



Summons to and
Agenda for a
Meeting on
**Thursday, 18th
September, 2014**
at **10.00 am**



DEMOCRATIC SERVICES
SESSIONS HOUSE
MAIDSTONE

Tuesday, 9 September 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, 18 September 2014 at **10.00 am** to deal with the following business. **The meeting is scheduled to end by 4.30 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 meeting held on 17 July 2014 and, if in order, to be approved as a correct record **(Pages 5 - 16)**
4. Chairman's Announcements
5. Questions **(Pages 17 - 28)**
6. Report by Leader of the Council (Oral)
7. Health & Social Care Integration in Kent **(Pages 29 - 50)**
8. Treasury Management Annual Review 2013 - 14 **(Pages 51 - 62)**
9. Motion for Time Limited Debate
Mr B E MacDowall will propose and Mr M Baldock will second,

"This council recognises the widescale public concern about the decision to turn streetlights off at night.

It recognises the public fears over crime and safety, and notes the anecdotal evidence coming in from the media and from various resident groups that the policy has caused some serious issues.

Therefore, we propose an immediate full review be carried out rather than wait for the current review date in order that any necessary revisions can be made before the winter months."

A handwritten signature in black ink, appearing to read 'Peter Sass', written in a cursive style.

Peter Sass
Head of Democratic Services
01622 694002

KENT COUNTY COUNCIL

MINUTES of a meeting of the Kent County Council held in the Council Chamber, Sessions House, County Hall, Maidstone on Thursday, 17 July 2014.

PRESENT:

Mr P J Homewood (Chairman)
Mr M J Harrison (Vice-Chairman)

Mrs A D Allen, MBE, 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, CBE, Mr N J D Chard, Mr I S Chittenden, 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, Mrs T Dean, MBE, Dr M R Eddy, Mr J Elenor, Mrs M Elenor, Mr T Gates, Mr G K Gibbens, Mr R W Gough, Mr P M Harman, Ms A Harrison, Mr M Heale, Mr P M Hill, OBE, Mr C P D Hoare, Mrs S V Hohler, Mr E E C Hotson, 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, MBE, 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) and Denise Fitch (Democratic Services Manager (Council))

UNRESTRICTED ITEMS

18. Apologies for Absence

The Head of Democratic Services reported apologies from Mr Holden.

19. Declarations of Disclosable Pecuniary Interests or Other Significant Interests

Mr Cowan declared an interest in that both he and his wife were foster carers for Kent County Council.

Mr Koowaree declared an interest as his grand-child was a looked after child.

Mr Marsh declared an interest under item 10 (Motion for Time Limited Debate on the future of Manston Airport) and advised the County Council that he would not take part in the debate or vote on the Motion.

20. Minutes of the meeting held on 15 May 2014 and, if in order, to be approved as a correct record

RESOLVED: that the Minutes of the meeting held on 15 May 2014 be approved as a correct record and signed by the Chairman, subject to the word “increasing” being changed to “increase” in paragraph 27 of item 9 on the minutes.

21. Chairman's Announcements

(a) Long Service to Kent County Council

(1) The Chairman stated that it was his pleasure to announce that Mr Martin Vye had recently completed 25 years' service as an elected Member of Kent County Council.

(b) Queen's Birthday Honours List

(2) The Chairman stated that it was his great pleasure to announce that the following individuals had been awarded the MBE in the Queen's Birthday Honours List:

(3) Mrs Ann Allen – Member for Wilmington, for services to the community in Wilmington and Dartford.

(4) Mrs Trudy Dean – Member for Malling Central, for services to the community in West Malling.

(5) Ms Shuna Body – one of KCC's Community Engagement Officers, for services to wheelchair fencing.

(6) On behalf of the County Council, the Chairman offered his sincere congratulations to all concerned.

(c) Queen's Award for Voluntary Service – Kent Special Constabulary

(7) The Chairman stated that he was delighted to advise Member that Kent had received one winner of The Queen's Award for Voluntary Services this year: Kent Special Constabulary.

(8) The Kent Special Constabulary was made up of 379 volunteers, with the youngest member being 18 and the oldest at 66. Lengths of service ranged from 1 to 45 years and all were unpaid Police Special Constables.

(9) Members noted that a formal presentation of the Award and Certificate would be made later in the year by the Lord Lieutenant of Kent.

(10) On behalf of the County Council, the Chairman offered his sincere congratulations to all concerned.

(d) Nijmegen Marches

(11) The Chairman stated that he was pleased to advise the County Council that the Kent Wing of the Air Training Corps were taking part in this year's Nijmegen Marches in Holland.

(12) The Nijmegen Marches was the largest marching event in the world and took place annually in July of each year. The first such event was held in 1909. Approximately 45,000 marchers were expected this year and some 52 Kent Air Cadets, supported by 15 volunteer members of staff, were walking 40 kilometres or 25 miles every day for four consecutive days.

(13) This was not the first year that Kent Air Cadets had taken part in the Nijmegen Marches but the Chairman considered that it was appropriate to mention their participation this year, particularly as it was the 100th Anniversary of the start of the First World War.

(14) On behalf of the County Council, the Chairman wished all of the cadets and volunteers every success.

(e) Exhibition at the Kent History and Library Centre

(15) The Chairman drew Members' attention to an exhibition at the Kent History and Library Centre, called "In their own words" – an exhibition on the people of Kent during the First World War.

(16) The Chairman stated that the exhibition ran from 4 August to 31 October and he encouraged all KCC Members, staff and their families to visit the exhibition, which was being promoted on KCC's website and KNet.

(f) Step Short commemorative event

(17) The Chairman stated that he would be attending the Step Short First World War exhibition and commemorative event in Folkestone on 4 August. He added that he was aware that the Leader was also planning to be there and he hoped as many other Members as possible could also attend.

(g) Mondrian Exhibition – Turner Contemporary Centre

(18) The Chairman stated that, as the next meeting of the County Council would not take place until September, he wished all Members and their families an enjoyable summer break. He added that there were far too many excellent leisure activities to choose from in Kent but he encouraged Members to visit the Mondrian Exhibition at the Turner Contemporary, which was due to run until 21 September.

22. Questions

In accordance with Procedure Rule 1.17(4), 8 questions were asked and replies given.

23. Report by Leader of the Council (Oral)

- (1) The Leader updated the County Council on events since the previous meeting.
- (2) He stated that he would attempt to cover three main subjects in his allocated time: the growth deal and the future of Local Enterprise Partnerships (LEPs); the changing role of County Councils; and the implications for KCC of the Care Act.
- (3) In relation to the growth deal, Mr Carter stated that the recent announcements on the amount of funding for the South East region had left the relevant local authorities and the business community feeling rather deflated and disappointed and that following the huge amount of effort that had been put in over the previous 2 and a half years, there was an expectation that there would be a significant deal over a 4 to 5 year period; but in reality, the funds that had been announced would only cover 1 to 2 years with an expectation of further money in the future. He stated that there was enormous disappointment that the money had gone to the North and Midlands, supporting North, North-East and Northern Metropolitan Authorities whilst the South East LEP had received a less than average settlement.
- (4) He stated that there was an emerging view amongst local authorities and the business community that the South East LEP was too large and that the relevant authorities should be asking the Secretary of State for Communities and Local Government, Mr Pickles, to review the existing boundaries, following the Secretary of State's comments that he would give consideration to such requests if existing boundaries were not working effectively. Mr Carter stated that, during one of the fringe events at the recent Local Government Association (LGA) conference, delegates expressed the view that more control was needed by local authorities on setting priorities for their own areas. Mr Carter stated that KCC was grateful for what it had been given under the growth deal and that it was good news for Ashford and other areas of Kent, but there remained huge disappointment at the announcement overall.
- (5) Mr Carter spoke about the discussion held at the County Councils' Network (CCN) meeting the previous day about the changing role of County Councils and the importance of helping the national political parties to set the agenda in advance of the Parliamentary Elections in 2015. Mr Carter stated that there were four main areas of significance in relation to the changing role of County Councils: 1) their role in achieving economic growth and prosperity; County regions not just City regions and the enormous role County Councils played alongside the business community through the LEPs; 2) their role in integrating health and social care budgets; spending the budgets for public health more wisely and working more effectively with health partners to achieve better outcomes for communities; 3) the changing role in Education in relation to the overarching responsibility for standards in all schools whatever form they took; and 4) their role as providers of the community infrastructure needed for economic prosperity and better outcomes for all, which included school planning, transport improvements and an accommodation strategy with partners, particularly health, to ensure that we have the right physical assets in the right places.
- (6) Mr Carter briefly mentioned the huge challenge the authority faced to implement the provisions of the Care Act and the concern being expressed in a number of places as to whether the financial pot is big enough to meet the new

requirements, including the unquantifiable and unknown consequences of the legislation. He echoed the comments of the CCN in lobbying for a sensible formula for the allocation of funds to local authorities with care responsibilities.

(7) Mr Latchford, the Leader of the Opposition, responded by saying that the announcements on the transport investment programme, particularly the Manston Parkway railway station and the growth deal were extremely welcome and he offered his congratulations to those who had been involved in achieving these outcomes for Kent.

(8) Mr Latchford stated that the current situation with regard to Manston Airport continued to be of huge concern, not just to Kent but throughout South-East England. He mentioned the outcome of the Thanet District Council (TDC) meeting the previous week and the emergency TDC Cabinet meeting later that day that he would be attending.

(9) Mr Latchford stated that there was a funding gap of £4.3m in relation to the new rules on school meals, which he described as “the back of a fag packet policy”.

(10) He welcomed the exciting proposals for the Paramount Park development, which was due for completion in 2019 and would generate 27,000 much needed jobs for the local area. In relation to the Ebbsfleet Garden City, however, Mr Latchford was critical of the decision to set up an Urban Development Corporation (UDC) to determine planning applications in the area, which in his opinion undermined democratic accountability and he urged the Leader to ensure that the views of the public would be able to be represented.

(11) With regard to the Care Act, Mr Latchford stated that he had attended the briefing the previous day and that Opposition Group Leaders had only been given until a week the following Monday to submit their views.

(12) Finally, Mr Latchford stated that the Department for Transport had announced a delay until 2016 in connection with the determination of the Lower Thames Crossing, which he thought was extremely regrettable and would make it harder for KCC to plan the most appropriate transport network going forward.

(13) Mr Cowan, Leader of the Labour Group, stated that the recent announcements on the growth deal was welcome news for Kent although he added his concern to that expressed by others that the funding would not be as much or for as long a period as the Authority would have liked. He sought further information from the Leader, however, as to how elected Members were involved in deciding the priorities for the South East LEP area.

(14) In relation to the Transformation programme, Mr Cowan stated that he remained extremely concerned about the lack of Member involvement until everything was virtually cut and dried. In particular, he mentioned the potential bidders currently being sought to operate services in Human Resources, Information Technology, Finance and Schools’ services, which amounted to some £810m in contract value terms. He mentioned the tight timescale for the transformation programme and criticised the lack of Member involvement in that decision-making process.

(15) Finally, Mr Cowan stated that the Leader had recently said on three occasions that more resources had to be made available to local government to deal with the new burdens and responsibilities being placed on them, e.g. the Care Act, and he assured the Leader of his Group's support in his endeavours to attract more money for KCC from central Government.

(16) Mrs Dean, Leader of the Liberal Democrat Group, began by stating that Mr Carter should have been more careful about the promise of the biggest growth deal settlement for setting up the largest LEP. She also gave examples of where regional structures had been set up in the past and failed because they are unworkable and local people don't understand them.

(17) In relation to the future of County Councils, Mrs Dean stated that she had not been present at the CCN discussion but had listened to Hillary Benn's speech about the future of local government under a Labour Government and was impressed by the content; however, she warned that what is said before a Parliamentary Election is not what is often delivered after the Election. She offered her support to Mr Carter in continue to lobby Government for a more transparent formula on local government funding.

(18) In relation to education, Mrs Dean supported the comments made by Mr Carter about the role of County Councils in taking responsibility for standards across all schools in their area but educational standards were not the only aspect that contributed to children becoming good citizens.

(19) Mrs Dean supported Mr Cowan's comments about the lack of backbench and opposition Member involvement in decisions on transformation and expressed her hope that the all-Member briefing on transformation later in the day would be valuable.

(20) In relation to the Care Act, Mrs Dean stated that she could not support the comments made by Mr Latchford about the lack of information and lateness of the briefing; she said that there had been many briefings on the Care Act and the support for carers that would result from the implementation of the Act was welcomed. She added that she shared Mr Carter's concern about how much the implementation would cost and who would pay for it.

