Four centres had been opened by KCC and district councils in Sandwich, Whitstable, Faversham and Aylesford with two more opened by Medway Council.

Fortunately the flooding was much less severe across the county than in other areas of the UK. Although flood levels in Sandwich were higher than the Environment Agency had predicted, actually higher than the levels recorded in the tragic storm of 1953, sandbags, temporary flood defences and the new under-construction flood defences stemmed much of the excess water flow.

In total around 104 properties were flooded, 38 homes were evacuated and 30 residents made use of the rest centre facilities with many other residents choosing either to stay at home or make alternative arrangements with friends and relatives.

The Chairman stated that he would like to take this opportunity as Chairman of the County Council and on behalf of all KCC Members to publicly thank all those staff, officers and volunteers from many agencies who had worked tirelessly through the night and over the 36 hour period of the previous Thursday and Friday.

(e) Carols

The Chairman invited all Members to join him for lunch and carols in the Atrium, Invicta House at 1:00 pm.

(f) Honorary Alderman

The Chairman announced that the additional meeting for the Honorary Alderman would take place immediately after the lunch interval at 2:15 pm.

#### **49. Questions**

Under Procedure Rule 1.17 (4) 7 questions were asked and replies given. 3 questions remained unanswered at the end of the thirty minutes and written answers were given.

#### **50. Report by Leader of the Council (Oral)**

(1) The Leader began his speech by stating that he thought it would be appropriate approaching the end of the year to reflect on some of the successes and challenges of the last year as well as looking forward to some of the significant challenges to be faced in the coming year.

(2) On the success front the Leader stated that he was delighted that the final series of Ofsted inspections of Children's Services had taken the Council out of the inadequate category. In the coming year the Council had to build momentum and ensure it had the very best support for the young vulnerable young people living in Kent communities and build on the substantial recovery of improved Children's Services with an aim to delivering the very best support in safeguarding arrangements across the county of Kent.

(3) Facing up to the challenge of delivering the same level of business with a lot less money had been a massive issue for the current year and would continue to be in the future, particularly as 2015/16 approached with the compounding effects of less money and the effect of further cuts being made to local government from



2015/16 onwards. The Leader stated he had been delighted that at the last Cabinet meeting it was reported there was a £4m underspend to date, projected to be the outturn for the current year and he hoped the Council could maintain that momentum.

(4) There was an on-going consultation on the broad proposals for the 2014/15 budget with the public and voluntary and community organisations across the county of Kent which was going exceedingly well. The Leader stated that the consultation would be discussed further at February's budget setting meeting but generally the feedback from the consultation was that KCC was doing the right thing in the way that it was reengineering its services under the 'Facing the Challenge' heading and he would expand on this later in the morning.

(5) He wanted to concentrate on two other areas of significance which were taking up a significant amount of his time, appropriately as they were not only very important to the future direction of this authority but also more broadly the welfare of the residents in the county of Kent. He was absolutely delighted that Kent had been awarded Pioneer status for its groundbreaking ambitions on health and social care integration, one of only 14 authorities that were given that Pioneer status out of 99 local authorities up and down the country that had applied for it. It was the ambition, not only of Kent County Council, but also of lead clinicians and those sitting on the Health and Wellbeing Board (HWB), to set out where they believe health and social care integration needed to be. The HWB was working to define what good health service provision and social care provision should look like in Kent from 2018 and beyond. Many of these ambitious proposals were laid out in 'Delivering Better Health Care for Kent' and it was exciting to be involved in working alongside national government to revolutionise the delivery of health and social care and if this was done right much better use could be made of massive amounts of public money in delivering better health services for the residents in Kent.

(6) The second significant issue was 'LEPland', Local Enterprise Partnership land. From 2015/16 Local Enterprise Partnerships (LEPs) across the country would have great significance with most of the local transport funds being put through them. Economic development and the single local growth fund, encompassing not just transport but a new pot for economic development proposals, was real new money which was not going to be top sliced from either district and borough or county councils although it had not yet been identified where the £2bn to fund this would come from. The Leader stated that business led LEPs, working with those in local government, would decide the priorities and the allocation of the money including a substantial amount of European money under the European Social Fund (ESF) and the European Regional Development Fund (ERDF) from 2015/16 which was not far away.

(7) A final proposition, a single growth plan for Essex, Kent and East Sussex, was required by March 2014 and the Leader stated that he was determined that the chapter for Kent and Medway, working very closely with Medway, would articulate how a significant resource, some £100m a year every year coming in to Kent and Medway, was spent against the ambitious proposals to manage sustainable housing growth and growing successful economy in the county of Kent. The Leader stated there was going to be an enormous shunt of responsibility away from local government to business led LEPs, but he would rather deal with LEPs than the old Regional Assemblies which met endlessly, debated endlessly, and achieved very little.

(8) Finally, the Leader stated, in recent weeks he had had one to ones with the newly elected members on his side of the Chamber, and yet again, they had endorsed the extraordinary welcome that they had received in the authority and had reflected universally on how welcoming and open staff in the organisation had been to them. He stated that at this time of year we should reflect on that, and should be enormously grateful for the hard work, dedication, help and support the employees of the authority gave in the complex range of services they provided to the residents of Kent. He was sure everyone would like to join with him in thanking staff, wishing them and their families a very happy Christmas and looking forward to working with them in difficult times in the coming months.

(9) Mr Latchford stated that he had heard the Leader's messages and he would address these but he first wanted to take the opportunity, on behalf of his group, to say a big thank you to Mrs Whittle for the work that she had put into the Children's Centre issues. He said it had been clearly demonstrated that a properly researched project presented well for public consultation had ensured what many would consider to be the best result, although of course the loss of any resource was regrettable.

(10) Mr Latchford stated that the LEP would provide an opportunity to bring much needed money into Kent however the key word in the acronym was Partnership and he suspected that the Leader of Essex County Council, for example, was currently saying the same thing to his Council. Until the wrappings were removed and the gift was revealed what Kent would receive from the LEP and the benefits of this would not be known.

(11) As for being a Pioneer, Mr Latchford stated, this too would be a case of wait and see. Being a Pioneer was an opportunity to bring about efficiencies and have a say in setting up new organisations but the role of guinea pig was another gift to consider as the Council was undergoing the radical and challenging transformation process. However Pioneer status was excellent news.

(12) Mr Latchford stated that he had just had a note passed to him that the government had just announced they were ditching Option B on the Lower Thames Crossing and he presumed this would mean further consultation and delays.

(13) The day's agenda concentrated on the transformation issues and also waste and recycling with much more detail in both papers. Ever since he had joined the Council he had regularly been informed by the Leader at Group Leader meetings, however the detail had only been released with the publication of the papers before Members. He noted there would be staff reductions from within the organisation; however, it appeared to his Group that the top tier management and costs needed further review and the commissioning proposals would need intense scrutiny to ensure that all tendering processes were faultless; executed to ensure the best value for KCC and that the functions definitely could not be carried out in-house at a more beneficial rate.

