



Summons to and  
Agenda for a  
Meeting on  
**Thursday, 4th  
November, 2021**  
at **9.30 am**





DEMOCRATIC SERVICES  
SESSIONS HOUSE  
MAIDSTONE  
ME14 1XQ

Wednesday, 27 October 2021

To: All Members of the County Council

A meeting of the County Council will be held in the Council Chamber, Sessions House on Thursday, 4th November, 2021 at **9.30 am** to deal with the following business. **The meeting is scheduled to end by 4.30 pm.**

The Vice-Chairman of the Council will be chairing meeting, following the sad passing of the Chairman; Mrs Ann Allen.

The election of Chairman of the Council will not be held at this meeting out of respect for Mrs Allen.

There will be an opportunity for Members to offer tributes and reflections on the life of Mrs Allen during the Vice-Chairman's Announcements item.

## **A G E N D A**

1. Apologies for Absence
2. Declarations of Disclosable Pecuniary Interests or Other Significant Interests in items on the agenda
3. Minutes of the meeting held on 23 July 2021
4. Corporate Parenting Panel - Minutes of the meeting held on 20 July 2021 for noting
5. Vice-Chairman's Announcements
6. Questions
7. Report by Leader of the Council (Oral)
8. Building Back Better - Update on Making a Difference Every Day **(Pages 1 - 22)**

9. Treasury Management - Annual Review 2020/21 (Pages 23 - 40)
10. Member Remuneration (Pages 41 - 82)
11. Top Tier County Council Structure (Pages 83 - 90)
12. Armed Forces Covenant (Pages 91 - 96)
13. Motions for Time Limited Debate

### **Motion to Support the Climate and Ecological Emergency Bill**

*Proposed by Mr Paul Stepto and Seconded by Mr Steve Campkin*

#### **Background Information – supplied by the Green & Independent Group**

Humans have already caused irreversible climate change, the impacts of which are being felt in the UK and around the world. Global temperatures have increased by 1 degree Celsius from pre-industrial levels. Atmospheric CO<sub>2</sub> levels are above 400 parts per million (ppm) and continue to rise. This far exceeds the 350 ppm deemed to be a safe level for humanity. The current UK target of net zero by 2050 is not satisfactory because the damage already done will be irreversible.

Without more significant and sustained action, the world is set to exceed the Paris Agreement's 1.5°C limit between 2030 and 2040. The increase in harm caused by a rise of 2°C rather than 1.5°C is significant. This is described by the Intergovernmental Panel on Climate Change's Special Report on Global Warming of 1.5°C published in October 2018. According to the IPCC, limiting heating to 1.5°C may still be possible with ambitious action from national and sub-national authorities, civil society, the private sector and local communities. The costs of failing to address this crisis will far outstrip the investments required to prevent it. Investing now will bring many benefits in the form of good jobs, breathable air in cities and thriving communities.

#### **The Council is asked to take into account that;**

1. This council has recognised the UK climate emergency;
2. There is a Bill before Parliament—the Climate and Ecological Emergency Bill (published as the “Climate and Ecology Bill”)—according to which the Government must develop an emergency strategy that:
  - a. requires that the UK plays its fair and proper role in reducing greenhouse gas emissions consistent with limiting global temperature increase to 1.5 degrees C above pre-industrial temperatures;
  - b. ensures that all the UK's consumption emissions are accounted for;

- c. includes emissions from aviation and shipping;
  - d. protects and restores biodiverse habitats along overseas supply chains;
  - e. restores and regenerates the UK's depleted soils, wildlife habitats and species populations to healthy and robust states, maximising their capacity to absorb CO<sub>2</sub> and their resistance to climate heating;
  - f. sets up an independent Citizens' Assembly, representative of the UK's population, to engage with Parliament and Government and help develop the emergency strategy.
3. 118 Councils have passed motions in support of the CEE Bill.

## **Motion**

Kent County Council shows its support for the Climate and Ecological Emergency Bill by requesting that the Cabinet Member for Environment;

1. Promotes this council's support of the Bill to the CEE Bill Alliance, the organisers of the campaign for the Bill, as well as to the local media.
2. Writes to Kent MPs, asking them to show support for the Bill.