(21) Mr Whybrow, Leader of the Independents Group, stated that he was also underwhelmed by the growth deal announcement, both in relation to the amount of money and with regard to those schemes that had ended up at the top of the priority list. He urged for there to be more involvement in the future for elected Members in determining funding priorities. He described some of the schemes as being the "developer's friend" in that they had the effect of facilitating huge developments in places such as Ebbsfleet and Ashford. He said that there were good things to come from the LEP but there appeared to be certain disconnects between, for example, building a road and the jobs that are meant to follow. He mentioned the comparatively low sum of money of £22m for training across the entire South-East LEP area, compared to £69m on Kent road schemes in the first year alone. He was also critical of the fact that there were no schemes in Kent to support walking and cycling. He encouraged the County Council to take advantage of the opportunity on a quarterly basis to review the schemes and to pursue changes as appropriate, but he

stressed that KCC Members should be involved in making decisions to re-balance the priorities insofar as they related to KCC's area.

(22) In response to the Opposition Group Leader responses, Mr Carter stated that he would save his remarks on Manston until the debate later in the agenda.

(23) With regard to Paramount Park, Mr Carter stated that he had met with Stephen Norris and the Paramount team earlier in the week and that he thought the future for the Swanscombe Peninsula was extremely bright. He added that not only had the Paramount team got the funding in place for the planning application but they were very close to securing the finances necessary to deliver the project.

(24) With regard to the UDC, Mr Carter stated that both he and Mr Kite were Members of the shadow UDC and it would be interesting to see how it developed going forward.

(25) With regard to the LEP priorities, Mr Carter stated that the LEP Board had had lengthy discussions on the priority order but that he wanted to be assured that there was no disconnect from the governance of KCC in relation to these decisions.

(26) Mr Carter stated that he agreed with Mrs Dean about the opaqueness of funding arrangements from central Government and mentioned a piece of work that had been undertaken by the Corporate Director of Finance and Procurement, which had identified that KCC was some £16m light in its RSG allocation to support the £1bn of borrowing for school expansions and transport schemes already delivered, which was a massive differential and made an already difficult job of balancing the County Council's revenue budget even harder.

(27) In relation to the Care Act, Mr Carter stated that it was indeed good news for families and vulnerable individuals but the question remained where is the money coming from to pay for it, without causing an additional burden on the Council Tax payers of Kent

RESOLVED: That the Leader's report be noted.

24. Electoral Review of Kent County Council's Area

(1) At the beginning of this item, the Head of Democratic Services explained why it had been necessary to re-issue the electorate population forecasts on pages 64 to 76 of the County Council agenda, which was caused by the corruption of data in the spreadsheets used to formulate the forecasts. He offered his sincere apologies for this error.

(2) Mr Gibbens moved, Mr King seconded the recommendations on page 20 of the agenda as follows:

1. That the County Council is invited to comment up, amend as necessary and approve for submission to the Local Government Boundary Commission for England (LGCBE) the County Council's submission on Council size; and

2. That authority be delegated to the Head of Democratic Services, in consultation with the Chairman of the Electoral and Boundary Review Committee to make any final amendments to the submission that are necessary prior to the deadline for submission.

(3) Mr Truelove moved, Ms Harrison seconded the following amendment:

“Paragraph 38, Page 63:

Delete “and that as part of the formal submission, the Commission be asked to note the County Council’s preference for single Member divisions where possible”.

Thus, the paragraph concludes after “84 Members”.

(4) Following a debate, the Chairman put the Amendment outlined in paragraph (3) above to the vote, whereupon the voting was as follows:

For (18)

Mr Bond, Mrs Brivio, Mr Burgess, Mr Caller, Mr Cowan, Ms Cribbon, Dr Eddy, Ms A Harrison, Mrs Howes, Mr MacDowall, Mr Maddison, Mr Neaves, Mrs Rowbotham, Mr Scobie, Mr Smyth, Mr Thandi, Mr Truelove and Mr Whybrow

Abstain (1)

Mr Heale

Against (64)

Mrs Allen, Mr Angell, Mr Baker, Mr Baldock, Mr Balfour, Mr Bird, Mr Birkby, Mr Bowles, Mr Brazier, Mr Brookbank, Ms Carey, Mr Carter, Mr Chard, Mr Chittenden, Mr Clark, Mrs Cole, Mr Cooke, Mrs Crabtree, Mr Crowther, Mrs Dagger, Mr Daley, Mr Dance, Mr Davies, Mrs Dean, Mr J Elenor, Mrs M Elenor, Mr Gates, Mr Gibbens, Mr Gough, Mr Harman, Mr M Harrison, Mr Hoare, Mr Hill, Mrs Hohler, Mr Homewood, Mr Hotson, Mr King, Mr Kite, Mr Koowaree, Mr Latchford, Mr Long, Mr Lymer, Mr Manion, Mr Marsh, Mr McKenna, Mr Northey, Mr Oakford, Mr Ozog, Mr Parry, Mr Pearman, Mr Ridings, Mr Scholes, Mr Shonk, Mr Simkins, Mr Simmonds, Mr Smith, Mrs Stockell, Mr Sweetland, Mr Terry, Mr Vye, Mr Wedgbury, Mrs Whittle, Mr Wickham and Mrs Wiltshire

Amendment Lost

(5) The original motion set out in paragraph (2) above was put to the vote, whereupon the voting was as follows:

For (67)

Mrs Allen, Mr Angell, Mr Baker, Mr Baldock, Mr Balfour, Mr Bird, Mr Birkby, Mr Bond, Mr Bowles, Mr Brazier, Mr Brookbank, Mr Burgess, Ms Carey, Mr Carter, Mr Chard, Mr Chittenden, Mr Clark, Mrs Cole, Mr Cooke, Mrs Crabtree,

Mr Crowther, Mrs Dagger, Mr Daley, Mr Dance, Mr Davies, Mrs Dean, Mr J Elenor, Mrs M Elenor, Mr Gates, Mr Gibbens, Mr Gough, Mr Harman, Mr M Harrison, Mr Hill, Mr Hoare, Mrs Hohler, Mr Homewood, Mr Hotson, Mr King, Mr Kite, Mr Koowaree, Mr Latchford, Mr Long, Mr Lymer, Mr Manion, Mr Marsh, Mr McKenna, Mr Northey, Mr Oakford, Mr Ozog, Mr Parry, Mr Pearman, Mr Ridings, Mr Scholes, Mr Shonk, Mr Simkins, Mr Simmonds, Mr Smith, Mrs Stockell, Mr Sweetland, Mr Terry, Mr Vye, Mr Wedgbury, Mrs Whittle, Mr Whybrow, Mr Wickham and Mrs Wiltshire

Abstain (14)

Mrs Brivio, Mr Caller, Mr Cowan, Mrs Cribbon, Dr Eddy, Ms A Harrison, Mrs Howes, Mr MacDowall, Mr Maddison, Mrs Rowbotham, Mr Scobie, Mr Smyth, Mr Thandi, Mr Truelove

Against (2)

Mr Heale and Mr Neaves

Motion carried

RESOLVED: That (1) the County Council's submission to the Local Government Boundary Commission for England on Council Size be approved; and

(2) authority be delegated to the Head of Democratic Services, in consultation with the Chairman of the Electoral and Boundary Review Committee to make any final amendments to the submission that are necessary prior to the deadline for submission

25. Kent Safeguarding Children Board - 2013/14 Annual Report

(1) Mr Oakford moved, Mrs Whittle seconded that the County Council:

1. Comment on the progress and improvements made during 2013/14, as detailed in the Annual Report from the Kent Safeguarding Children Board; and
2. Note the 2013/14 Annual report.

(2) Ms Gill Rigg, Independent Chairman of the Kent Safeguarding Children Board addressed the meeting and answered a number of questions from Members.

(3) Following further debate, the Chairman put the motion in paragraph (1) to the vote and it was:

RESOLVED: that the progress and improvements made during 2013/14 as detailed in the Annual Report of the Kent Safeguarding Children's Board be welcomed and the report noted.

26. Apprentice Participation - Virtual School Kent

(1) Mr Carter introduced this item and gave the background as to why the report had been written and presented to the County Council.

(2) The Chairman stated that it was his pleasure to introduce Sophia Dunstan and Hayley Finn, Participation Worker Apprentices with Virtual School Kent, who had written the report contained within the County Council agenda. Sophia Dunstan introduced herself and described the work she undertook with children in care and care leavers. Of particular interest and importance, was the work undertaken in relation to supporting young people leaving the care system and all Members were encouraged to sign up to and support the Kent Care Leavers' Charter. Sophia Dunstan also spoke about the work she had led in relation to the production of a DVD following the experiences of children and young people in the care system.

(3) In relation to the DVD, the Chairman read out the following statement:

“The creation of this DVD has been possible as a result of the assistance and co-operation of the young people concerned in sharing their stories. The content has been created to help Members and Senior Officers understand the important work that is being done to support young people in care and leaving care. The young peoples' accounts should accordingly be treated in confidence and under no circumstances should recording equipment be used or the details posted to the internet in any way.

(4) The Chairman further stated that, because the young people featured in the DVD had not given their permission for the DVD to be broadcast publicly, he moved, the Vice Chairman seconded and it was:

RESOLVED: that under Section 100A(4) of the Local Government Act 1972, the 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 1 of part 1 of Schedule 12A of that Act.

Summary of business transacted with the press and public excluded.

(5) The County Council viewed a DVD that had been produced involving children in care and their experiences of leaving the care system.

(6) Following the showing of the DVD, the press and public were re-admitted to the meeting.

(7) Members offered their immense praise to Sophia Dunstan, Hayley Finn and the Communications Team for the importance of their work with children in care and for the quality and humbling impact of the DVD.

27. Motion for Time Limited Debate

(1) Mr Cowan moved, Mr Truelove seconded the following motion:

“Kent County Council supports the actions taken so far by Thanet District Council to retain Manston as a regional airport. We recognise the value that a

regional airport brings to East Kent and are disappointed at its closure. Kent County Council further recognises that Thanet District Council is unlikely to have the resources to go through with a Compulsory Purchase Order, with all of the linked legal cost, by itself. Therefore, as the Upper Tier Authority we agree to support Thanet District Council's investigations into a Compulsory Purchase Order with financial contributions and support from our legal team. Should Thanet District Council proceed with a Compulsory Purchase Order, we agree to support them further with financial and legal support".

(2) Mr Dance moved, Mr Balfour seconded the following Amendment:

"Kent County Council supports the actions taken so far by Thanet District Council to retain Manston as a regional airport. We recognise the value that a regional airport brings to East Kent and are disappointed at its closure. Kent County Council will explore with Thanet District Council ways in which it can support proposals to retain Manston as an airport".

(3) With the consent of his seconder, Mr Cowan stated that he accepted the wording of the Amendment without the need for a formal vote, whereupon the Amendment outlined in paragraph (2) above became the substantive motion.

(4) Mr Baldock moved, Mr Hotson seconded and it was agreed without the need for a formal vote that the Question be put, whereupon the Chairman put the substantive motion to the vote and the votes cast were as follows:

For (82)

Mrs Allen, Mr Angell, Mr Baker, Mr Baldock, Mr Balfour, Mr Bird, Mr Birkby, Mr Bond, Mr Bowles, Mr Brazier, Mrs Brivio, Mr Brookbank, Mr Burgess, Mr Caller, Ms Carey, Mr Carter, Mr Chard, Mr Chittenden, Mr Clark, Mrs Cole, Mr Cooke, Mr Cowan, Mrs Crabtree, Mrs Cribbon, Mr Crowther, Mrs Dagger, Mr Daley, Mr Dance, Mr Davies, Mrs Dean, Dr Eddy, Mr J Elenor, Mrs M Elenor, Mr Gates, Mr Gibbens, Mr Gough, Mr Harman, Ms A Harrison, Mr M Harrison, Mr Heale, Mr Hill, Mr Hoare, Mrs Hohler, Mr Homewood, Mr Hotson, Mrs Howes, Mr King, Mr Kite, Mr Koowaree, Mr Latchford, Mr Long, Mr Lymer, Mr MacDowall, Mr Madison, Mr Manion, Mr McKenna, Mr Neaves, Mr Northey, Mr Oakford, Mr Ozog, Mr Parry, Mr Pearman, Mr Ridings, Mr Rowbotham, Mr Scholes, Mr Scobie, Mr Shonk, Mr Simkins, Mr Simmonds, Mr Smith, Mr Smyth, Mrs Stockell, Mr Sweetland, Mr Terry, Mr Thandi, Mr Truelove, Mr Vye, Mr Wedgbury, Mrs Whittle, Mr Whybrow, Mr Wickham and Mrs Wiltshire

Abstain (0)

Against (0)

RESOLVED: That Kent County Council supports the actions taken so far by Thanet District Council to retain Manston as a regional airport. We recognise the value that a regional airport brings to East Kent and are disappointed at its closure. Kent County Council will explore with Thanet District Council ways in which it can support proposals to retain Manston as an airport.