(14) Mr Latchford finished by echoing the Leader in wishing everyone a very Happy Christmas and thanking Members and officers for the support they have received since they came to the Council in May.

(15) Starting his response with LEPs Mr Cowan stated that when they had first come about he had felt that they were too big, too massive and open to running out of control. Now that LEPs were more business led they were closer to what the first letter stood for, 'Local', but while it was all very well having the status the bottom line was that they needed to deliver.

(16) He said it was very good that KCC was one of the 14 Pioneers of health and social care integration. In a recently published report local surgeries across the country had been found to have maggots, out of date vaccines and medicines, personal data left lying about and dirty furnishings but Mr Cowan had been thankful that none of these surgeries were in Kent. He stated that he would watch the development of the Pioneers with interest.

(17) Turning to consultations Mr Cowan said he had often asked whether KCC consulted with the community to see what they wanted or to tell the community what they were going to do. Mrs Whittle had announced in July that she was going out to consult on the closure of 23 children's centres and would not make her decision until the consultation closed. Mr Cowan congratulated Mrs Whittle on what he called a true consultation stating that she had gone out on the ground, listened to people, engaged with all concerned groups and had agreed to retain 11 of the centres and reduce hours in many others proposed for closure. He hoped that this would be the way consultations were run in the future.

(18) Mr Vye, on behalf of Mrs Dean, stated that the services of the County Council were entrusted to all Members not just the Administration and he was sure all Members were glad when they succeeded. He was very pleased that health and social care integration by the Council had been marked in the way that it had and with the LEP being embarked on he hoped there would be a special emphasis on the support and promotion of small and medium size enterprises (SME) which were the backbone of the economy of Kent.

(19) Referring to Children's Services, Mr Vye said he was delighted that they no longer had the label of inadequate round their necks and all credit was due to those who had worked so hard to produce this result. He pointed out that there was still a big challenge facing the Council; in Specialist Children's Services there was a steady increase in children in care leading to a predicted overspend of £1.3m on fostering, a greater need for preventative services leading to an overspend of £790k and more money needed for care leavers which actually had a £1.2m overspend and there was a huge saving of £4.6m marked in the draft Budget papers for the coming year.

(20) Speaking of food banks and the Kent Supported Assistance Services (KSAS) Mr Vye stated that the numbers of people who had used and applied for these services and help had increased dramatically and this level of poverty would have an effect not just on Children's Services but also on Education. Later in the day he would be offering to work with the Administration to remedy this situation but that a clear idea of the task ahead was essential, one indicator of this would be for risk assessments of each proposal for savings from the Transformation Plan going to the Cabinet Committees for debate and discussion.

(21) Mr Whybrow, in his maiden speech in response to the Leader's report, stated that he wanted to emphasise that the creation of his group was purely for practical reasons with no additional cost.

(22) He stated that as the fourth responder there was the potential for duplication but he did offer his thanks to Mrs Whittle for the work she had done on Children's Centres.

(23) Mr Whybrow echoed Mr Carter's thanks to staff for their dedication and services, he had taken up any invitation to visit or shadow officers and groups and he had been hugely impressed.

(24) In his response, the Leader stated that he had just received a letter from Edward Timpson, the Parliamentary Under Secretary of State for Children and Families, dated 11 December which said that having received all the evidence he no longer considered the improvement notice to remain in place for Children's Services and was therefore lifting the notice. Mrs Whittle's role in this had been significant and he was very grateful for her hard work.

(25) Touching on Transformation, which he would address more in the later paper, he assured Mr Latchford that the market engagement would be vigorous and the selection would be based on those best able to deliver the best value for money and the best services. He also stated that he was glad the opposition Group Leaders had joined him on the Transformation Board.

(26) As all Group Leaders had touched on the Welfare Reform paper which had been withdrawn from the Policy & Resources Cabinet Committee the Leader assured them that it would go to the mid-January meeting and would be a paper marginally modified at the periphery. He stated that he had wanted to include the right evidence to support some of the statistics and he hoped that those who compared the original with the new report would agree that the changes had been made with honesty and very much a straight bat.

(27) Turning to some of Mr Cowan's points Mr Carter stated that the carve up of the country in relation to LEPS had not been well done. He hoped that Mr Pickles would do as he has suggested upon the creation of the South East LEP, the largest LEP in the country outside London, and 'make it worth their while' when the single growth fund was allocated.

(28) He stated that Mr Cowan's comments on GPs being involved in the shaping of health reform agenda in the county was interesting but it was absolutely essential that the reforms were delivered with the patient at the forefront of every change and this needed to be clinician led. Services needed to be designed around patients by those who knew what was needed to produce the service that was best for them.

(29) He agreed with Mr Vye that balancing the books in the years to come would be a significant challenge but added that an investment in preventative services, both adult and children's services, alongside the investment from health partners was absolutely essential to reduce demand on services. He hoped that the new Transformation Programme would help to with some of these pressures.

## **51. Submission of the Kent Minerals and Waste Local Plan 2013-30 to the Secretary of State for Communities and Local Government**

(1) Mr Brazier moved, Mr Balfour seconded that the Council endorsed the Pre-Submission Draft Kent Minerals and Waste Local Plan (MWLP), prior to its submission to the Secretary of State, subject to:

1. A six week period of public consultation on the plan;
2. No material objections being received during the public consultation
3. The Director of Planning & Environment being given delegated powers to approve any non-material changes to the MWLP in consultation with the Cabinet Member for Transport & Environment following on from the public consultation and to agree any amendments to the MWLP during the Examination in Public for submission to the appointed planning inspector, if these amendments are likely to resolve objections.

(2) The Cabinet Member for Transport and Environment introduced the Minerals and Waste Local Plan stating that Members had seen it before at County Council. The Plan was a statutory requirement of the County Council and the strategic plan for the provision of minerals and the disposal of waste in Kent for the years up to 2030.

(3) Processes had been followed to create a core policy, of calling for sites, establishing preferred options for sites and consulting widely on each step prior to the Plan being brought to full Council for endorsement. Each stage had been monitored by the Minerals and Waste Local Plan Informal Member Group before coming to Council.

(4) The Plan document was now before the Council for endorsement prior to a 6 week period of consultation leading up to its submission to the Secretary of State. The Plan would then undergo examination in public prior to its adoption by the Council in 2015. The Minerals and Waste Sites Plan would follow and the Cabinet Member hoped that this would be adopted in 2016.

(5) Mr Scobie moved, Dr Eddy seconded an amendment to the recommendations as follows:

“The Council is asked to note the Pre-Submission Draft Kent Minerals and Waste Local Plan (MWLP) and proceed with a 12 week period of public consultation on the MWLP; and that after the consultation a report should be produced and brought back to full Council for approval.”