## **Motion to Support our Kent Carers**

*Proposed by Mrs Kelly Grehan and seconded by Mrs Jackie Meade*

## **Background Information – supplied by the Labour Group**

Across the UK it is estimated that there are 13.6 million unpaid/unofficial carers, and this number has risen by over 4 million since the start of the Covid-19 pandemic.<sup>1</sup> In Kent specifically, there are 151,777 unpaid carers, which equates to around 10.4% of the population (although this figure was taken from the 2011 Census and so the true figure is now likely to be higher).<sup>2</sup> Unpaid carers are also disproportionately affected in that they provide the vast majority of care in the UK. Research undertaken by Carers UK, in conjunction with the University of Leeds and the University of Sheffield, found that unpaid carers save the state £132 billion a year.<sup>3</sup>

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<sup>1</sup> Carers Week 2020 Research Report 2020: 'The rise in the number of unpaid carers during the coronavirus (Covid-19) outbreak' (page 4) <[https://www.carersuk.org/images/CarersWeek2020/CW\\_2020\\_Research\\_Report\\_WEB.pdf](https://www.carersuk.org/images/CarersWeek2020/CW_2020_Research_Report_WEB.pdf)>

<sup>2</sup> 2011 Census: Health and provision of unpaid care in Kent (page 13) <[https://www.kent.gov.uk/data/assets/pdf\\_file/0020/15536/Health-and-provision-of-unpaid-care-in-Kent-bulletin.pdf](https://www.kent.gov.uk/data/assets/pdf_file/0020/15536/Health-and-provision-of-unpaid-care-in-Kent-bulletin.pdf)>

<sup>3</sup> Carers UK, 'Valuing Carers 2015: The rising value of carers' support' [https://www.basw.co.uk/system/files/resources/basw\\_10219-8\\_0.pdf](https://www.basw.co.uk/system/files/resources/basw_10219-8_0.pdf)

## **The Council is asked to take into account that;**

1. Kent County Council had, until recently, a Carers' Strategy written in 2009 on their website, which had not been reviewed or revisited to take into account the needs of our changing society and any change in support needed.<sup>4</sup> The Council's failure to update its Carer's Strategy has led to many carers feeling that they are invisible and that their needs and views are not important.
2. The Care Act 2014 (sections 10 and 11 in particular) places carers on an equal footing to those people they care for, and so carers have a right to an assessment and to services that support their daily needs. Kent County Council must do more to support carers and lead the way in in-home support, wellbeing and access to assistance. The Council must not simply act as a signposting service but must provide real help. This is more vital than ever given the special support needed as we emerge from this pandemic;
3. Supporting carers is a vital part of building a fairer society and championing social justice. While this is outside the gift of Kent County Council, the Carer's Allowance of £67.60 a week is a woefully inadequate recompense for the work family and friend carers undertake, while many carers are currently excluded from receiving Carer's Allowance altogether, including those in full-time education or studying for 21 hours or more a week and carers earning more than £128 a week (less than 15 hours a week on the National Living Wage)<sup>5</sup> ;
4. Supporting carers is also instrumental in achieving gender equality. 58% of all unpaid carers are currently female, who often have to leave careers in order to provide care support to a loved one. As a result, their social circle often becomes smaller and they also suffer from longer term financial implications such as reduced lifetime earnings<sup>6</sup>;
5. Carers voices must be central in all Adult Social Care policy and provision. Whilst well intentioned, the Adult Social Care Strategy has not been co-produced by those in the field and by those with lived experience and has alienated carers from the decisions being made, the decisions over the very people that they care for. The Adult Social Care Strategy: 'Making a Difference Every Day' is being developed in complete isolation to the Carers' Strategy – consultation has not yet started for the Carers' Strategy while the Adult Social Care Strategy consultation is now complete. Any change to the Adult Social Care Strategy will have a direct impact on the family and friends who are providing the care and so an integrated approach must be taken. We feel that the 'Making a Difference Every Day' strategy seems so far to be a fine example of 'strategy by

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<sup>4</sup> Kent Adult Carers' Strategy < [https://www.kent.gov.uk/\\_data/assets/pdf\\_file/0006/12687/kent-adult-carers-strategy.pdf](https://www.kent.gov.uk/_data/assets/pdf_file/0006/12687/kent-adult-carers-strategy.pdf)>

<sup>5</sup> Gov.UK, Carer's Allowance <<https://www.gov.uk/carers-allowance/eligibility>>

<sup>6</sup> Carers Week 2020 Research Report 2020: 'The rise in the number of unpaid carers during the coronavirus (Covid-19) outbreak' (page 17) <[https://www.carersuk.org/images/CarersWeek2020/CW\\_2020\\_Research\\_Report\\_WEB.pdf](https://www.carersuk.org/images/CarersWeek2020/CW_2020_Research_Report_WEB.pdf)>

consultant' or by people that have no lived or qualified experience in this field.