17 JULY 2014

Question 1

COUNTY COUNCIL MEETING**Thursday 18 September 2014****Question by Martin Vye to
David Brazier, Cabinet Member for Environment & Transport**

Given that winter is only two months away, will the Cabinet Member for Environment and Transport list the measures already put in place by agencies, including KCC, to prevent flooding in each of the locations where it occurred last winter; and will he also list the measures judged to be essential to prevent flooding in those locations, but for which the funding has not been identified, and inform the Council of the subsequent assessment of risk of flooding, in terms of red/amber/green ratings, in each of those locations.

Answer

The winter floods included a number of separate flood events. The first was the tidal storm surge on 5/6 December 2013, this was followed by the storms on 23-27 December 2013 and 4-6 January 20-14 that brought power cuts, fluvial, sewer and surface water flooding. The continued wet weather in the winter led to high groundwater levels and flooding on groundwater fed watercourses and groundwater flooding. Approximately 929 properties were recorded as flooding in the winter of 2013/14.

A table* summarising works undertaken to date and any long-term measures that have been identified in the areas significantly affected by flooding this winter has been included in the hard copy County Council Questions pack and will be made available as part of the online agenda for this meeting on the KCC website. In many of these areas multi-agency groups have been established to coordinate the delivery of protection measures and training has been provided for local flood wardens to coordinate the flood response locally.

A red/amber/green rating for flood risk is difficult as for many areas there are several aspects that affect the risk assessment that are not known in detail yet, including the flood frequency and properties at risk. The estimated number of properties at risk in each area from the long-term measures has been indicated where it is available. Further work is required in order to determine what schemes are viable in each area and what the benefits will be. KCC is part of a group of authorities that are delivering these schemes. KCC leads on highway works, coastal and fluvial works are led by the Environment Agency and Southern Water or Thames Water lead on sewer works.

**Table in appendix:*

County Council Question 1 – Appendix

Area flooded	Measures employed	Long-term measures required	Properties protected
Faversham	A multi-agency group has been established to oversee the identification of appropriate flood protection measures.	The tidal wall needs to be raised along with some improvements to the drainage outfalls. This is subject to a bid for government funds.	22
Westerham and Brasted	KCC are working in partnership with the EA and Thames Water to investigate the drainage system and identify areas for improvement.	Capital money has been allocated to undertake improvements this financial year. The scale of these improvements will be confirmed on completion of the ongoing survey work.	n/a
Dartford	Tankers were provided during the groundwater flooding of Bob Dunn Way.	A permanent pump will be installed to manage water levels later this year.	n/a
Edenbridge	Damage to the flood wall has been repaired.	Improved flood protection is required by increased conveyance through the stone bridge. There are no plans to undertake this work as consultation is required with the residents on the nature of the work.	216
Medway Valley, including Tonbridge, Hildenborough, Yalding, Collier Street and Maidstone	A multi-agency group has been established to review the works required. Works have been undertaken to repair damaged walls, improve conveyance, clear culverts and trees and undertake surveys.	Improved capacity at the Leigh Barrier a flood storage area on the Beult River. These schemes need to be designed. The outline design work is in hand however it is subject to partnership funding. Once the scheme is designed partnership funding will be required to deliver it, currently estimated to be approximately £17m. KCC has already supported the next phase of the development of this scheme with a contribution of £50k and is currently considering how it will continue to support it.	1,957
East Peckham	This is also covered by the Medway Valley multi-agency group. Blockages have been removed, a wall repaired and trees cleared.	East Peckham will benefit from the Leigh Barrier improvements proposed, there is also a scheme to protect it locally from the Medway River and other rivers that requires funding. A bid for government funding for this scheme is currently being considered.	313

Area flooded	Measures employed	Long-term measures required	Properties protected
Nailbourne and Little Stour Valley, including Barham, Bridge, Patrixbourne, Bekesbourne, Little Bourne, Ickham and Wickhambreaux	A multi-agency group has been established to review the works required. Works have begun to repair walls, clear culverts and improve conveyance. Southern Water is continuing to undertake works to improve the sewer network.	Further work is required to improve conveyance and flood protection along the Nailbourne, which requires additional investigation to determine the best means to achieve it. There are also schemes for the Little Stour that require funding. These are subject to a bid for government funds, but they are not cost beneficial so may not be successful.	401

It should be noted that there is a lot of uncertainty about the long-term solutions outlined here for a number of reasons:

- For many areas a specific scheme to protect homes has not been identified, therefore there is uncertainty about the costs and benefits of this scheme and the provision of funds to deliver it
- Where a scheme has been identified the government's commitment to funding these will not be announced until after the Autumn Statement and certainty about that portion of the funds cannot be given at this time
- Most schemes will require partnership funding in order to be delivered, even with a government contribution secured. There will be uncertainty over this contribution until a legal agreement is in place

COUNTY COUNCIL MEETING

Thursday 18 September 2014

**Question by Brian Clark to
Roger Gough, Cabinet Member for Education and Health Reform**

A number of schools across the county are introducing schemes to provide students with tablet PCs. While some schools have a policy not to charge for such devices, some clearly are charging parents, in fact the fees can be significantly higher than devices generally available.

Can the Cabinet Member confirm how many schools have such a tablet PC scheme and how many chose not to charge for such provision and would he agree that a school charging for devices used for educational purposes is the thin end of the wedge of paid-for education provision?

Answer

I am unable to confirm how many schools charge for tablet PCs as this is a decision taken locally by each Headteacher or Governing Body. We are aware that some schools run a parent laptop leasing scheme where students are provided with a specific model for a fixed monthly fee which includes licensing and support. Others loan tablets to year cohorts. Schools would need to be surveyed in order to gain that information.

COUNTY COUNCIL MEETING

Thursday 18 September 2014

**Question by George Koowaree to
David Brazier, Cabinet Member for Environment and Transport**

Now that the Secretary of State for Transport has given the go ahead for J10a of the M20 in Ashford will the Cabinet Member for Environment and Transport take a lead in influencing the Minister to increase the funding for improving Barrey Junction on the A2070 so that drivers can turn right and, for those who want to visit the commercial site coming from Junction 10, can do so safely?

Answer

The A2070 is a part of the Highways Agency, HA, road network and therefore any proposed amendments to the Barry Road junction will need to satisfy their requirements. Following previous correspondence from residents, KCC officers discussed local aspirations for the provision of a right turn from Barrey Road on to the A2070 with the HA and the intention was that KCC would have investigated this request as part of the SELEP interim scheme for J10A.

The HA are now leading on the delivery of the full junction scheme at J10A and there will be a formal opportunity to raise local concerns such as this with the HA during the proposed public consultation, required as part of the planning process. The HA has issued the following statement in response to recent correspondence from KCC officers regarding Barrey Road:

The HA project team for the M20 J10a scheme will be considering any comments on the scheme, as we progress through the preliminary design and prior to submitting a planning application (through the Development Consent Order process) in autumn 2015. We will be carrying out a public consultation in summer 2015, where we will formally capture any issues arising and address them, providing evidence for any decisions on what is and is not possible.

KCC officers will also be part of the HA Steering Group for the delivery of the full J10A and will ensure that the concerns of local residents are considered by the HA project team.

COUNTY COUNCIL MEETING

Thursday 18 September 2014

**Question by Rob Bird to
Paul Carter, Leader of the Council**

Given that there is a commitment to engage Members at their local level in the shaping and commissioning of KCC services, and that many of our services require cooperation with district councils, will the Leader inform the Council of the recent active steps he has taken to engage district council leaders in constructive conversation about developing closer working between the County and District Councils?

Answer

It is indeed important that we have close and constructive dialogue and relationships between the County and the District, Borough, and City Councils, and this has growing significance as we commission more of our services. The joint working recently on the commissioned district-based Youth Services and the roll out of the Troubled Families agenda would be good examples of the Districts and County working together. There are many other examples such as:

- Health and Wellbeing Boards
- Maximising opportunities for bringing European funding into Kent
- The 'One Public Estate' programme

The Kent Leaders Group and the Joint Chief Executives Group are well established and meet regularly.

The Conservative administration is currently investigating the possibility of setting up regular briefings for all County Council Members on a double district basis to ensure Members have a comprehensive picture of KCC service provision in their division and the opportunity to discuss local issues with the responsible officer. It is the intention to invite the District Council Leaders and Chief Executives to these briefings, as well as continuing to support local boards at district level, such as Joint Transportation Boards, Children's Operational Groups, Youth Advisory Groups, and Community Safety Partnerships.

COUNTY COUNCIL MEETING

Thursday 18 September 2014

**Question by Dan Daley to
Graham Gibbens, Cabinet Member for Adult Social Care and Public Health**

Will the Cabinet Member for Adult Social Care and Public Health inform the Council how many users have taken Direct Payments since the new contractors have been in place, and how this has affected staffing levels in the department responsible for assessment and in the processing of invoices?

Answer

There were 6100 people who were receiving home care arranged by the council when the new Domiciliary Contract came into effect. As part of this, all of those who were affected by the changes were reminded of their right to ask for Direct Payment instead of services. As of 28 August, 1694 of these people had expressed an interest in finding out more about Direct Payments. Of the 559 who have progressed to a detailed assessment, 376 have chosen to go on to take a Direct Payment.

As part of this contract re-let, it was expected that the number of Direct Payment recipients would increase and so 4 additional staff have joined the Access to Resources Team that supports Direct Payment recipients and reviews their use of this money. This is a planned part of the transformation of Adults' Services which is delivering better outcomes for people and extending the hours that services are available, while reducing overall staff numbers.

COUNTY COUNCIL MEETING

Thursday 18 September 2014

**Question by Ian Chittenden to David Brazier,
Cabinet Member for Environment and Transport**

For a number of years Kent County Council has allowed sponsors to advertise on roundabouts in Kent.

Counties such as Surrey use advertising as a means to directly enhance roundabouts with additional planting and regular maintenance, Kent has no such scheme.

In Maidstone for example, where the majority of roundabouts sit on prime entry roads for visitors to our county town, shrubs and trees are typically choked by grass and weeds. Beyond some low level grass cutting, there is minimal maintenance and there have been no new planting programs for many years.

Does the cabinet member agree that a change in policy is needed, to allow local businesses to sponsor roundabouts, generating landscaping funding which will once again allow us to give a proper Kentish welcome to the thousands of visitors to towns across the county?

Answer

Roundabout sponsorship is managed by Kent Commercial Services, and the income made from this is returned to KCC Finance as part of its annual dividend payment. Spending more money on roundabout maintenance would mean another area of spend would need to be reduced. However I am willing to look again at the arrangements for roundabout maintenance, and the scope for a more direct linkage between encouraging greater sponsorship and maintaining roundabouts to a higher, more presentable standard in future.

COUNTY COUNCIL MEETING

Thursday 18 September 2014

**Question by Lee Burgess to Roger Gough,
Cabinet Member for Education & Health Reform**

As we are the Authority responsible for trying to meet the requirements for the Government's promise on free school meals, could you give me assurance on the following.

The funding provided by Central Government to KCC has been described as short of the mark and that's putting it kindly and no doubt we are going to have to prioritise where the money is most needed with the very real possibility that many schools will not get what they need.

The LGA has recently estimated that Council's will have to find an average of over £400,000. to meet the shortfall and I think for an authority of our size this could be a conservative estimate. Many schools will be disadvantaged thanks to poor government policy planning. Can you assure me that in light of the shortfall in funds that other budgets, that already face extreme pressure, will not be raided in our efforts to implement this policy?

Answer

KCC has been allocated £2.7 million capital funding for Local Authority schools.

In January, KCC asked schools to complete an online survey to enable an assessment as to how best to allocate the funds. It was identified that schools where the implementation of this initiative would have the most impact, were the 140 Kent schools without onsite cooking facilities and the local schools currently providing for them. Based on the results of this survey and using local knowledge, it was immediately identified that the allocated funding was not sufficient to complete all the capital works needed to fully deliver the proposed changes. It is estimated that to fully address the UIFSM initiative, the capital required would be nearer to £7M.

This £7m would have covered the cost of converting 50 of the 64 schools transporting in over 100 meals per day into production kitchens; placing additional cooking equipment in around 60 mother kitchens; providing additional equipment in 85 kitchens; and improving ventilation in around 30 schools.

The Schools Funding Forum approved a recommendation to manage the funds centrally and using criteria based on need in order to prioritise schools within the budget available, the following projects have been agreed: 12 new kitchens; improving facilities in 1 kitchen; 5 ventilation projects and additional equipment; plus 100 smaller projects.

In addition to the £2.7M allocated, £210k has been allocated from reactive maintenance within the planned Enhancement Budget for 2014/15 to fund 5 ventilation projects.

At this time we are working on estimated meal numbers and will not know the true impact until mid-September when all KS1 pupils are full time in school. There are a few schools who are very disappointed they were not selected to receive the amount of funding they had hoped for, and a number of schools that are concerned that their school hall capacity means that the number of sittings they now have to have will impact on curriculum time. All LA schools will be providing a hot meal for UIFSM in September plus any KS2 pupils entitled to a FSM or wishing to purchase one. The Children's Food Trust are providing advice and the Client Services team are working with caterers to look at solutions such as batch cooking, adapting menus, staggering lunchtime sittings etc.