(6) Following a debate the Chairman put the amendment to the vote when the voting was as follows:

For (36)

Mr D Baker, Mr M Baldock, Mr R Bird, Mr H Birkby, Mr N Bond, Mrs P Brivio, Mr L Burgess, Mr C Caller, Mr B Clark, Mr G Cowan, Ms J Cribbon, Mr A Crowther, Mr D Daley, Dr M Eddy, Mr J Elenor, Mrs M Elenor, Ms A Harrison, Mr M Heale, Mr C Hoare, Ms S Howes, Mr G Koowaree, Mr R Latchford, Mr B MacDowall, Mr T Maddison, Mr F McKenna, Mr B Neaves, Mrs E Rowbotham, Mr W Scobie, Mr T Shonk, Mr D Smyth, Mr A Terry, Mr N Thandi, Mr R Truelove, Mr M Vye, Mr M Whybrow, Mrs Z Wiltshire

Abstain (0)

Against (45)

Mrs A Allen, Mr M Angell, Mr M Balfour, Mr A Bowles, Mr D Brazier, Mr R Brookbank, Miss S Carey, Mr P Carter, Mr N Chard, Mrs P Cole, Mr G Cooke, Mrs M Crabtree, Mrs V Dagger, Mr M Dance, Mr J Davies, Mr T Gates, Mr G Gibbens, Mr R Gough, Mr M Harrison, Mr M Hill, Mrs S Hohler, Mr S Holden, Mr P Homewood, Mr E Hotson, Mr A King, Mr J Kite, Mr R Long, Mr G Lymer, Mr S Manion, Mr A Marsh, Mr M Northey, Mr P Oakford, Mr J Ozog, Mr R Parry, Mr C Pearman, Mr L Ridings, Mr J Scholes, Mr C Simkins, Mr J Simmonds, Mr C Smith, Mrs P Stockell, Mr B Sweetland, Mr J Wedgbury, Mrs J Whittle, Mr A Wickham

*Lost*

(7) As the vote on the amendment was lost the Chairman put the original recommendations to the vote whereupon the voting was as follows:

For (51)

Mrs A Allen, Mr M Angell, Mr D Baker, Mr M Balfour, Mr H Birkby, Mr A Bowles, Mr D Brazier, Mr R Brookbank, Miss S Carey, Mr P Carter, Mr N Chard, Mrs M Crabtree, Mrs P Cole, Mr G Cooke, Mr A Crowther, Mrs V Dagger, Mr D Daley, Mr M Dance, Mr J Davies, Mr J Elenor, Mrs M Elenor, Mr T Gates, Mr G Gibbens, Mr R Gough, Mr M Harrison, Mr M Hill, Mrs S Hohler, Mr S Holden, Mr P Homewood, Mr E Hotson, Mr A King, Mr J Kite, Mr R Long, Mr G Lymer, Mr S Manion, Mr A Marsh, Mr M Northey, Mr P Oakford, Mr J Ozog, Mr R Parry, Mr C Pearman, Mr L Ridings, Mr J Scholes, Mr C Simkins, Mr J Simmonds, Mr C Smith, Mrs P Stockell, Mr B Sweetland, Mr J Wedgbury, Mrs J Whittle, Mr A Wickham

Abstain (7)

Mr R Bird, Mr B Clark, Mr G Koowaree, Mr T Maddison, Mr A Terry, Mr M Vye, Mr M Whybrow

Against (22)

Mr M Baldock, Mr N Bond, Mrs P Brivio, Mr L Burgess, Mr C Caller, Mr G Cowan, Ms J Cribbon, Dr M Eddy, Ms A Harrison, Mr M Heale, Mr C Hoare, Ms S Howes, Mr R Latchford, Mr B MacDowall, Mr B Neaves, Mrs E Rowbotham, Mr W Scobie, Mr T Shonk, Mr D Smyth, Mr N Thandi, Mr R Truelove, Mrs Z Wiltshire

*Carried*

(8) RESOLVED that the Council endorses the Pre-Submission Draft Kent Minerals and Waste Local Plan (MWLP), prior to its submission to the Secretary of State, subject to:

1. A six week period of public consultation on the plan;
2. No material objections being received during the public consultation
3. The Director of Planning & Environment being given delegated powers to approve any non-material changes to the MWLP in consultation with the Cabinet Member for Transport & Environment following on from the public consultation and to agree any amendments to the MWLP during the

Examination in Public for submission to the appointed planning inspector, if these amendments are likely to resolve objections.

## 52. 'Facing the Challenge' - Phase 1 update and new Directorate structure

(1) Mr Carter proposed, Mr Simmonds seconded that the Council agreed the following recommendations:

- (a) note the progress on delivering the Whole-Council Transformation Plan: Phase 1;
- (b) approve the proposed operating framework and new Directorate structure critical to the delivery of the transformation;
- (c) note the outcome of the formal and informal consultation process;
- (d) note the actions and timescales that will result from this decision; and
- (e) note the intention to bring a further update and proposals for debate to a future County Council meeting recognising the changing role of members in a transformed organisation.

(2) Following a request for a vote on recommendation (b) to be taken separately the Chairman put recommendations (a) and (c) to (e) to the vote when the voting was as follows:

For (79)

Mrs A Allen, Mr M Angell, Mr D Baker, Mr M Baldock, Mr M Balfour, Mr R Bird, Mr H Birkby, Mr N Bond, Mr A Bowles, Mr D Brazier, Mrs P Brivio, Mr R Brookbank, Mr L Burgess, Mr C Caller, Miss S Carey, Mr P Carter, Mr N Chard, Mr B Clark, Mrs P Cole, Mr G Cooke, Mr G Cowan, Mrs M Crabtree, Ms J Cribbon, Mr A Crowther, Mrs V Dagger, Mr D Daley, Mr M Dance, Mr J Davies, Dr M Eddy, Mr J Elenor, Mrs M Elenor, Mr T Gates, Mr G Gibbens, Mr R Gough, Ms A Harrison, Mr M Harrison, Mr M Heale, Mr M Hill, Mr C Hoare, Mrs S Hohler, Mr S Holden, Mr P Homewood, Mr E Hotson, Ms S Howes, Mr A King, Mr J Kite, Mr G Koowaree, Mr R Latchford, Mr R Long, Mr G Lymer, Mr T Maddison, Mr S Manion, Mr A Marsh, Mr B Neaves, Mr M Northey, Mr P Oakford, Mr J Ozog, Mr R Parry, Mr C Pearman, Mr L Ridings, Mrs E Rowbotham, Mr J Scholes, Mr W Scobie, Mr T Shonk, Mr C Simkins, Mr J Simmonds, Mr C Smith, Mr D Smyth, Mrs P Stockell, Mr B Sweetland, Mr A Terry, Mr N Thandi, Mr R Truelove, Mr M Vye, Mr J Wedgbury, Mrs J Whittle, Mr M Whybrow, Mr A Wickham, Mrs Z Wiltshire