## **Motion**

### **County Council requests that the Cabinet Member for Adult Social Care and Public Health:**

1. Revisits the approach to the 'Making a Difference Every Day' Strategy and the Carers' Strategy, ensuring that an integrated approach is adopted throughout, led by qualified staff in social care and informed by service users and frontline practitioners. All of the feedback that has been gathered from the Adult Social Care Strategy consultation can be used but must be used in conjunction and integrated with the feedback received from the Carers Strategy to ensure that the needs and views of our carers and cared for are adequately reflected and listened to;
2. Develop a Carers' Strategy that is co-produced by carers and frontline qualified practitioners. Reach out to all organisations that represent carers in Kent, including and especially young carers, and ask for (and most importantly feedback to them) their views of service provision to ensure that carer's lived experience is integrated and acted upon;
3. Provide carers with the opportunity to sit on key advisory and decision-making bodies for health and social care providers (or allow them to nominate a representative to act on their behalf) and actively involve carers in the commissioning process. For example, several Councils have developed a 'Multi-Agency Carers Strategy Group', which regularly discusses strategy, practice and policy with carers, carers support providers and carers support commissioners;
4. Support carer's health and wellbeing by ensuring that they have access to a range of short and longer-term breaks. When long-term respite is required, suitable replacement care must be provided;
5. Ensure that any commissioning that may be required (although services should be in house with proper scrutiny and accountability through the formal democratic process) is done by officers and led by managers that are qualified in the field of social care, and with professional knowledge of the field, so as to ensure quality provision rather than by uninformed dashboard and scorecard;
6. Support the full funding of social care and carers by national Government and that the burden of this should not fall to local taxpayers via the council tax system.

A handwritten signature in black ink, appearing to read 'B. Watts', with a large, sweeping flourish extending to the right.

Benjamin Watts  
General Counsel  
03000 416814



**From:** Clair Bell, Cabinet Member for Adult Social Care and Public Health  
Richard Smith, Corporate Director Adult Social Care and Health

**To:** County Council – 4 November 2021

**Subject:** **BUILDING BACK BETTER – Our Plan for Health and Social Care & UPDATE ON MAKING A DIFFERENCE EVERY DAY - OUR STRATEGY FOR ADULT SOCIAL CARE IN KENT**

**Classification:** Unrestricted

**Summary:** The first part of this report informs County Council about the Government's announcement to introduce a Health and Social Care Levy for the UK, including specific funding proposals for the health and social care systems in England over the next three years. The report also pays particular attention to the proposals relating to adult social care, the potential implications for the county council, care providers, and individuals as outlined in the published policy paper.

The second part of the report provides further update on Making A Difference Every Day – Our Strategy for Adult Social Care in Kent and the implementation of the delivery plans that support it, against the backdrop of severe challenges.

**Recommendation(s):**

County Council is asked to **note** the contents of this report, including the initial assessment of the implications for Kent, that are associated with the main proposals of the Plan for Health and Social Care in England and the delivery plans which are being taken forward toward achieving the outcomes of the new Strategy.

## 1. Introduction and background

The current social care system has been for some time regarded as inadequate, unfair and unsustainable and has been repeatedly reported as under significant financial strain as a result of increasing demand for services and reductions in local authority budgets. The accusation of unfairness has mainly centred around the means testing arrangements, where anyone with assets of more than £23,250 must pay the full cost of their care. This leaves 1 in 10 people over 65 facing costs of more than £100,000.

Successive governments have commissioned reports in order to resolve and improve the social care system, the most famous being the Dilnot report, an independent commission charged with reporting on how to deliver a fair, affordable and sustainable funding system for social care in England. It follows several failed attempts at reform, most notably the report of the Royal Commission established by the Blair government in 1999 and the proposal for a National Care Service, which were aborted before the general election. In 2006 Sir Derek Wanless's report, Securing Good Care for Older People, was

published and looked at the challenges facing social care over the next 20 years, the resources that will be needed to meet them and the options for finding those resources.