KCC will not allocate any additional funding to this initiative but there are issues that may affect individual school budgets, such as additional midday meal supervision; additional rental costs for those using village halls; additional equipment.

In October another online survey will be sent to all schools to assess the position.

COUNTY COUNCIL MEETING
Thursday 18 September 2014
Question by Roger Truelove to
Roger Gough, Cabinet Member for Education and Health Reform

“A recent open meeting in Sittingbourne for a group hoping to establish a Free Primary school attracted only 6 interested parents. Apart from a few isolated outbreaks of interest, do you agree that this reflects the prevailing lack of enthusiasm for Free Schools across the County of Kent?”

Answer

There are five free schools operating in Kent at present and two more in the pipeline to commence admitting pupils in September 2015. Kent County Council policy is to welcome the creation of Free Schools in areas where school places are required. Four out of the seven schools meet this expectation.

Kent County Council objected to the Secretary of State when consulted about three out of the seven schools because they did not meet our expectation of providing additional school places in locations where they were required.

The number of Free Schools is a tiny proportion of the total number of schools in Kent. In contrast Kent County Council is building seven brand new Primary Schools for September 2015 and there are several more planned for September 2016 and 2017.

The sponsors of Free Schools have all adopted slightly different models of public consultation, information and marketing. Our experience of expanding existing schools and building new ones over the past few years has demonstrated that public interest is generated when there are concrete proposals for new provision. There is less interest generated by initial generalised proposals for potential new provision in the area.

A stronger indication of the enthusiasm among parents for Free Schools is in their popularity once opened. Four out of the five operational Free Schools in Kent are oversubscribed and therefore popular with local parents. All five Free Schools are either full or nearly full in all their year groups.

It is our intention to continue our policy of welcoming Free Schools where they are needed, and continue our practice of engaging with Free School sponsors at the earliest possible stage.

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By: Paul Carter, Leader of the Council
 Roger Gough, Chair of the Kent Health and Wellbeing Board

To: County Council –18 September 2014

Subject: Health and Social Care Integration in Kent

Summary: This high level paper summarises the case for health and social care integration, setting out why this is needed to improve the quality of care for all. This work is currently being led by the Health and Wellbeing Board. Case studies of the work being progressed across Kent are also included. Members will also receive presentations from some of Kent County Council's partners.

RECOMMENDATIONS:

County Council is asked to:

(1) Note the progress made in health and social care integration.

1. THE NEED FOR INTEGRATION

1.1 Unsustainable pressures on the health and social care system are building. These demands often manifest themselves in the acute hospital sector but addressing them requires a response from the whole system.

1.2 As more people are living to older age with more complex long-term conditions demands for health and social care will continue to rise. These pressures cannot be absorbed simply by doing more of the same.

1.3 This is not just a question of economics. Health and Social care needs to be reformed to offer people much greater individualisation of services and more control over what and how the services they need are provided.

1.4 Neither is this just about our hospitals. Primary care needs to change. GP's need to be at the forefront of reform, with much more healthcare provision in primary care. For every neighbourhood there should be a team around the patient led by the GP with access to a full range of professionals, including specialist care. Services closer to home will be provided by multidisciplinary teams that will have preventative as well as responsive components to them (see paragraph 6.3 and the North Kent case study on Integrated Primary Care Teams).

1.5 Acute hospitals will need to change. In future they should do less but be more specialised, giving the best care for those that need to be in hospital but also reaching out into the community. "Hospitals without walls" should become the norm offering specialist care to patients with complex problems in their own homes and the community rather than an expensive hospital bed.


1.6 Simon Stevens Chief Executive of NHS England:

“That’s the big offer the NHS increasingly has to make to our fellow citizens, to local authorities, and to voluntary organisations. We need a double N in ‘NHS’ – a National Health Service offering more Neighbourhood health support.”

1.7 This is the essence of the integration of health and social care. In order to improve the quality of services people receive whilst reducing costs and spending public money in a more integrated way we have to deliver the government requirement to reduce acute hospital activity and treat many more people in their own homes and communities.

1.8 Kent has responded enthusiastically to this challenge through its Integration Pioneer programme and with the support of the Better Care Fund. The Kent Vision and how it will change the experience of our population can be summarised in the following:

The Kent Vision



More people are living with multiple long term conditions, this is a challenge locally and nationally to the public’s health but also an opportunity to deliver services in a way that improves outcomes, improves experience of care and makes best use of resources.

Using the Integration Pioneer and Better Care Fund the citizens of Kent can expect:

- Better access – co-designed integrated teams working 24/7 around GP practices.
- Increased independence – supported by agencies working together.
- More control – empowerment for citizens to self-manage.
- Improved care at home – 15% reduction for acute admissions and long term care placements, rapid community response particularly for people with dementia.
- To live and die safely at home – supported by anticipatory care plans.
- No information about me without me – the citizen in control of electronic information sharing.
- Better use of information intelligence – evidence based integrated commissioning.
- Better access – co-designed integrated teams working 24/7 around GP practices.
- Increased independence – supported by agencies working together.
- More control – empowerment for citizens to self-manage.
- Improved care at home – 15% reduction for acute admissions and long term care placements, rapid community response particularly for people with dementia.
- To live and die safely at home – supported by anticipatory care plans.
- No information about me without me – the citizen in control of electronic information sharing.
- Better use of information intelligence – evidence based integrated commissioning.

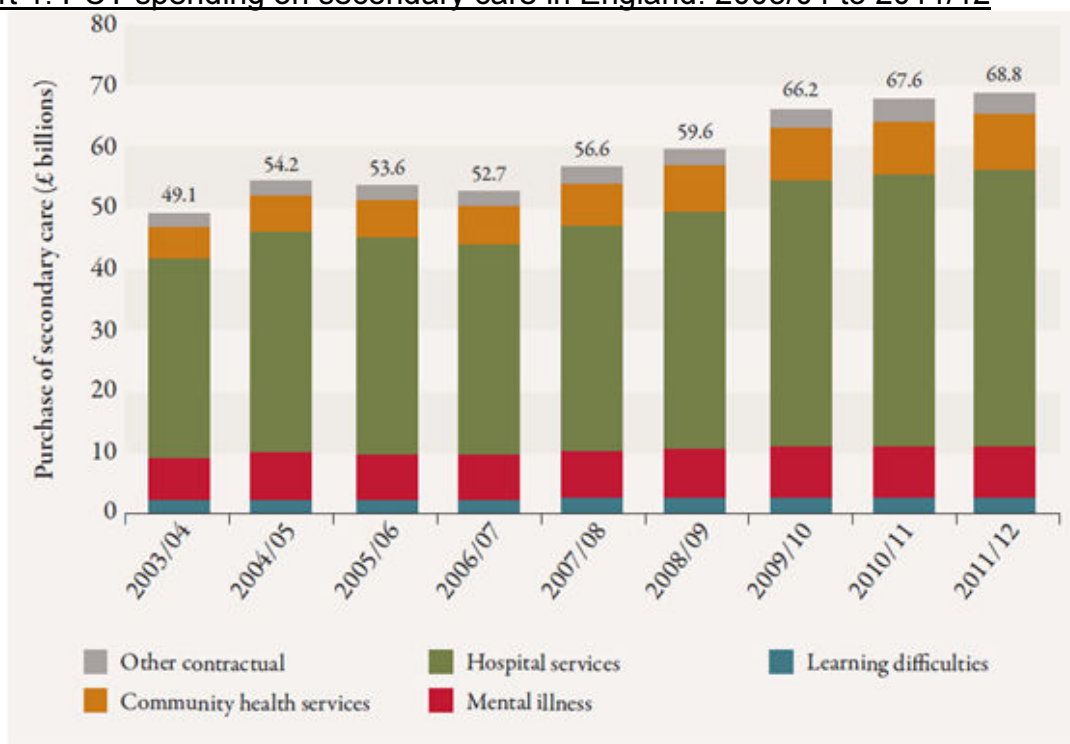
1.9 Patients and the public should see big differences in how their care is delivered as these programmes, and others like them, are rolled out. The “I statements” contained within the Health and Wellbeing Strategy articulate the type of experience people will have. For example:

- “I can decide the kind of support I need and when, where and how to receive it.”
- “All my needs as a person are assessed and taken into account; I am listened to about what works for me in my life.”
- “I tell my story once. I have one first point of contact. They understand both me and my condition(s). I can go to them with a question at any time.”
- “I can see my health and care records at any time. I can decide who to share them with. I can correct any mistakes in the information.”

1.10 People should have much more of their care delivered at, or near, their home and should go to hospital only when it is the best place for them to receive treatment, rather than the default option. There will be “a team around the patient” centred on their GP who they can trust to meet most of their care and support needs. Information will be properly and appropriately shared between the professionals involved with the knowledge and consent of the patient with agreed care plans capable of being accessed by those involved to ensure continuity of care.

2. THE NEED TO REDUCE SPENDING ON CARE IN ACUTE HOSPITALS

Chart 1: PCT spending on secondary care in England: 2003/04 to 2011/12¹



2.1 Hospital activity continues to increase year on year. In 2012/13, emergency admissions increased by 1.8% and a further 0.4% in 2013/14. The figures for outpatient attendances are 3.9% and 7.5% respectively for the same two years. As can be seen in the above chart, the trend in spending on secondary care in England has continued to be upwards.

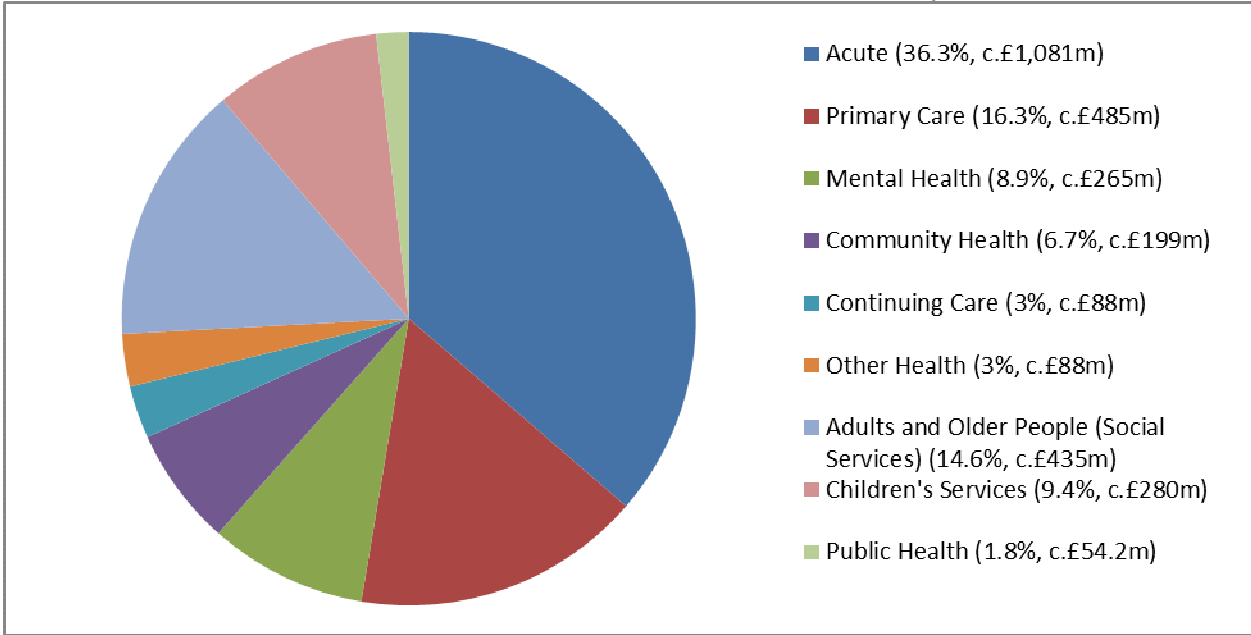
¹ Nuffield Trust, *The anatomy of health spending 2011/12*, March 2013.

2.2 The trend in spending on primary care services has been in the other direction to the point where less than 10% of the NHS budget is spent on GP services (excluding prescribing) yet more than 90% of patient contacts in the NHS are dealt with by GPs. Funding for GP services has been decreasing in real terms since 2010/11, falling by 1.2% on the previous year in 2011/12 and a further 0.5% in 2012/13.²

2.3 While there has been an increase in the amount of money spent on community health services, there has not been a fundamental shift of activity away from acute settings.