Abstain (0)

Against (2)

Mr B MacDowall, Mr F McKenna

*Carried*

(3) The Chairman then put recommendation (b) to the vote when the voting was as follows:

For (54)

Mrs A Allen, Mr M Angell, Mr M Balfour, Mr R Bird, Mr D Brazier, Mr R Brookbank, Miss S Carey, Mr P Carter, Mr N Chard, Mr B Clark, Mrs P Cole, Mr G Cooke, Mrs M Crabtree, Mr A Crowther, Mrs V Dagger, Mr D Daley, Mr M Dance, Mr J Davies, Mr T Gates, Mr G Gibbens, Mr R Gough, Mr M Harrison, Mr M Heale, Mr M Hill, Mrs S Hohler, Mr S Holden, Mr P Homewood, Mr E Hotson, Mr A King, Mr J Kite, Mr G Koowaree, Mr R Latchford, Mr R Long, Mr G Lymer, Mr S Manion, Mr A Marsh, Mr M Northey, Mr P Oakford, Mr J Ozog, Mr R Parry, Mr C Pearman, Mr L Ridings, Mr J Scholes, Mr C Simkins, Mr J Simmonds, Mr C Smith, Mrs P Stockell, Mr B Sweetland, Mr A Terry, Mr M Vye, Mr J Wedgbury, Mrs J Whittle, Mr A Wickham, Mrs Z Wiltshire

Abstain (2)

Mr H Birkby, Mr A Bowles

Against (25)

Mr D Baker, Mr M Baldock, Mr N Bond, Mrs P Brivio, Mr L Burgess, Mr C Caller, Mr G Cowan, Ms J Cribbon, Dr M Eddy, Mr J Elenor, Mrs M Elenor, Ms A Harrison, Mr C Hoare, Ms S Howes, Mr B MacDowall, Mr T Maddison, Mr F McKenna, Mr B Neaves, Mrs E Rowbotham, Mr W Scobie, Mr T Shonk, Mr D Smyth, Mr N Thandi, Mr R Truelove, Mr M Whybrow

*Carried*

(4) RESOLVED that the recommendations be agreed.

### **53. Kent Code of Conduct for Members**

(1) Mr Cooke proposed, Mr Ridings seconded that the Council should:

- (a) approve the changes to the Kent Code of Conduct for Members and the operational procedures; and
- (b) agree that the next review of the Code and procedures takes place following the County Council election in 2017.

(2) RESOLVED that the County Council approve and agree the recommendations above.

### **54. Motion for Time Limited Debate**

The Motion for Time Limited Debate was withdrawn.



# KENT COUNTY COUNCIL

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MINUTES of a meeting of the Kent County Council held in the Council Chamber, Sessions House, County Hall, Maidstone on Thursday, 12 December 2013.

## PRESENT:

Mr E E C Hotson (Chairman)  
Mr P J Homewood (Vice-Chairman)

Mrs A D Allen, Mr M J Angell, Mr D Baker, Mr M A C Balfour, Mr R H Bird, Mr H Birkby, Mr N J Bond, Mr A H T Bowles, Mr D L Brazier, Mr R E Brookbank, Mr L Burgess, Mr C W Caller, Miss S J Carey, Mr N J D Chard, Mrs P T Cole, Mr G Cooke, Mr G Cowan, Mrs M E Crabtree, Ms C J Cribbon, Mr A D Crowther, Mrs V J Dagger, Mr D S Daley, Mr M C Dance, Mr J A Davies, Mrs T Dean, Dr M R Eddy, Mr J Elenor, Mrs M Elenor, Mr T Gates, Mr G K Gibbens, Mr R W Gough, Ms A Harrison, Mr M J Harrison, Mr P M Hill, OBE, Mr C P D Hoare, Mrs S V Hohler, Mr S Holden, Mrs S Howes, Mr A J King, MBE, Mr J A Kite, MBE, Mr S J G Koowaree, Mr R A Latchford, OBE, Mr R L H Long, TD, Mr G Lymer, Mr B E MacDowall, Mr T A Maddison, Mr S C Manion, Mr R A Marsh, Mr F McKenna, Mr B Neaves, Mr M J Northey, Mr P J Oakford, Mr J M Ozog, Mr R J Parry, Mr C R Pearman, Mr L B Ridings, MBE, Mr J E Scholes, Mr W Scobie, Mr T L Shonk, Mr C Simkins, Mr J D Simmonds, Mr C P Smith, Mr D Smyth, Mrs P A V Stockell, Mr B J Sweetland, Mr A Terry, Mr N S Thandi, Mr R Truelove, Mr M J Vye, Mr J N Wedgbury, Mrs J Whittle, Mr M E Whybrow, Mr M A Wickham and Mrs Z Wiltshire

IN ATTENDANCE: Peter Sass (Head of Democratic Services)

## UNRESTRICTED ITEMS

### **55. Apologies for Absence**

(1) The Head of Democratic Services reported apologies from the following Members:

Mrs Pam Brivio  
Mr Paul Carter  
Mr Ian Chittenden  
Mr Brian Clark  
Mr Peter Harman  
Mr Martyn Heale

### **56. Declarations of Disclosable Pecuniary Interests or Other Significant Interests**

(1) None.

## **57. Appointment of Honorary Aldermen**

(1) The Chairman announced that it was his great privilege and honour to preside over this special meeting of the County Council to confer the award of Honorary Alderman to eight of its most distinguished former Members, who had been judged to have provided eminent services, both to Kent County Council and the people of Kent.

(2) The Chairman announced that Mr Richard King was unable to attend the meeting but had all expressed his delight and honour at being nominated. He offered a very warm welcome to the meeting to the other nominees and their guests:

Mr Chris Capon, MBE and Mrs Roma Arnott  
Mr Leslie Christie and Mrs Jean Christie  
Mr Bill Hayton  
Mr Peter Lake and Mrs Nella Lake  
Mr John London and Mrs Merrill London  
Mr John Muckle and Mrs Ann Muckle  
Dr Felicity Simpson PhD and Cmdr A T B C Simpson RN Retd

(3) Mr Simmonds and Mr Cowan spoke briefly to introduce their nominations.

**RESOLVED UNANIMOUSLY:** that the following distinguished former Members of Kent County Council be awarded the status of Honorary Alderman:

Mr Chris Capon, MBE  
Mr Leslie Christie  
Mr Bill Hayton  
Mr Richard King  
Mr Peter Lake  
Mr John London  
Mr John Muckle  
Dr Felicity Simpson PhD

(4) The Chairman then presented the newly appointed Honorary Aldermen with their Honorary Aldermen badges and their scrolls.