The report advocated a 'partnership' model of funding (between the individual and the state) as the best, fairest and most cost-effective way of delivering a minimum level of care to people that they could top-up from their own resources. The Dilnot Commission built on the Wanless Report and made several recommendations aimed at eliminating the care costs faced by some people:

- The contribution any individual makes towards the costs of their care, excluding general living costs, should be capped at between £25,000 and £50,000 with the Commission recommending the cap should be set at £35,000.
- The Asset threshold above which people in residential care are liable for the full cost of their care should be increased from the current level of £23,250 to £100,000.
- Eligibility criteria for services should be set nationally as part of a clear national offer and needs assessments should be 'portable' between local authorities.
- A new information and advice strategy should be developed, a national awareness campaign should be launched to encourage people to plan ahead and the deferred payment scheme should be improved.
- Social care and welfare benefits should be better aligned, Attendance Allowance rebranded and carers' assessments improved.
- Integration between social care and other services, especially the NHS, should be improved and a stronger emphasis placed on prevention.

The Care Act (2014) built on some of these recommendations but did not include all. For example, the Care Act

- Placed a new emphasis on wellbeing.
- Placed a duty on local authorities regarding prevention (and their partners in health, housing, welfare and employment services) to prevent, reduce or delay the need for care and support for all local people.
- Includes a statutory requirement for local authorities to collaborate, cooperate and integrate with other public authorities e.g. health and housing.
- Requires every local authority to apply a national eligibility threshold to determine whether the individual has eligible needs.
- Stated that from April 2015, all councils must offer deferred payments and from April 2016, all people with eligible needs will have a care account to set out the notional cost accumulated to date towards their cap on care costs.

However, sections 15 and 18 (3) of the Care Act 2014 were not put into effect. Section 15 deals with the cap on care costs and section 18 (3) gives self-funders legal right to ask their Local Authority to arrange their care for them. These provisions were not put into effect and the situation remains so even now, until the proposals for Adult Social Care set out in the Building Back Better command paper are implemented.

1.1 The Government announcement on 7 September 2021 again attempts to address the overburdened social care system and sets out significant proposed changes about how health and adult social care will be funded by the state. It also points to what individuals may be expected to pay towards their care. The key proposals about the cap on care costs are based on the Commission on Funding Care and Support (Dilnot) core recommendations. The announcement also proposes increased state contributions towards care costs and equalisation of fees between self-funders and those receiving state support. The people who will mainly benefit from the proposed financial changes are those in residential care or those at home who have high care costs. Importantly however, Clause 44 states,

*“These reforms will apply to all adults in receipt of Adult Social Care in England, no matter their age. ... Everybody will benefit from the certainty and security that if they or their loved ones need personal care, they will no longer face unpredictable and unlimited costs”.* (Build Back Better 2021).

Implying that where you receive your personal care is not important whether it be residential or in the home, however this is yet to be confirmed.

1.2 To fund these changes the Government has decided to raise taxes through a new UK wide 1.25 per cent Health and Social Care Levy on both employee’s and employer’s National Insurance Contributions (NICs), ringfenced for health and social care. The new NICs levy will also apply to individuals working above the State Pension age from 2023 subject to necessary legislation being approved. Over the next 3 years the majority of the additional revenue raised is to be used to address backlogs in the NHS.

1.3 The Government proposals on the cap on social care costs, make a distinction between the care costs component and the daily living costs component (such as food and accommodation). There will be an absolute limit (a cap) which, when reached, a person will not be required to contribute towards their care. Importantly, this limit only applies to the care costs component. It does not apply to the daily living costs component. This means that a person will remain responsible for meeting or contributing to their daily living costs and any ‘top-up’ payments they have chosen to make even after they reach the cap. Also, the capital and savings threshold, at which point a person must contribute towards their care costs, will be set at higher amounts than the current thresholds.

1.4 It should be noted that these reforms come at a time when we are still attempting to assess the long-term impact of Covid on the social care sector. Most noticeably there is a significant and continuing impact on the workforce; the sustainability of the social care market is fragile and pressures on hospital discharge services remain. On top of this, the raft of short-term pump priming funding, attempting to lessen the impact of Covid will be coming to an end which will bring the above-mentioned challenges to the forefront. The enormous pressures currently facing the Adult Social Care Directorate and the social care sector in general are set in 4.7 and 5.3 below.

1.5 The County Councils Network, has released a report, completed in partnership with Rural Services Network that argues that by themselves the reforms and funding announced to date will not be sufficient to fortify the system to address the challenges, especially in the short term. Moreover, while many elements of the reforms in relation to the cap on care and more rights to self-funders are well intended, they present a number of fundamental challenges which could

destabilise local care markets unless they are fully understood, risk assessed and funded. A summarised or headlined version of the report is included in the attached Appendix 1.