2.4 This national picture is replicated in Kent. Adding together the commissioning programme budgets of the seven Kent CCGs, NHS England’s spend in the county and gross expenditure by KCC on adults and older people, children’s services and public health, the combined budget for Kent is approximately £3 billion. The chart below sets out an estimate of what proportion of this global sum is spent on different areas. As can be seen, the largest single area of spend is the acute hospital sector, which receives a little over a third of the total (and accounts for just under half the total NHS spend).

Chart 2: Indicative Shares of Combined Health and Social Care Spend



2.5 As explained further below, the treatment of older people in acute hospitals is likely to consume an ever increasing proportion of the health and care budget. A 5% reduction in the money spent on the acute sector currently would realise around £54 million to spend on other services. However, consideration would need to be given to maintaining the sustainability of the acute sector. The push towards improved integration is in part an answer to this challenge.

² Nuffield Trust, *Into the red*, July 2014

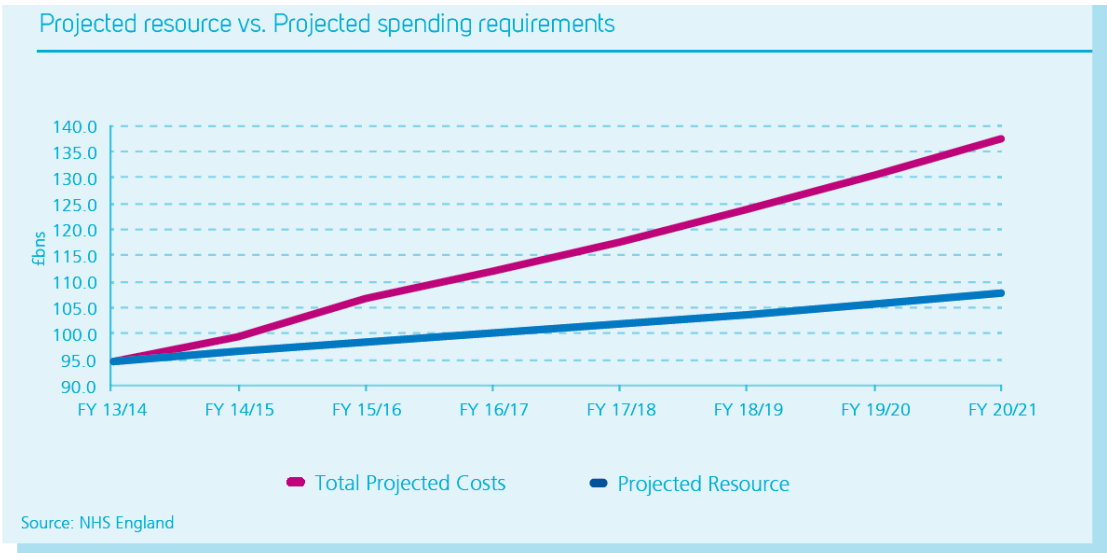
3. THE AGEING POPULATION

3.1 While the overall population of Kent and Medway is estimated to increase by 5.4%, the population of those aged 65+ is likely to increase by 25.5% and for those aged 85+ the increase is expected to be 34.1%. While it is good news that people are living longer, there is still a gap between the life expectancy of people in the richest compared to the poorest areas of 17 years nationally and 14 years across Kent. In addition, the consequence of this demographic shift towards a population which is proportionately older is that many people will also have multiple and complex long-term conditions as they age. This in turn has an impact on the health and care system as the following national estimates set out:

- One quarter of the population (just over 15 million people in England) has a long term condition such as diabetes, depression, dementia and high blood pressure – and they account for fifty per cent of all GP appointments and seventy per cent of days in a hospital bed
- Hospital treatment for over 75s has increased by 65 per cent over the past decade and someone over 85 is now 25 times more likely to spend a day in hospital than those under 65
- The number of older people likely to require care is predicted to rise by over 60 per cent by 2030
- Around 800,000 people are now living with dementia and this is expected to rise to one million by 2021³

4. THE £30 BILLION FUNDING GAP

Chart 3: Projected Funding Gap⁴



4.1 ‘The NHS Belongs to the People: A Call to Action’ was published in July 2013 and was intended to help frame a realistic and honest debate about the future shape of the NHS. Rising demand at a time of flat funding alongside the introduction of new

³ Estimates taken from NHS England, <http://www.england.nhs.uk/ourwork/qual-clin-lead/calltoaction/>
⁴ NHS England, ‘A call to action’, July 2013

technologies will result in a funding gap of up to £30 billion by 2020/21 if services continue to be delivered in the same way. This is the equivalent of approximately 22% of projected costs in 2020/21.

4.2 With the NHS treating around 1 million people every 36 hours, the scale of the challenge of maintaining sustainable health service should not be underestimated. Overall, life expectancy in England increased by 4.2 years between 1990 and 2010. Along with this, the NHS has made significant improvements in reducing premature deaths from heart and circulatory diseases. However, England does not perform as well as other European countries for other conditions. Within England there are wide variations in the quality of service provision, as well as life expectancy. As set out elsewhere in this paper, the NHS also faces the challenge of an ageing population.

4.3 'A call to action' is not about restructuring the health sector, but rather about doing things differently. Preventing disease in the first place, for instance, would significantly reduce premature death rates. Early diagnosis and appropriate treatment of disease can also reduce premature deaths as well as reducing the need for expensive interventions.

4.4 NHS England are clear in their paper that doing nothing is not an option as the health service will not be sustainable if everything carries on as before.

5. PARITY BETWEEN PHYSICAL AND MENTAL HEALTH

5.1 In February 2011, the Government published its mental health strategy, *No Health Without Mental Health*. This emphasised giving equal weight to both physical and mental health, with mental health outcomes being seen as central to the three outcomes frameworks. The implementation framework of the strategy suggested that local mental health needs should be reflected in JSNAs and JHWSs.

5.2 The idea of parity of esteem between physical and mental health is not new, but was made an explicit duty on the Secretary of State through the Health and Social Care Act 2012. In March 2013, the Royal College of Psychiatrists published a report into achieving parity, writing that a "parity approach should enable NHS and local authority health and social care services to provide a holistic, 'whole person' response to each individual, whatever their needs."

5.3 A key part of the approach in Kent is the Six Ways to Wellbeing Campaign which seeks to share the knowledge of the six themes for positive action. Kent Public Health aspires to help the population to adopt behaviours that can improve and sustain their mental wellbeing; these behaviours fall into the following themes of the Six Ways to Wellbeing campaign:

1. Connect with the people around you
2. Be active
3. Give
4. Keep learning
5. Take notice
6. Grow your world

6. THE NEED TO WORK DIFFERENTLY

“We need to stop treating people as a collection of health problems or treatments. We need to treat them as individuals whose needs and preferences should be seen in the round and whose choices shape services, not the other way round.”

- Simon Stevens, NHS England Chief Executive.

6.1 The key point of the ‘call to action’ is that the health and care system needs to do things differently and change the status quo. There is a need to embrace new technologies and treatments, with services delivered in a different way with less focus on buildings and more on patients and services. Kent’s participation in the Integration Pioneer programme and Better Care Fund are examples of how different approaches are being developed to meet the challenge locally.

6.2 Following ‘a call to action’, the Better Care Fund was created out of existing monies, supporting the full integration of services by 2018, with challenging targets to be achieved by 2016. The intention of the BCF is to complement the work that KCC had already begun and will continue through its Pioneer work.

6.3 Services closer to home will be provided by multidisciplinary teams that will have preventative as well as responsive components to them. Integrated teams will provide active support in the community to enable patients to take control of their own care. In local areas this could potentially mean that integrated care is provided through community health, mental health, and social care teams, with GP leadership. Where necessary, the services will be responsive and provide an integrated 24/7 service that has a full range of out of hospital urgent health and social care services to support individuals in the community and avoid hospital admission. This would also mean that there will be increased support to help people at the end of their life to die in the place of their choice and with dignity.

7. PUBLIC HEALTH

7.1 Many of the long-term conditions that generate a large amount of health care for individuals, such as diabetes, coronary heart disease, are the result of unhealthy lifestyles. It has been calculated that around 80% of deaths from major diseases, such as cancer, are attributable to factors such as smoking, excessive consumption of alcohol, poor diet and lack of physical activity.

7.2 The preventative role of Public Health will be crucial to reducing demand for health care by enabling people to live healthier lives, stay healthy for longer and reduce the health inequality that increases the impact of poor health in our more deprived communities. This includes better public mental health and a critical role in improving the health of children, starting at conception and maternal health in pregnancy.

7.3 Public health has another key role in supporting the health and social care system through information and data analysis, identifying major priorities (through the Joint Strategic Needs Assessment) and helping GPs and others understand the particular characteristics of the populations they serve.

8. CHILDREN'S SERVICES

8.1 Over the coming years Kent will also see a much greater integration in services for children from pre-birth to 19. In October 2015 Health visitors will become a part of the public health responsibilities of Kent County Council, and will complement the responsibility to support breast feeding, and reduce smoking in pregnancy. KCC is in the process of developing a joined up preventative services approach for 0-19 year olds. Meanwhile, a new School Health service specification is currently being developed with the intention that a new service is in place by April 2015.

8.2 In addition, Kent has been successful in our expression of interest for the Transformation Challenge Award 2015/16 with a bid focused on 'Improving Children's Services through Integrated Strategic Commissioning'.

8.3 In April 2014 the Department for Communities and Local Government announced a £320m Transformation Challenge Award to help councils transform the way local services are run. The 2014-16 Awards aim at helping Councils 'go further and faster sooner' in their transformation with a focus on developing public-focused services, reducing costs, and redesigning business practices and service delivery.

8.4 The expression of interest noted that Kent County Council and the seven Clinical Commissioning Groups work to support the same families. We have the same aspirations: improve outcomes, target resources to support families to help them become resilient and independent. However, we currently have diverse commissioning processes.

8.5 The proposal is to develop an integrated, strategic, approach including effective pathways for children and families across the early help and social care agenda, services and governance processes.

8.6 The benefits of this approach should be improved outcomes for children and families as a result of ensuring more targeted access to services for those who need them most, reductions in duplication and repeat interventions from more efficient pathways, and efficiency savings for commissioning organisations through the development of integrated commissioning approaches.

8.7 We are now working to develop a full bid for Transformation Challenge Award funding with partners by October 2014.

9. CASE STUDIES

9.1 The following case studies illustrate some of the work being carried out across Kent:

9.2 NORTH KENT

a. Integrated Discharge Team

The IDT is an initiative commissioned by the DGS CCG and includes the Kent Community Health NHS Trust, Darent Valley Hospital, KCC, IC24 (out of hours GP service) and the Kent and Medway NHS and Social Care Partnership Trust (mental

health trust). It is designed to ensure that patients receive the most appropriate treatment delivered by the most relevant health care worker in the most appropriate setting, all the time. This will help avoid admissions, ensure patients are managed to reduce their length of stay and enable those who are medically stable to leave hospital as early as possible. The IDT brings together nurses, doctors, therapists, pharmacists, case managers and mental health specialists working across hospital and community settings.

Since its inception there has been:

- A decreasing trend in emergency admissions seen from December to February.
- A reduction in the number of patients having to wait more than four hours in A&E since January 2014.
- An improvement, since November 2013, of timely access to specialist mental health assessments out of hours from 20% to 48%.

On average over 50% of patients have been discharged going home with an enablement service since January. So far no one receiving a service through the IDT has been placed in residential care.

b. Integrated Primary Care Teams

These teams operate in the community and bring together community nurses, social care workers, mental health workers, specialist services, pharmacists, outreach hospital specialists, palliative care nurses, paramedic practitioners, with GPs at the centre coordinating and organising people's care. These teams are designed to ensure that as many of the patient's needs are met in the community thereby reducing demand on hospitals. The first phase of this programme will begin on 27th October 2014. Integrated Primary Care Teams will provide:

- Flexible 7 day provision, with a named GP for patients aged over 75 yrs, and will service neighbourhoods with a population of 20-40,000.
- Proactive and responsive care, improving people's experience, delivering better care outcomes, reducing health inequalities and making better use of care resources.
- A focus on keeping people well and supporting patient's self-management, using a risk stratification and prediction approach to determine those at the highest risk of hospital or long term care admission or re-admission, and those who are regular users of other services.
- Joined up services to support those with Long-Term Conditions and with complex care needs.
- Increased use of advice, information, guidance, enablement, rehabilitation and telecare thereby supporting the Adult Social Care Transformation programme.

9.3 WEST KENT

a. Anticipatory Care Plans

Critical to the success of any more integrated approach to providing the care people need is the availability of the necessary information about the patient and their care to those that need it at different times.

The Care Plan Management System project is being led by West Kent CCG in close liaison with KCC and the Kent Integration Pioneer Steering Group. The goal is to provide person-centred digitised care plans that are shared across all care professionals involved in a person's care and accessible by people and their families (always subject to the person's explicit consent).

Initially the project will focus on care plans for people with long term conditions, the frail elderly and people needing end of life care. The project involves professionals from both health and social care, starting with a jointly agreed specification of requirements and moving on to implementation.