(5) Mr Lake responded in suitable terms on behalf of the newly appointed Conservative Honorary Aldermen and Mr Christie responded on behalf of the Labour Honorary Aldermen. Both expressed their sincere gratitude for the honour bestowed upon them and their colleagues by the County Council and more specifically by their peers.

From: Paul Carter, Leader of the Council  
John Simmonds, Cabinet Member for Finance & Procurement and Deputy Leader

To: County Council – 13 February 2014

Subject: Budget 2014-15 and Medium Term Financial Plan 2014-17 (including Council Tax setting 2014-15)

Classification: Unrestricted

**Summary:** This report is a summary of the proposed budget for 2014-15 and Medium Term Financial Plan 2014-17 and a guide to the draft budget documents. The County Council has a statutory duty to set an annual budget and the amount to be levied by Council Tax. In approving the budget the County Council is not only agreeing the total amount to be spent but is also delegating authority to manage the budget in compliance with the authority's financial regulations.

Members are asked to bring to this meeting the draft 2014-15 Budget Book and 2014-17 Medium Term Financial Plan documents which were published on 14 January.

Members are reminded that Section 106 of the Local Government Finance Act 1992 applies to any meeting where consideration is given to matters relating to, or which might affect, the calculation of Council Tax. Any Member of a local authority who is liable to pay Council Tax and who has any unpaid Council Tax amount overdue for at least two months, even if there is an arrangement to pay off the arrears, must declare the fact that they are in arrears and must not cast their vote on anything related to KCC's Budget or Council Tax.

## 1. Introduction

1.1 The Local Government Finance Act 1992 requires the Council to formally consult on and ultimately set a budget and Council Tax for the next financial year, 2014-15. The accompanying draft Budget Book and Medium Term Financial Plan (MTFP) set out the detailed calculations. The proposed Budget 2014-15 and MTFP enable the Corporate Director of Finance & Procurement to satisfy Section 25 of the Local Government Act 2003, which requires him to give an opinion on the robustness of the budget estimates and the level of reserves held by the Council.

1.2 A draft revenue budget was published for consultation in November 2013. This consultation closed on 15 December and elicited 3,650 direct responses (excluding responses from specific market research). This is a substantially higher level of engagement than we have achieved before, and evidence from the responses and the market research gives assurance that the outcomes are statistically valid. The revised budget proposals, following the consultation and the announcement of the provisional local government finance settlement, were published on 14 January 2014.

This allowed for Cabinet to endorse the proposals (and for them to be subject to scrutiny), as well as allowing a short period for final comment prior to the County Council meeting.

1.3 The revised draft budget published on 14 January shows a net revenue budget of £936.5m for 2014-15. This was more than anticipated at the time of the consultation, largely due to a higher than expected Council Tax base. The provisional settlement was much as we had anticipated, although it did include some technical changes switching funds between individual grants. The revised draft budget comprised of a £17.8m net reduction in funding (including reductions in government grants and increases in Council Tax) and additional spending demands of £73.3m. This necessitated £91.1m of savings, income and use of reserves to balance the budget. The final net revenue budget presented to County Council is now £940.5m, due to the inclusion of collection fund balances notified by districts which has reduced the net funding reduction, but because this is one-off money has not impacted on the savings. This is explained in Section 6.3 of this report.

1.4 The proposed capital programme for 2014-17 is £634.6m. This includes reduced allocations for Schools' Basic Need for 2015-16 (£13.4m) and 2016-17 (£14.1m) compared to 2014-15 (£19.3m), we are extremely disappointed to suffer reductions of this magnitude. We also have concerns on the scale of our basic need allocation in comparison to other authorities of a similar size to Kent, and will be pursuing this point rigorously with the DfE over the coming weeks. The capital programme has not been the subject of formal consultation and is subject to separate governance arrangements granting approval to plan and approval to spend. The capital strategy is set out in section 4 of the MTFP and focuses on achieving maximum effect from capital investment, with a sharper focus on the Council's strategic priorities and to obtain maximum value from our assets. This strategy reinforces the commitment to a fiscal indicator, which limits the cost of borrowing to 15% of net revenue budget. The proposed capital programme includes £73m of borrowing, which will count against this indicator (even though we are more than likely to cover this from short-term cash deposits rather than new loans).

1.5 Any unavoidable late changes to the proposed budget after this report has been published will be reported separately to this meeting.

## **2. Financial Implications**

2.1 Setting the annual budget is one of the most significant decisions the County Council takes each year. It sets the County Council's share of Council Tax and the overall resource framework in which the Council operates. It also gives delegated authority to manage the budget to Corporate Directors and Directors within the parameters set out in the Council's Constitution and Financial Regulations. Corporate Directors and Directors will be held to account for spending decisions within delegated powers via the budget monitoring arrangements throughout the year.

2.2 The budget proposes a Council Tax increase up to the limit which would not require a referendum (currently 1.99%). Consultation has indicated that over 70% of residents would accept a small increase if this goes towards protecting front line services, which it does. A 1.99% Council Tax increase would yield £10.3m which would otherwise have to be found from additional savings/income or reduced

spending. The impact of 1.99% increase in each Council Tax band is set out in table 1 (equating to an additional 36p per week for a band C tax payer).

<b>Table 1</b>	<b>2013-14</b>	<b>2014-15</b>
<b>Band A</b>	£698.52	£712.44
<b>Band B</b>	£814.94	£831.18
<b>Band C</b>	£931.36	£949.92
<b>Band D</b>	£1,047.78	£1,068.66
<b>Band E</b>	£1,280.62	£1,306.14
<b>Band F</b>	£1,513.46	£1,543.62
<b>Band G</b>	£1,746.30	£1,781.10
<b>Band H</b>	£2,095.56	£2,137.32

2.3 The full financial implications for the overall resource framework and delegations to Corporate Directors and Directors are set out in the Budget Book and MTFP. We have not detailed the changes from the draft budget for consultation in order to keep this report simple as these are set out in the report to Cabinet on 22 January. Similarly, we have not set out the changes arising from the budget consultation or the provisional settlement in this report as these were covered in the Cabinet Report and reports to Cabinet Committees in January. The changes to the Council Tax base are set out in section 2 of the Budget Book.

### **3. Bold Steps for Kent and Policy Framework**

3.1 The Council's budget is set within the framework of its policy priorities and in particular the proposed 2014-15 revenue budget, 2014-17 capital programme and MTFP strategy builds on the vision set out in Bold Steps for Kent and the more recent "Facing the Challenge" strategy. The proposed budget and MTFP strategy also take into account a range of external factors, including national local government funding, the economic situation and the legislative programme.