## 2. Headlines of the proposed changes for Adult Social Care in England

2.1 The proposals are set out in the publication “Build Back Better – Our Plan for Health and Social Care”. This states that sustainable funding for core budgets will be set out in the **Spending Review**. The paper identifies that government expects that demographic and unit cost pressures will have to be met through Council Tax, social care precept, and long-term efficiencies, thereby suggesting that there may be limited actual additional funding for local government for Adult Social Care.

### 2.2 £5.4 billion in adult social care over the next three years

An investment of £5.4 billion in adult social care over the next three years is proposed from the new NICs levy. Applying an illustrative 2.5% share of this investment for Kent could be in the region of £135million over three years (2022/23, 2023/24 and 2024/25) to begin the transformation. At this stage it is unclear:

- how much of the additional funding for social care over the next 3 years will be needed to fund the cap
- the impact on client contributions towards care
- how the funding will be allocated.

All of the above points will be subject to further consultation and there is concern that during this time people will have time to run down their finances to be within the cap.

It is expected that the following sums from the National Insurance increase will be made available to the Department for Health and Social Care.

	2022-23	2023-24	2024-25	Total
	£13.3bn	£10.7bn	£12bn	£36.0bn
England NHS/SC	£11.2bn	£9.0bn	£10.1bn	£30.3bn
Scotland/Wales/Northern Ireland	£2.1bn	£1.7bn	£1.9bn	£5.7bn

The publication “Build Back Better – our plan for Health and Social Care” states that of the £36.0bn over the next three years, £5.4bn will be made available for social care authorities leaving £30.6bn available for the NHS.

**Please note:** this is currently a statement of intent which will only be confirmed after the Spending Review announcement on 27 October 2021.

### 2.3 Health and Social Care Levy

The additional funding from the **NICs levy** is intended to cover the cost of implementing the changes set out in the proposals for charging reforms (including the cap), the changes to capital asset limits, moving towards paying a consistent rate for care between self-funders and state funders, and associated implementation costs. We can expect further consultation and

review on the distribution of the additional funding.

#### 2.4 **Minimum Income Guarantee (MIG) Personal Expenses Allowance (PEA)**

There are also changes proposed to the means testing arrangements for the income related contribution. The government is proposing to **unfreeze** the Minimum Income Guarantee (MIG) for those receiving Home Care and the Personal Expenses Allowance (PEA) for care home residents. In future these will both rise in line with inflation. This will allow individuals to retain more of their income in future and thus impact on the income councils receive through client contributions.

#### 2.5 **White Paper for reforming adult social care**

The Government has committed to work with leaders in Local Government, and the social care sector, service users and carers, as well as the NHS Chief Executive and the NHS, to develop and publish a **White Paper for reforming adult social care** later in the year. It is understood that the transformation of adult social care will focus on choice, control and independence; providing outstanding quality of care; and be fair and accessible to all who need it, when they need it. The Government has not set out a firm timetable for the development and publication of the expected White Paper.

#### 2.6 **New means-test and capital thresholds**

One of the key proposals is that the capital threshold, the point at which an individual will have to pay the full cost of their care will change. The **new means-test for adult social care** will come into effect in October 2023, based on a person's income and savings in the following way:

The £86,000 cap will only apply to those with assets in excess of £100,000. These people will pay full costs from their income and assets until such time as they reach the £86,000 cap, after which they will pay nothing towards personal care from their income or assets.

It is currently unclear whether, when a person's assets drop below £100,000 before the cap is reached, if they would then fall into the £20,000 to £100,000 band where they will make a means assessed contribution from their income and up to 20% per annum from their assets and the local authority will then pay any fee in excess of that figure. However, the Plan does say that people in the £20,000 to £100,000 band will continue to pay means tested contribution income in the same way as those with less than £20,000 assets. This is likely to be an area of contention as it would appear that those with over £100,000 of assets will pay no contribution from their income once the cap is reached, whereas people with smaller assets will pay an income-based contribution throughout their lifetime.

People may choose to "top up" their care costs by paying the difference towards a more expensive service, but this will not count towards the cap. Local authorities will continue to be responsible for carrying out needs and financial assessments.

- If a person's **total assets are less than £20,000**, they will not have to pay anything for their personal care from their assets. However, people may still need to contribute towards their care costs from their income (albeit with MIG and PEA uplifted for inflation).

It is estimated that about 150,000 people will directly benefit at any one time when these reforms are implemented. Looking at the national number of people who are said to benefit from these changes and applying an illustrative 3% of that number to the local area, it could mean about an additional 4,500 people in Kent could be helped at any one time. Currently Kent Adult Social Care are working with/for 39,000 individuals.