This project is designed to change the way services are delivered, driven by the need for integrated care and the West Kent Mapping the Future 5 year strategy. The IT system will be a key facilitator. Implementation will be in phases, starting with a small scale but live system establish cooperative working and demonstrate the benefits of the changes. The first phase is due to start on 2nd March 2015. It is anticipated there will be 2 further phases over a two year period

b. Enhanced Rapid Response Service

This service targets people aged 75 and over and includes clinical treatment, rehabilitation and support, whilst linking with re-ablement programmes, and focusing on supporting people to stabilise from an acute event, regain their independence and helping them safely to remain at home.

Key to the success of ERRS is the collaborative working between Health, Social Care and Ambulance Services and by providing a fast response to patients who need assistance unexpectedly.

Since November 2013 the service has seen well over 4000 patients.

The majority of interventions enable unnecessary admissions to hospital to be avoided and support safe but earlier discharge from hospital.

Case reviews are demonstrating that the scheme is enabling patients with more complex needs to remain at home due to improved decision making via a multi-disciplinary team of medical practitioners, paramedics and clinician.

9.4 EAST KENT

a. Ashford and Canterbury - Health and Social Care Coordinators

This service has been enhanced in 2014 to provide extended availability including co-locating with acute hospital services at weekends. The Health and Social Care Co-ordinators:

- Help coordinate activity with Multi-Disciplinary Teams and between GPs and community services.
- Have had over 2300 contacts with patients resulting in 700 A&E attendances and 140 admissions being avoided.
- Have produced cost savings to the local health economy estimated at over £200,000.

b. Ashford and Canterbury - Community Networks

Community Networks are part of a five year vision that care will be delivered as close to where patients live as possible and that services will be jointly commissioned with Social Care colleagues. Community Networks will be centred around groups of GP surgeries with local doctors taking a leading role in co-ordinating the services their patients require having access to a full range of medical and support services in the community.

This will mean that:

- Local residents will be able to access a variety of services across their local area, which meets the specific needs within their community.
- Closer integration of services will be provided out of hospital, available 24/7, and co-ordinated with specialist expertise in hospitals, among mental health providers and in related forms of care.
- Attention will be given to care that is preventive and proactive with the aim of supporting people to remain independent for as long as possible and avoid the unnecessary use of hospitals and care homes.

Ashford and Canterbury CCGs and KCC are keen that community networks are developed hand in hand with our local population, who will ultimately use them. The first step in this process is to understand what services are already available in each of the networks and assess them against the need of the local population. Ashford & Canterbury CCGs & KCC Social Care colleagues are running two events to facilitate this in early September.

c. South Kent Coast (Dover and Folkestone) - Prime Ministers Challenge Fund

In October 2013, the Prime Minister announced the £50 million Challenge Fund to improve access to general practice and test innovative ways of delivering GP services.

Invicta Health, a community interest company, owned by more than 40 GP practices in East Kent was selected as a pilot and awarded £1,894,267. The pilot brings together 13 practices, in Dover and Folkestone, and will offer extended and

more flexible access to services for 94,940 patients, backed by enhanced community care and specialist services for people with mental health needs.

This will enable patients to book appointments at any of the 13 practices from 8am to 8pm, seven days a week. Outside of core practice hours (8am-6.30pm) patients can access urgent home visits and if required, short-term residential facilities in the community, to avoid hospital admissions.

For patients with urgent mental health needs, this pilot is also introducing a new rapid assessment service delivered by a primary care mental health specialist, either at a patient's home or at their GP.

South Kent Coast is also in the process of developing an Integrated Care Organisation. This is designed to work with all relevant partners to establish the most appropriate form of organisation to deliver a comprehensive and holistic service to ensure patients receive high quality care outside of hospital whenever this is the best option for the patient.

9. CHALLENGES

9.1 Implementing the changes necessary to achieve integration and realise the benefits it can produce will require leadership and co-ordinated action from all involved. There are a number of issues that will have to be addressed if we are to succeed. These include the following:

- a) **Complexity:** As a large county of 1.4 million people Kent has a complicated system of health and social care. In the NHS there are seven CCGs, four acute hospital trusts (including Medway), a Mental Health partnership trust, a community health trust and an ambulance trust. The county council commissions public health services (to include child health from October 2015) and social care, and the twelve districts also play an important role. The county divides into three health and care economies based around the major hospital providers in the East, North and West of the county with their associated CCGs. Delivering an integrated system across this area and number of organisations is a much greater challenge than that faced in a unitary authority with one CCG and a single provider trust.
- b) **Timescales:** Timescales are tight. Integration needs to be delivered quickly if it is to realise the necessary benefits before the system becomes unsustainable ('A call to action'). In any event we are committed to producing a fully integrated system by 2018. If acute hospital activity levels do not reduce as a result of the integration programme hospitals will be faced with the prospect of less funding as services have been moved into the community, but still having to treat the same, or greater, numbers of patients. We must take care to make sure that the necessary changes do not undermine the viability of our main providers. Similarly we must ensure that in achieving the targets of admission reductions required by the BCF across Kent as a whole we are not distracted by managing issues that may arise through variations in performance between trusts in different parts of Kent.
- c) **Managing change:** Changing health services is often difficult as people are very attached to their local hospitals and proposals for changes to how they are

configured, especially if it involves reductions in capacity for whatever reasons are often highly controversial. One way to mitigate this political risk is to implement “double running” of services so that new services are established and proven before older ones that they replace are decommissioned. This is, however, potentially very expensive and money is very limited. The impending general election may also affect developments. Although “integration” is currently the only policy option to deliver better care at lower cost, a change of government next year might lead to different approaches to pursuing integration and a change in emphasis.

- d) **Maintaining service quality:** In all of this we must maintain a focus on service quality and the care patients receive. Implementing significant changes to the way services are delivered can have a distracting effect on other parts of organisations’ activity. In particular there is a potential for service quality to be adversely affected when other priorities compete for attention and resources. It is critically important that this is not allowed to happen as the scale and pace of integration is accelerated in the coming months and years and the new CQC inspection regime demonstrates that the regulator will be rigorous in its examination of quality and patient experience as well as clinical outcomes.
- e) **Revenue Support Grant allocation disparities.** The amount, per older person, that councils receive varies considerably across the country much to the disadvantage of counties such as Kent. The Relative Needs Formula for Older People (aged over 75 years) allocates £1,957 per head to Inner London Boroughs, £ 816 per head to Outer London Boroughs, £ 978 per head to Metropolitan Authorities and £ 691 per head to Unitary authorities. County Councils receive just £496 per head despite the fact that the proportion of older people in counties is almost twice that of London. The County Council Network is lobbying central government to address this imbalance with KCC actively involved with the Leader acting as CCN Spokesman for Health and Social Care Integration.

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Appendices:

Appendix A: ‘I Statements’ from the Joint Health and Wellbeing Strategy

Appendix B: The NHS – A Basic Reference Guide

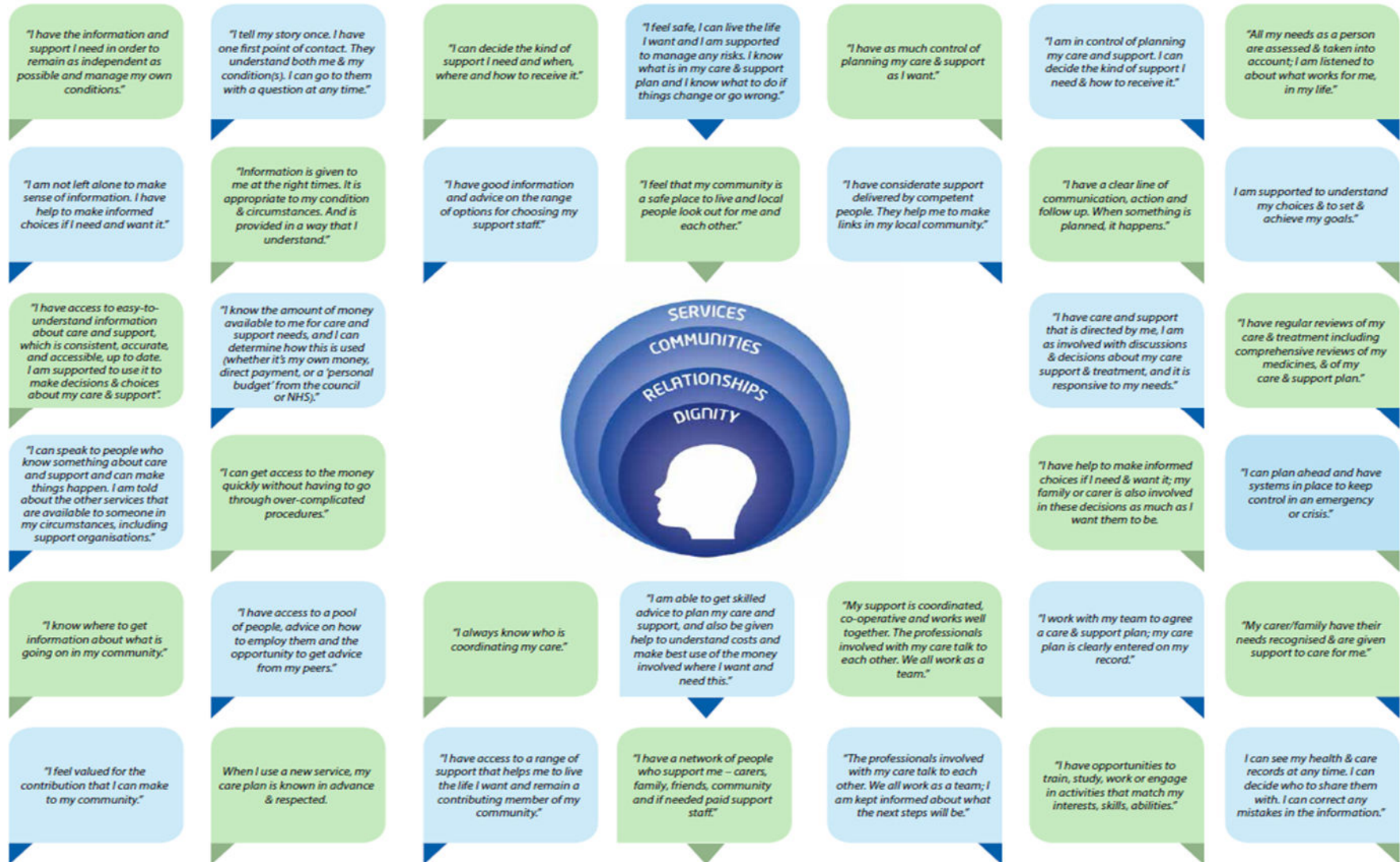
Background Documents:

- Kent Joint Health and Wellbeing Strategy
- Better Care Fund and Integration Pioneer documents as presented to the Health and Wellbeing Board.

Appendix A – 'I statements' from the Joint Health and Wellbeing Strategy

What should good, person centred, care feel like

We asked the people of Kent and this is what they told us



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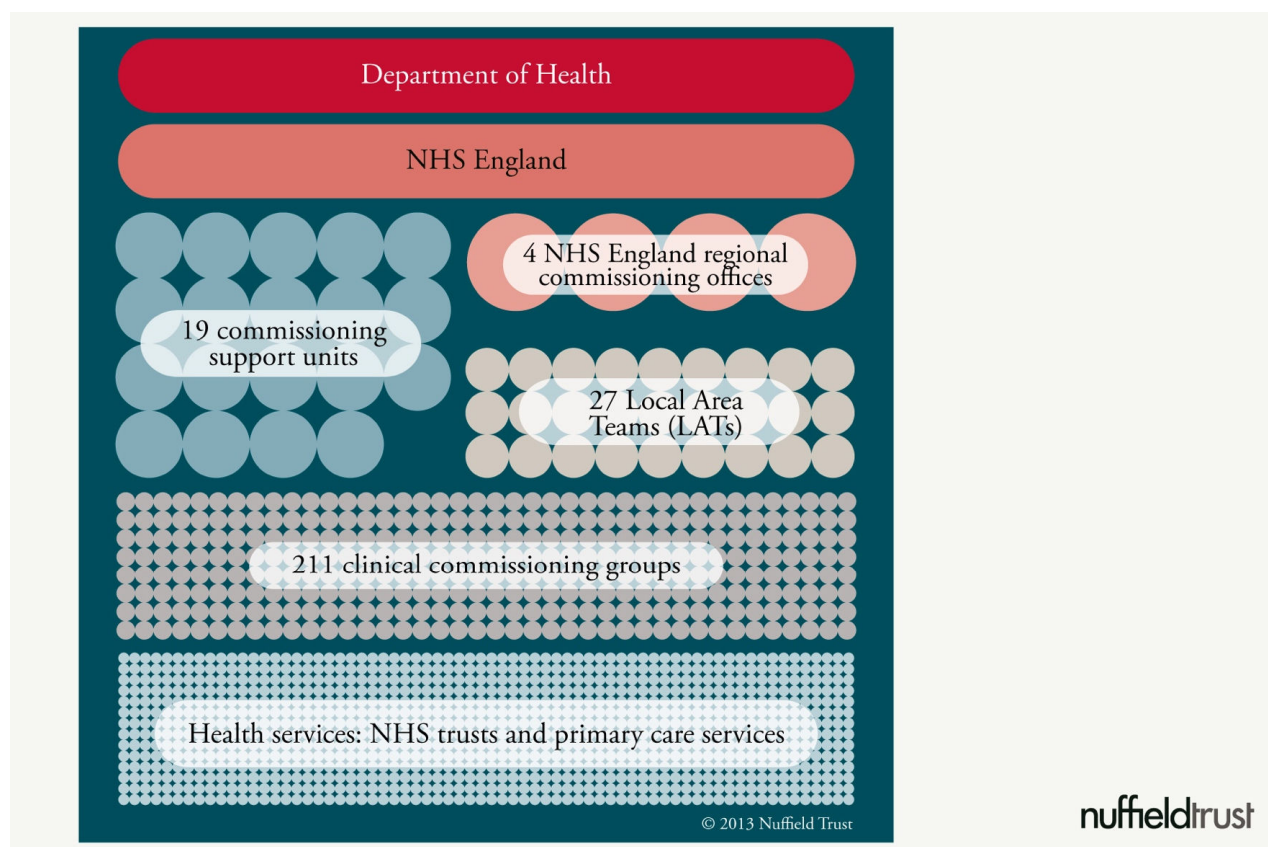
The NHS – A Basic Reference Guide