3.2 Under the transformation programme outlined in "Facing the Challenge" the Council plans to meet the combination of further substantial and sustained funding reductions at the same time as rising spending demands through a combination of:

- Market Engagement – testing our services against the very best in public, private and voluntary sectors and to identify the most appropriate service delivery vehicles to drive out best value as we move to becoming a commissioning authority
- Service Review and Integration – fundamentally transform the way we deliver services to ensure we get the best possible outcomes at lower cost
- Demand Reduction – reduce reliance on publically funded services and identify those activities which the Council should no longer provide

3.3 These themes underpin the budget proposals for 2014-15 and the MTFP for 2014-17 adding to efficiency savings and income generation opportunities.

### **4. The Budget Proposals**

4.1 The baseline for the draft budget has been set based on the second quarter's budget monitoring reported to Cabinet on 2 December 2013. The draft budget includes "right-sizing" a number of budgets, particularly demand-led budgets in social

care and special needs transport in response to latest forecast activity. The budget also includes savings where in-year activity has been lower than anticipated when this year's budget was set, e.g. waste volumes.

4.2 The draft budget includes provision for a single pay and reward package for Kent Scheme staff. In previous years, the Council has agreed a cost of living award across all staff in the Kent Scheme and staff also received a performance reward, which enabled them to progress through the pay range or a one-off reward payment to staff on the top of the range. Under the proposed arrangements for 2014-15, staff would receive a single reward assessment for those judged to be achieving, above or outstanding. A separate process will be used to recalibrate the bottom and top of the pay ranges to ensure they remain competitive. For staff not at the top of their pay range, the % increase in their annual pay will equate to the % increase for their level of performance, probably a little under 2% for achieving. This will make it simpler for staff. Staff on the top of the pay range (or those whose progression takes them beyond the top) will receive their annual pay according to the top of the recalibrated range and the balance of the reward payment as a lump sum. Staff assessed as "performance improvement required" would have no increase in salary until the next assessment. The value of % awards for achieving, above and outstanding will be set according to the numbers on each level and the overall amount available in the "single-pot" budget, and Directorate budgets will be adjusted accordingly.

4.3 The draft budget includes provision for specific contractual price increases. In the main, these are index-linked and summarised on page 91 of the MTFP document. We have set aside provision for increases in contracts due to be re-tendered during the year, which will only be allocated once tenders have been evaluated. We have not made any provision for general inflation on goods and services procured by the council and managers will be expected to cover the impact of any inflation within their overall budget.

4.4 The draft budget includes the impact of additional spending imposed by legislation and government. Principally, this relates to additional spending from grants and contributions from health in relation to public health and social care. The budget also includes estimated additional demand arising during the year, particularly in relation to adults with learning disabilities, and spending on local choices, e.g. financing the capital programme. A summary of all the additional spending proposals is set out on pages 91 and 92 of the MTFP.

4.5 The 2013-14 budget was balanced by £24.87m one-off use of underspends, reserves and transitional grants. These need to be replaced in 2014-15 and are shown within the £73.3m of additional spending demands.

4.6 Within the savings proposed in the 2014-15 draft budget is the roll forward of £4m underspend from 2013-14. This is partly in response to comments received during the budget consultation (where respondents wanted to see maximum efficiency savings, i.e. not adding underspends into reserves) and partly in response to the latest budget monitoring. An underspend of this magnitude will require further efficiency savings to be delivered in the remainder of the current year.

4.7 The draft budget proposals also include £3m of savings from the draw down from the Council Tax equalisation reserve (which was created following the one-off grant to support the 2012-13 freeze and was designed to smooth the impact in future

years). We expect to close the 2013-14 accounts with £31.7m in general reserves which is consistent with our policy to hold around 3% of the net budget as contingency.

4.8 The draft budget includes a new £3m saving since the consultation, on the cost of financing debt by re-phasing the provision for debt repayment in line with the policy for annual Minimum Revenue Provision (MRP). The MRP guidance requires the Authority to make prudent provision within the revenue budget for repayment of debt accrued on capital projects and to present a statement setting out the MRP policy to the full council. KCC's MRP statement is set out in appendix C to the MTFP.

4.9 Following our proposal to amend the Kent Freedom Pass, we have listened to the views of parents and young people, and are proposing a new scheme with different terms and conditions. Whilst the new scheme is still subject to the formal decision-making process, the intention is to introduce a Kent Young Person's Pass valid from 6am to 7pm, from Monday to Friday, for 11 months of the year (it shall not be valid in August). We propose the fee for the new pass would be £200, with a concession of £100 for children eligible for a free school meal; the Pass would be free for Looked after Children and registered young carers.

4.10 We shall provide additional financial support for young people in sixth form, at college or studying at work-based learning providers by reducing the cost of the Kent 16+ Travel Card from £520 to £400. Schools, colleges and work-based providers will continue to be able to offer further concessions to young people using their 16-19 Bursary Fund.

4.11 The remainder of the savings and income proposed in the draft budget are summarised in pages 93 to 97 of the MTFP document. Most are as proposed in the consultation although some have been modified. Savings are divided between efficiency savings and savings arising from transformation, service reviews and demand management. Efficiency savings are characterised as delivering the same outcomes for less money, while the transformation/service review/demand management deliver different outcomes for less money. Members will be able to identify the key themes outlined in paragraph 3.2 in these savings proposals.

4.12 Detailed consultation and equality impact assessments of specific proposals within each directorate will be undertaken once the budget has been approved and prior to implementation. Approval of the budget includes granting delegated power to Cabinet Members to make changes to the proposals in light of detailed consultation and equality impact assessments. Any changes will be reflected in the monthly monitoring reports to Cabinet.

4.13 The MTFP includes indicative plans for 2015-16 and 2016-17, although inevitably these are less well developed than 2014-15 and are liable to change. In particular, not all of the savings necessary to balance 2015-16 and 2016-17 have been identified and will be developed during the year as the Facing the Challenge programme evolves.

## **5. Navigating the Budget Book and Medium Term Financial Plan Documents**

5.1 Many Members will be unfamiliar with the format of the Budget Book and MTFP documents. This section is designed to guide Members through these documents.

This explanation includes some examples which have been selected for illustrative purposes rather than to draw attention to any particular proposals with the budget. The capital and revenue budgets have been presented to align with the new directorate structure approved at County Council on 12 December 2013, replacing the previous portfolio presentation.

5.2 Section 3 of the Budget Book sets out the proposed capital investment plan for the following 3 years. Capital spending is for the purchase and enhancement of assets. For each directorate capital spending is split between rolling programmes (usually related to the on-going enhancement of assets) and individual projects. There are two templates for each directorate, the first sets out a brief description of each programme/project and the planned spending for each year of the MTFP with a summary of how the overall plan is funded. A number of projects will only proceed when specific funding has been secured. The second template combines the three years of the capital programme and sets out in more detail the funding sources for each programme/project.