On 1 April 2013, the majority of the changes introduced by the Health and Social Care Act 2013 came into effect. This guide provides an introductory overview to the new system with particular reference to the health landscape in Kent and Medway. The focus is on organisations and structure and this is not a guide to the services offered by the NHS.

Included in this guide are four diagrams illustrating different aspects of the health sector. These have been produced by the Nuffield Trust. The full PowerPoint can be viewed here:

<http://www.nuffieldtrust.org.uk/talks/slideshows/new-structure-nhs-england>

Diagram 1: The Structure of the NHS



The Secretary of State for Health and the Department of Health

The Department of Health is a ministerial department supported by 24 public bodies and executive agencies. It leads on creating national policies and legislation across health, public health and social care. The Secretary of State has a duty to promote a comprehensive health service and is accountable to Parliament for the provision of the health service in England.

NHS England

Prior to 1 April 2013, NHS England was known as the NHS Commissioning Board. It is an executive non-departmental public body of the Department of Health. NHS England has an overarching function to support the NHS nationally and ensure the money spent provides the best possible care for patients and that national standards are drawn up and delivered consistently across the country.

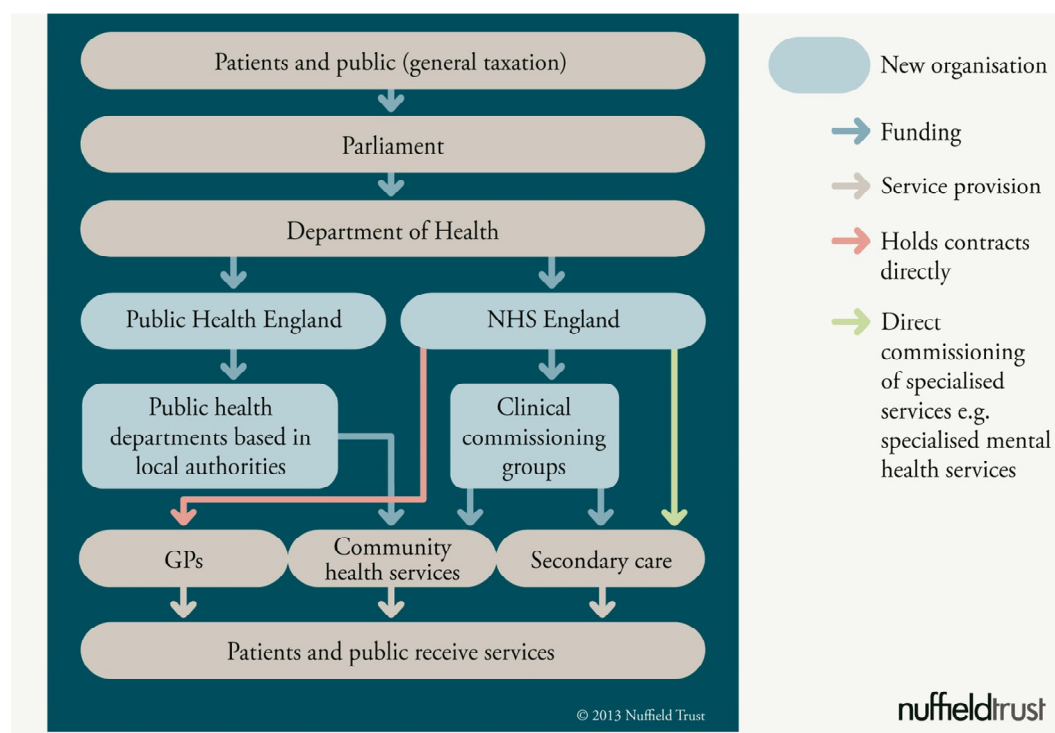
It is responsible for the overall NHS commissioning budget of around £100 billion annually. From this, the budgets for Clinical Commissioning Groups (CCGs) are provided to enable them to commission services locally. It also supports, develops and assures the CCGs.

NHS England is responsible for directly commissioning over £25 billion of health services (in 2013/14), specifically:

- Primary care services;
- Specialised services;
- Offender healthcare;
- Some services for members of the armed forces.

27 Local Area Teams of NHS England will carry out the commissioning of these services, operating to a common model.

Diagram 2: Funding Arrangements



Clinical Commissioning Groups (CCGs)

CCGs are statutory NHS organisations. They are commissioning organisations formed from general practices. All GP practices are part of a CCG and the CCG is responsible for commissioning health services for the population within the CCG boundaries. There are 211 CCGs across England and are collectively responsible for a commissioning budget of over £63 billion for 2013/14. In addition, £1.3 billion was allocated for the running costs of CCGs.

The majority of hospital, mental health and community health services will therefore be commissioned by CCGs. This includes:

- Urgent and emergency care (including ambulance services, accident and emergency, and NHS 111);
- Out of hours GP services;
- Planned hospital care;
- Community health services;
- Maternity services;
- Children's health services;
- Services for people with learning disabilities; and
- Mental health services.

There are currently 8 CCGs covering Kent and Medway, as shown in the following map.

Map 1: CCGs in Kent and Medway (produced by Local Area Team)



Commissioning Support Units (CSUs)

While CCGs remain legally accountable for their statutory obligations, CCGs may choose to obtain support in carrying out their functions by employing in-house staff, and/or choosing to use new NHS CSUs or other sources of commissioning support.

CCGs in Kent and Medway are being supported by in-house officers and the CSU, Kent and Medway Commissioning Support (KMCS). KMCS also provide services to other health organisations such as the Kent and Medway area team and Department of Health.

Public Health England (PHE)

PHE is an executive agency of the Department of Health. It has three key business functions of delivering a nationwide health protection service, supporting local public health services and supporting the public in making healthier choices.

PHE has 15 local centres and 4 regions - North of England, South of England, Midlands and East of England, and London.

Public Health at Kent County Council

A number of public health functions transferred from the NHS to upper tier and unitary authorities on 1 April 2013, including Kent County Council. From April 2013, these authorities will have a ring fenced grant in order to undertake their new public health functions. Aside from being required to provide a small number of mandatory services, local authorities will be able to set their own priorities but are required to have regard to the Public Health Outcomes Framework.

KCC now leads on commissioning the following:

- Public health services for children aged five to 19, including school nursing
- Sexual health advice and promotion, and the testing, treatment and prevention of sexually transmitted infections (excluding HIV treatment)
- Services for mental health promotion, prevention of mental illness and suicide prevention
- Physical activity programmes and stop smoking services
- Obesity and local nutrition programmes
- Drug misuse and alcohol misuse services
- The NHS Health Check
- Falls prevention services and excess death reduction programmes
- Workplace health and other public health programmes.

Health and Wellbeing Boards (HWBs)

The HWB is responsible for producing a Joint Strategic Needs Assessment (JSNA) and a Joint Health and Wellbeing Strategy (JHWS). JSNAs are assessments of current and future health and social care needs in a particular area alongside an identification of the assets the local community has to meet the identified need. The JHWS set out how the needs will be met, in the context of identified priorities, as well as enabling the HWB to encourage integrated working between health, public health and social care commissioners. Both documents are to inform local authority and NHS commissioning plans. Where plans are not in line, an explanation must be provided.

It is also responsible for the production of the Pharmaceutical Needs Assessment (PNA).

Kent Health and Wellbeing Board - Kent is the only County Council to have established CCG level Health and Wellbeing Boards as sub committees of its HWB; this unique approach will enable GPs, District Councils and KCC to work together to focus on local health and wellbeing needs. The CCG level HWBs will focus on developing integrated commissioning plans, local engagement and monitoring of local outcomes.

Local Healthwatch Organisations (LHOs)

Healthwatch replaced Local Involvement Networks (LINKs) on 1 April 2013. Each local authority with social services responsibilities has to commission an LHO. Unlike LINKs, LHOs also have a remit to provide information and signposting for health and social care to support choice. Their role is to be the independent consumer champion for health and social care in each area, gathering the views of local people and ensuring they are taken into account in fora such as the Health and Wellbeing Board

Healthwatch Kent (HWK) is being run by a consortium of 'Kent and Medway Citizens Advice' (KAMCA), 'Voluntary Action within Kent' and 'Activmob'. This consortium has formed a Community Interest Company (CIC) called Engaging Kent and it is this organisation with whom KCC have contracted.

Providers

A wide range of different providers will be commissioned by NHS England, KCC and CCGs in Kent and Medway to provide healthcare to the people of Kent. Not all of these services will be located and/or have their main offices in Kent. In addition, a number of providers offer services at locations other than their main locations (e.g. the Kent Oncology Centre at Kent and Canterbury Hospital is run by Maidstone and Tunbridge Wells NHS Trust). Nor will all the providers be NHS Trusts.

The following is a list of some of the main NHS providers of health services in Kent and Medway.

September 2014

Acute Hospital Trusts:

Dartford and Gravesham NHS Trust

East Kent Hospitals University NHS Foundation Trust

Maidstone and Tunbridge Wells NHS Trust

Medway NHS Foundation Trust

Mental Health Services

Kent and Medway NHS and Social Care Partnership Trust

Sussex Partnership NHS Foundation Trust

Community Health Services

Kent Community Health NHS Trust

Medway Community Healthcare

Ambulance Trusts

South East Coast Ambulance Service NHS Foundation Trust

By: John Simmonds, Deputy Leader and Cabinet Member for
Finance and Business Support
Andy Wood, Corporate Director Finance and Procurement

To: County Council – 18 September 2014

Subject: **Treasury Management Annual Review 2013-14**

Classification: Unrestricted

Summary:	To report a summary of Treasury Management activities in 2013-14
For Information	

Introduction

1. The Council's treasury management activity is underpinned by CIPFA's Code of Practice on Treasury Management ("the Code"), which requires local authorities to produce annually Prudential Indicators and a Treasury Management Strategy Statement on the likely financing and investment activity. The Code also recommends that members are informed of treasury management activities at least twice a year.
2. Treasury Management is defined as: "the management of the local Council's investments and 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".
3. Overall responsibility for treasury management remains with the Council. No treasury management activity is without risk; the effective identification and management of risk are integral to the Council's treasury management objectives.
4. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and the CLG Investment Guidance.
 - a. Reports on the implications of treasury decisions and transactions;
 - b. Gives details of the outturn position on treasury management transactions in 2013-14;
 - c. Confirms compliance with its Treasury Management Strategy Statement, Treasury Management Practices and Prudential Indicators.

Debt management

	Balance on 01/04/2013 £m	Debt Maturing £m	New Borrowing £m	Balance on 31/3/2014 £m	Average Rate % and Average Life (yrs)
Capital Financing Requirement (CFR)	1,465			1,435	
Long Term Borrowing	1,012	2		1,010	5.516% / 29.10
Other Long Term Liabilities					
TOTAL EXTERNAL DEBT	1,012			1,010	
Decrease in Borrowing				2	

5. The Council did not undertake any borrowing this year. With short-term interest rates having remained much lower than long-term rates, it was more cost effective in the short-term to use internal resources rather than take external borrowing. By doing so, the Council was able to reduce net borrowing costs despite foregone investment income and reduced overall treasury risk. It does not intend to borrow for the foreseeable future but the sustainability of this approach will be kept under review.
6. Changes in the debt portfolio over the year have achieved a reduction in the overall debt cost by £1.96m whilst reducing the average life from 29.86 years to 29.10 years.
7. No debt rescheduling was undertaken in the year.

Investment Activity

8. Both the CIPFA and the CLG's Investment Guidance require the Council to invest prudently and have regard to the security and liquidity of investments before seeking the optimum yield.
9. Security of capital remained the Council's main investment objective. This was maintained by following the Council's counterparty policy as set out in its Treasury Management Strategy Statement for 2013-14 which defined "high credit quality" organisations as those having a long-term credit rating of A- or higher.
10. The Council assessed and monitored counterparty credit quality with reference to credit ratings; credit default swaps; GDP of the country in which

the institution operates; the country's net debt as a percentage of GDP and share price.

11. The Financial Services (Banking Reform) Act 2013 gained Royal Assent in December, legislating for the separation of retail and investment banks and for the introduction of mandatory bail-in in the UK to wind up or restructure failing financial institutions. EU finance ministers agreed further steps towards banking union, and the Single Resolution Mechanism (SRM) for resolving problems with troubled large banks which will shift the burden of future restructurings/rescues to the institution's shareholders, bondholders and unsecured investors.
12. The material changes to UK banks' creditworthiness were:
 - (1) The strong progress made by the Lloyds Banking Group in strengthening its balance sheet, profitability and funding positions and the government reducing its shareholding in the Group to under 25%,
 - (2) The announcement by Royal Bank of Scotland of the creation of an internal bad bank to house its riskiest assets (this amounted to a material extension of RBS' long-running restructuring, further delaying the bank's return to profitability),
 - (3) Substantial losses at Co-op Bank which forced the bank to undertake a liability management exercise to raise further capital and a debt restructure which entailed junior bondholders being bailed-in as part of the restructuring.

Counterparty Update

13. In March Moody's downgraded the long-term ratings of both RBS and NatWest banks to Baa1. As this rating is below the Council's minimum credit criterion of A-, the banks were withdrawn from the counterparty list for further investment. NatWest is the Council's banker and will continue to be used for operational and liquidity purposes.
14. In September 2013 Cabinet approved the establishment of an investment portfolio to be managed externally. Since then £5million has been invested in the Pyrford absolute return fund, £5million in the CCLA Local Authorities Property Fund and £2.7m in Kent PFI (Holdings) Ltd shares.
15. During 2013-14 the Council's internally managed cash was primarily invested with banks and building societies in call accounts, fixed-rate term deposits and certificates of deposit. In addition the Council invested in T-Bills and deposits with the DMADF (Debt Management Office). In March the Council also made purchases of Covered Bonds - corporate bonds which have recourse to a pool of assets which secures or covers the bond if the issuer fails.
16. The maximum duration limit for bank deposits was 12 months.

17. Internally Managed Funds - Investment Activity in 2013-14

Investment Counterparty	Balance on 01/04/2013 £m	Net Investments Made £m	Balance on 31/03/2014 £m	Avg Rate % and Avg Life (yrs)
UK Central Government		0.7	0.7	0.25% / 0.04
Banks and building societies	261.0	31.4	292.4	0.52% / 0.14
Marketable instruments (Covered Bonds)		5.3	5.3	1.31% / 2.64
Total Internally Managed Investments	261.0		298.4	
Increase in Investments £m			37.4	

18. Investments as at 31 March 2014 are shown in Appendix 2.
19. In keeping with CLG's Guidance on Investments, the Council maintained a sufficient level of liquidity through the use of overnight deposits and call accounts.
20. The UK Bank Rate was maintained at 0.5% through the year. During the year short term money market rates fell to very low levels which had a significant impact on investment income. The average 7 day LIBID rate during 2013-14 was 0.3542%, the average 3-month LIBID rate was 0.45%, the 6-month LIBID rate averaged 0.53% and the 1-year LIBID rate averaged 0.78%. The low rates of return on the Council's short-dated money market investments reflect prevailing market conditions and the Council's objective of optimising returns commensurate with the principles of security and liquidity.
21. The Council's investment income for the year was £2.9m, an average rate of 0.6% which was slightly higher than 6-month LIBID. The portfolio return particularly reflects higher interest rates paid on bank deposits and call accounts in June – September 2013, and the recent diversification of investments.
22. The Council held average cash balances of £359m during the year. These represented the Council's reserves, working cash balances, capital receipts and schools' balances etc.
23. The Treasury team seeks to maximise the investment return within the parameters of the investment strategy by fully utilising the range of assets available through:
- (1) The initial allocation to the investment portfolio,

- (2) Using new asset classes such as Covered Bonds with a maximum duration of 5 years, which typically yield in excess of 1%,
- (3) Maximising investment with bank counterparties paying the better rates, for example a call account with the Swedish bank Handelsbanken paying 0.6%

Compliance with Prudential Indicators

- 24. The Council confirms that it has complied with its Prudential Indicators for 2013-14, which were set as part of the Council's Treasury Management Strategy Statement. Details can be found in Appendix 1.
- 25. The Treasury Management activities were once again subject to review by Internal Audit whose assessment of the controls in place and the level of compliance with these controls was High assurance.

Treasury Advisor

- 26. KCC currently contracts with Arlingclose as Treasury Advisers.

Recommendation

- | |
|--|
| <ul style="list-style-type: none">27. Members are asked to note the report |
|--|

Alison Mings
Treasury and Investments Manager
Ext: 7000 6294

2013-14 Final Monitoring of Prudential Indicators**1. Estimate of Capital Expenditure (excluding PFI and Schools)**

	£m	
Actuals 2013-14	203.244	
Original estimate 2013-14	286.571	
Revised estimate 2013-14	253.429	(this includes the rolled forward re-phasing from 2012-13)

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

	2012-13 Actual £m	2013-14 Original Estimate £m	2013-14 Actual as at 31 March £m
CFR	1,464.961	1,483.590	1,435.263
Annual increase/(decrease) in underlying need to borrow	(30.912)	(2.825)	(29.698)

In the light of current commitments and planned expenditure, forecast net borrowing by the Council will not exceed the Capital Financing Requirement.

3. Estimate of ratio of financing costs to net revenue stream

Actual 2012-13	14.55%
Original estimate 2013-14	13.42%
Actual 2013-14	13.62%

4. Operational Boundary for External Debt

The operational boundary for debt is determined having regard to actual levels of debt, borrowing anticipated in the capital plan, the requirements of treasury strategy and prudent requirements in relation to day to day cash flow management.

Operational boundary for debt relating to KCC assets and activities

	Prudential Indicator £m	Position as at 31 March 2014 Actual £m
Borrowing	993	969
Other Long Term Liabilities	1,134	1,155
Total	2,127	2,124

Operational boundary for total debt managed by KCC including that relating to Medway Council etc (pre Local Government Reorganisation)

	Prudential Indicator £m	Position as at 31 March 2014 £m
Borrowing	1,040	1,010
Other Long Term Liabilities	1,134	1,155
Total	2,174	2,165

5. Authorised Limit for external debt

The authorised limit includes additional allowance, over and above the operational boundary to provide for unusual cash movements. It is a statutory limit set and revised by the County Council.

Authorised limit for debt relating to KCC assets and activities

	Prudential Indicator £m	Position as at 31 March 2014 £m
Borrowing	1,033	969
Other long term liabilities	1,134	1,155
Total	2,167	2,124

Authorised limit for total debt managed by KCC including that relating to Medway Council etc (pre Local Government Reorganisation)

	Prudential Indicator £m	Position as at 31 March 2014 £m
Borrowing	1,080	1,010
Other long term liabilities	1,134	1,155
Total	2,214	2,165

The additional allowance over and above the operational boundary has not needed to be utilised and external debt, has and will be maintained well within the authorised limit.

6. Compliance with CIPFA Code of Practice for Treasury Management in the Public Services

The Council has adopted the Code of Practice on Treasury Management and has adopted a Treasury Management Policy Statement. Compliance has been tested and validated by our independent professional treasury advisers

7. Upper limits of fixed interest rate and variable rate exposures

The Council has determined the following upper limits for 2013-14

Fixed interest rate exposure	100%
Variable rate exposure	30%

These limits have been complied with in 2013-14.

8. Upper limits for maturity structure of borrowings

	Upper limit	Lower limit	As at 31 March 2014
	%	%	%
Under 12 months	10	0	0.00
12 months and within 24 months	10	0	2.59
24 months and within 5 years	15	0	9.40
5 years and within 10 years	15	0	9.11
10 years and within 20 years	15	5	10.50
20 years and within 30 years	20	5	14.70
30 years and within 40 years	20	10	12.95
40 years and within 50 years	25	10	17.88
50 years and within 60 years	30	10	22.88

9. Upper limit for principal sums invested for periods longer than 364 days

Prudential Indicator	Actual
£m	£m
30.0	22.2

Investments as at 31 March 2014

1) Internally Managed Investments

Instrument Type	Counterparty	Principal Amount	End Date	Interest Rate
Fixed Deposit	Bank of Scotland	£5,000,000	08/05/2014	0.75
Fixed Deposit	Bank of Scotland	£5,000,000	22/07/2014	0.75
Call Account	Barclays Bank	£10,000,000	n/a	0.3
Call Account	Barclays FIBCA	£30,000,000	n/a	0.6
Fixed Deposit	HSBC	£5,000,000	03/04/2014	0.3
Fixed Deposit	HSBC	£6,000,000	04/04/2014	0.3
Fixed Deposit	HSBC	£19,400,000	25/04/2014	0.35
Fixed Deposit	HSBC	£4,000,000	07/04/2014	0.3
Fixed Deposit	HSBC	£5,600,000	08/04/2014	0.3
Fixed Deposit	Lloyds Bank	£5,000,000	06/05/2014	0.75
Fixed Deposit	Lloyds Bank	£5,000,000	19/05/2014	0.75
Fixed Deposit	Lloyds Bank	£5,000,000	19/08/2014	0.7
Fixed Deposit	Lloyds Bank	£5,000,000	21/08/2014	0.7
Fixed Deposit	Lloyds Bank	£5,000,000	22/04/2014	0.75
Call Account	Santander UK	£40,000,000	n/a	0.4
Certificate of Deposit	Standard Chartered	£10,000,000	07/07/2014	0.55
Certificate of Deposit	Standard Chartered	£10,000,000	05/08/2014	0.49
Certificate of Deposit	Standard Chartered	£10,000,000	02/04/2014	0.54
Certificate of Deposit	Standard Chartered	£2,000,000	22/07/2014	0.52
Certificate of Deposit	Standard Chartered	£8,000,000	08/09/2014	0.59
Total UK Bank Deposits		£195,000,000		
Fixed Deposit	Nationwide Building Society	£35,300,000	25/04/2014	0.38
Fixed Deposit	Nationwide Building Society	£800,000	07/04/2014	0.35
Fixed Deposit	Nationwide Building Society	£3,900,000	07/04/2014	0.4
Fixed Deposit	Leeds Building Society	£5,000,000	30/06/2014	0.42
Total UK Building Society Deposits		£45,000,000		
Fixed Deposit	Debt Management Account Deposit Facility	£700,000	16/04/2014	0.25
Total UK Government Deposits		£700,000		
Fixed Deposit	Commonwealth Bank of Australia	£7,000,000	28/04/2014	0.47
Fixed Deposit	Commonwealth Bank of Australia	£6,000,000	30/04/2014	0.43

Fixed Deposit	Commonwealth Bank of Australia	£7,000,000	30/05/2014	0.44
Total Australian Bank Deposits		£20,000,000		
Instrument Type	Counterparty	Principal Amount	End Date	Interest Rate
Call Account	Handelsbanken	£20,000,000	n/a	0.6
Total Swedish Bank Deposits		£20,000,000		
Total Icelandic Deposits Outstanding		£12,416,710		
Fixed Rate Covered Bond	Bank of Scotland	£2,184,840	08/11/2016	1.293%
Fixed Rate Covered Bond	Bank of Scotland	£3,142,737	08/11/2016	1.309%
Total Covered Bonds		£5,327,577		
Total Internally Managed Investments		£298,444,286		

<i>Icelandic Deposits held in ESCROW (est GBP)</i>	-£3,146,603
Net Icelandic Deposits outstanding	£9,270,107

2) Externally Managed Investments

Investment Fund	Book cost	Market Value at 31 March 2014	Gross return for 3 months to 31 March 2014
CCLA	£5,000,000	£5,083,000	4.65%
Pyrford	£5,000,000	£4,916,000	0.37%
Total Investment Funds		£9,999,000	
Equity	Book cost	Market Value at 31 March 2014	Projected annual return
Kent PFI (Holdings) Ltd	£2,681,260	£2,681,260	7.6%
Total Externally Managed Investments		£12,680,260	

Total Investments	£311,124,546
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