5.3 Sections 4 to 8 of the Budget Book set out the proposed revenue budget for 2014-15. Revenue spending is that spent on the day-to-day provision of council services. Section 4 provides a high level summary for each directorate. Gross expenditure is split between staffing (salaries and employer's costs for national insurance and pension contributions) and other costs. Service income from charges and contributions is deducted to derive net cost (this net cost is often the quoted figure in government returns and used for comparative purposes). Income from specific government grants is shown separately to derive the net expenditure attributable to KCC. The net expenditure is used in the MTFP and a comparison with the revised net expenditure for 2013-14 is included in the revenue budget book sections. Section 4 shows how the net expenditure is funded either from Council Tax, the local share of business rates, or un-ring-fenced government grants. A revised version of Section 4 is attached as Appendix 1 of this report to reflect the additional Council Tax collection fund surplus.

5.4 Section 5 provides more detail of planned spending on individual services. This section is designed in an A to Z format and shows services according to how they are delivered and received by residents, rather than how the Council is organised. This is a conscious effort to provide a more outward facing presentation of the Council's spending. The A to Z is organised according to principal areas of front-line activity:

- Adults and Older People
- Children's Services
- Community Services
- Environment
- Highways
- Housing Related Support
- Local Democracy
- Planning and Transport Strategy
- Public Health
- Regeneration and Economic Development
- Regulatory Services
- Schools
- Services for Schools



- Transport Services
- Waste Management

Non frontline services; financing items, assessment services and management, support and overheads are identified separately.

5.5 Within each of the broad categories above, spending has been subdivided into individual areas of activity (based on the principle that any distinct area of activity with spending in excess of £1m is separately identified). The table also includes a brief description of activities which can be afforded within the budget. Inevitably, this section is a compromise between providing an appropriate level of detail to describe how the Council spends public money and keeping the analysis to a manageable size. For example, line 30 on page 46 shows the total budget for the placement of children with foster carers - it does not distinguish between the cost of the team managing the placements, foster carers recruited by the county council, independent fostering agencies, or payments to family relatives providing care.

5.6 Section 6 provides a detailed variation statement for each line in the A to Z service analysis showing how the budget has changed between 2013-14 and 2014-15. This provides a direct reconciliation between the Budget Book and MTFP. Inevitably, this is a large document and is the last piece of the budget jigsaw. This has been provided separately to Members as a background document to the Council papers.

5.7 Section 7 provides a graphical representation of the Council's funding and spending. It also includes a high level subjective analysis of the 2013-14 and 2014-15 budgets (2014-15 to follow in the final version of the budget book). The subjective analysis provides more breakdown of the "other spending" and "service income". The subjective analysis provides information on the type of spend rather than how the services are provided.

5.8 Section 8 sets out the total budget under the control of each directorate. At this stage of the reorganisation this can only be identified to the second tier officers as approved by County Council. As structures below the second tier are approved, budgets would normally be identified down to the third tier, i.e. the amounts delegated to the managers reporting to each director. Only in exceptional circumstances would budgets be identified below third tier, even though delegation and budget management takes place at lower levels in the organisation. Financing items are notionally shown under Strategic and Corporate Services although these are non-directorate specific costs often arising out of previous decisions or decisions outside of the county council's direct control. As such these costs cannot be attributed to any individual manager and are all under the control of the Corporate Director of Finance & Procurement.

5.9 The MTFP provides a description of the Council's overall financial vision and key strategies. It is designed as a reference document, providing background information to set the budget in a wider and longer term context. The main document includes a short executive summary, together with an appraisal of the national financial and economic context as it affects local government and the Council's capital, revenue, treasury management and risk strategies. These strategies will continue to evolve to reflect progress on the key themes arising from Facing the Challenge. The Treasury Strategy in section 5 of the MTFP has been updated to

include revisions to the borrowing and investment strategies, as well as updating approved counter parties and deposit limits as part of the council's limited risk approach to treasury management. The revised strategy is presented for full council approval.

5.10 The appendices to the MTFP set out the key financial information. Appendix A includes a high level 3 year plan and detailed plans for each directorate summarising the additional proposed spending, income and savings in 2014-15 compared to the 2013-14 approved budget. For example, page 92 identifies the need to increase the SEN transport budget by £1.1m to cover the additional cost of current SEN placements in the 2013-14 academic year and forecast placements for 2014-15. The planned spending for 2014-15 financial year is a combination of the spending in part of each academic year. Many of the additional spending and savings entries reflect a part year effect. Appendices B (Prudential Indicators) and C (MRP Statement) are presented to full Council for approval.

## **6. Changes to the Published Draft Budget and MTFP**

6.1 There have been some minor changes to some of the entries in the draft budget and MTFP published on 14 January. These are not material and do not affect the overall budget or the amounts for individual services or directorates for 2014-15. A revised presentation of the summary revenue budget (section 4 of Budget Book) and MTFP appendix A(i) is attached as Appendix 1 to this report, which illustrates the impact of these minor changes and the inclusion of collection fund balances. These changes do not merit re-printing all the draft budget and MTFP documents and will be included in the final budget published in March.

6.2 There has been some uncertainty about the Council Tax referendum thresholds. Should ministers reduce the threshold we will need to revise the Council Tax increase referred to in paragraph 2.2. We are expecting the announcement before the Council meeting and any necessary changes will be tabled.

6.3 Since the draft budget was published on 14 January we have received notification of the balances on Council Tax collection funds from district councils. Overall, these show a net surplus of £3.991m with only one district reporting an in-year deficit on collection compared to the estimated tax base at the start of the year. This surplus must be included as part of the net budget requirement and thus increases the net budget from £936.506m to £940.497m. In future years we will also have to factor in our share of balances on business rate collection funds although this information (including the estimated business rate tax base for 2014-15) was not available in time for published papers.

6.4 The collection fund balances are in effect one-off since the on-going impact is built into the revised tax base assumption for 2014-15. We therefore propose to use this money to increase the contributions to reserves; £1m to Council Tax Equalisation reserve to continue the excellent collaborative work with the Kent districts to realise further increases in the tax base; £1m to Emergency Conditions reserve; and the remainder to Economic Downturn reserve with the intention that this is set aside to work with Clinical Commissioning Groups (CCGs) as an invest to save resource in advance of the significant changes in the Social Care Bill and the significant extension of the Better Care Fund in 2015-16.

6.5 Further to the success in achieving Health Integration Pioneer status, the Council is working in partnership with CCGs in taking the integration agenda forward at even greater pace. Very positive discussions with at least two CCGs, along with the Provider Trusts, has produced an initial agreement to embed an integrated approach based on the G.P. neighbourhood practice being at the heart of the delivery of community health and social care services, which will help transform health care for the public in that area. The proposal is that such a plan should be supported by additional funding from both the Council and the relevant CCGs in order to accelerate the pace of change. The additional social care funding from health built into the revenue budget and invest to save resource identified above will be available to meet the Council's share of this accelerated programme, subject to a satisfactory business case for doing so.

6.6 It may be necessary to make some technical changes to the published draft Budget Book presented to County Council in the final Budget Book due to late grant announcements and business rate tax base information and final agreement to precise resource mapping from the old directorates into the new. Any such changes will be reflected in the final Budget Book and MTFP published in March.

## **7. Conclusions**

7.1 The Corporate Director of Finance & Procurement (S151 officer) is satisfied with the robustness of the budget estimates included in the 2014-15 draft budget proposals and that the Authority has adequate reserves, as required by the Local Government Act 2003. The proposed budget has been formulated following a robust process of internal challenge with Cabinet Members and Corporate Directors, public consultation and scrutiny by Members of all political groups.

## **8. Recommendations:**

The County Council is asked to agree the following:

- (a) Revenue budget requirement of £940.497m for 2014-15
- (b) Capital investment proposals of £634.6m over three years from 2014-15 to 2016-17 together with the necessary funding and subject to approval to spend arrangements
- (c) The Treasury Management Strategy as per section 5 of the Medium Term Financial Plan
- (d) Prudential Indicators as set out in Appendix B to the Medium Term Financial Plan
- (e) The Revised Minimum Revenue Provision (MRP) Statement as set out in Appendix C to the Medium Term Financial Plan including the revised policy regarding debt repayment
- (f) The directorate revenue and capital budget proposals as set out in draft Budget Book and delegate responsibility to Cabinet Members and Corporate Directors to manage the budget within the parameters set out in the Constitution and Financial Regulations
- (g) The single pay and reward approach outlined in paragraph 4.2 and delegate authority to the Cabinet Member for Corporate and Democratic Services to agree the reward thresholds for staff assessed as achieving and above, and to

set the recalibration of the pay ranges, within the funding approved in the budget

- (h) The total Council Tax requirement of £528,402,111 to be raised through the precepts as set out in section 2 and the Council Tax rates set out in paragraph 2.2 (band D £1,068.66)

In addition:

- (i) The County Council is asked to note the financial outlook for 2015-16 and 2016-17 with further funding reductions and spending demands necessitating additional savings under the Facing the Challenge programme

## **9. Background Documents**

9.1 Budget Consultation launched 8 November 2013:

[www.kent.gov.uk/budget](http://www.kent.gov.uk/budget)

9.2 Draft Budget Book and MTFP launched 14 January 2014:

<https://shareweb.kent.gov.uk/Documents/council-and-democracy/Budget%202013/Budget%20Book%20-%20Cabinet%20Version.pdf>  
<https://shareweb.kent.gov.uk/Documents/council-and-democracy/Budget%202013/Medium%20Term%20Financial%20Plan%20-%20Cabinet%20Version.pdf>

9.3 Minutes of Cabinet Scrutiny Committee 20 January 2014:.

[www.kent.gov.uk/budget](http://www.kent.gov.uk/budget)

9.4 Cabinet Report 22 January 2014:

<https://shareweb.kent.gov.uk/Documents/council-and-democracy/Budget%202013/Budget%202014-15%20and%20Medium%20Term%20Financial%20Plan%202014-17.pdf>

9.5 Section 6 of Budget Book – Variation Statements

## **10. Contact details**

Report Author

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Relevant Director:

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## Section 4 - New Directorate Revenue Budget Summary

## WHO IS RESPONSIBLE FOR THE BUDGET?

## REVENUE SPENDING

Ref row	2013-14 Adjusted Approved Budget (Net Cost) £000s	New Directorate	2014-15 Proposed Budget							
			Staffing	Non staffing	Gross Expenditure	Service Income	Net Expenditure	Grants	Net Cost	Net Change
			£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
1	104,469.4	Education and Young People Services (excluding delegated budgets)	61,383.3	227,518.1	288,901.4	-42,171.8	246,729.6	-152,770.8	93,958.8	-10,510.6
2	0.0	Education and Young People Services - delegated budgets for schools and pupil referral units	566,046.8	178,639.2	744,686.0	-50,799.1	693,886.9	-693,886.9	0.0	0.0
3	177,302.2	Place	50,458.0	150,590.3	201,048.3	-27,939.4	173,108.9	-2,185.6	170,923.3	-6,378.9
4	487,479.6	Social Care and Public Health	130,082.2	532,504.7	662,586.9	-120,537.6	542,049.3	-77,119.9	464,929.4	-22,550.2
5	85,831.3	Strategic and Corporate Services	70,310.1	68,088.4	138,398.5	-49,445.9	88,952.6	-7,808.2	81,144.4	-4,686.9
6	99,221.5	Financing Items	2,125.0	143,657.2	145,782.2	-16,205.0	129,577.2	-36.0	129,541.2	30,319.7
7	<b>954,304.0</b>	<b>BUDGET REQUIREMENT</b>	<b>880,405.4</b>	<b>1,300,997.9</b>	<b>2,181,403.3</b>	<b>-307,098.8</b>	<b>1,874,304.5</b>	<b>-933,807.4</b>	<b>940,497.1</b>	<b>-13,806.9</b>
8	<b>954,304.0</b>	<b>BUDGET REQUIREMENT (excl Schools Budgets)</b>	<b>314,358.6</b>	<b>1,122,358.7</b>	<b>1,436,717.3</b>	<b>-256,299.7</b>	<b>1,180,417.6</b>	<b>-239,920.5</b>	<b>940,497.1</b>	<b>-13,806.9</b>
		<b>Funded by:</b>								
9	-509,636.0	Council Tax Yield							-528,402.1	
10	-2,239.0	Council Tax Collection Fund							-3,991.1	
11	-45,804.0	Retained Business Rates							-46,708.3	
		<u>Un-ring-fenced Grants</u>								
12	-246,733.0	Revenue Support Grant						-213,042.7	-213,042.7	
13	-118,329.0	Business Rate Top-Up						-120,633.9	-120,633.9	
14	0.0	Business Rate Compensation Grant						-2,000.0	-2,000.0	
15	-20,642.0	Education Services Grant						-17,000.0	-17,000.0	
16	-5,820.0	Council Tax Freeze Grant						0.0	0.0	
17	-4,473.0	New Homes Bonus Grant						-6,043.0	-6,043.0	
18	0.0	New Homes Bonus Adjustment						-530.0	-530.0	
19	-628.0	Other Un-ring-fenced Grant						-2,146.0	-2,146.0	
20	<b>0.0</b>	<b>TOTAL</b>	<b>880,405.4</b>	<b>1,300,997.9</b>	<b>2,181,403.3</b>	<b>-307,098.8</b>	<b>1,874,304.5</b>	<b>-1,295,203.0</b>	<b>0.0</b>	