## 2.7 **Cap lifetime care costs**

The Government plan confirms the policy intention to introduce a new cap of £86,000 on the amount anyone will need to spend on their personal care over their lifetime. This is planned to start from October 2023, using the existing provision in the Care Act 2014. The **cap on care costs** will operate alongside the existing deferred payment of care home fees. Significantly, the cap on care cost does not extend to daily living costs such as accommodation, food and heating. This proposal will apply to all adults in receipt of adult social care support in England, no matter their age. However, it is not clear if the cap on lifetime care costs applies in all care settings.

## 2.8 **Self-funders to have a right to ask a local authority to arrange their care**

Under this plan, people who pay their own care (self-funders) will for the first time, be able to ask their local authority to arrange their care for them. This provision will force a set of issues regarding **self-funders to come under scrutiny**. One such issue, is the fee differential between the amount local authorities pay for care homes, relative to the fees paid by people who pay their own care. One analysis puts the so-called self-funder '**cross subsidy**' issue at 40% (this is further expanded in 3.8), inferring that self-funders pay 40% more than people who do not self-fund. The implications and mechanisms for us to arrange care for self-funders will have to be developed and thought through but potentially there will be an additional number of people seeking assistance with arranging residential placement that Adult Social Care will have to accept. As a consequence of self-funders' placements being sourced by the council it is also likely the fees the council pays for current clients will rise as the market attempts to recover the cross subsidy.

## 2.9 **Wider support to the social care system**

The Government states in the plan that it wants care work to be a more rewarding vocation, offering a career where people can develop new skills and take on new challenges as they become more experienced. This will include developing a **plan to support professional development** and the long-term wellbeing of the workforce. The Government will also invest at least £500 million in new measures over three years to provide training places and certifications for care workers; fund mental health wellbeing resources such as, counselling, peer-to-peer coaching and workplace improvements; alongside further reforms to improve recruitment and support for the social care workforce.

A plan to support professional development is welcomed but many workers in the care sector will find it a little perverse that their pay will be equally impacted by the NI social care levy and an already poorly financially rewarded vocation will face further taxes. We need to encourage people into the care profession and an exemption from such a levy may have been considered a positive step forward.

2.10 The Plan acknowledges that there are a wider set of issues that the adult social care sector faces beyond those relating to costs to users and workforce. Therefore, the Government states it will take steps and introduce measures that will support improvement and ensure Local Authorities are delivering on their obligations for users. These measures include:

- Ensuring **unpaid carers** have support, advice and respite they need.
- Investing in the **Disabled Facility Grant** and supported housing.
- Improving information for service users to help them navigate the system.
- Introducing a **new assurance framework**. This aims to increase transparency and accountability across the social care sector.

Adult Social Care and local NHS partners are progressing the development of a carers strategy and a plan of action.

#### 2.11 **Improving the integration of health and social care**

The Plan emphasises that the development of Integrated Care Systems (ICSs), which will be placed on a statutory basis has shown what is possible by bringing together hospitals, primary care and Local Authorities. But there is a need to go further to ensure that people using health and social care services experience well-coordinated care. This means that health and care organisations should work seamlessly together within systems to improve the standard of services in local places. This new approach will mean that people can expect **convenience** (single digital health and social care records), **choice** (decisions about care and how they are accessed) and **flexibility** (right place, right time).

2.12 The Government will work with citizens, the NHS, Local Governments and other key stakeholders to co-produce a **comprehensive national plan** for supporting and enabling integration between health and social care. The development of the strategy will include a renewed focus on **outcomes, empowering local leaders and wider system reforms**.

2.13 The Government will work with systems to identify a **single set of system-based health and care outcomes** that local systems (including ICSs and Local Authorities) will be asked to deliver. Local leaders will be given the freedom to align incentives and structures in order to deliver these outcomes in the way that is best for their communities. The Government will keep current regulatory requirements under review to ensure they are focused on outcomes.

2.14 There will be Care Quality Commission (CQC) **oversight of Local Authorities' commissioning of adult social care**, which will be introduced through the Health and Care Bill, and a role for the CQC in assessing the overall **quality of ICSs**. In addition, the Government have stated they will improve workforce planning across health and social care and consider a new training curriculum for health and social care staff.

### 3. Financial, demand, system and provider market implications

- 3.1 Local authorities have long called for sustainable long-term funding and reform of the adult social system. The checklist of challenges facing the sector include workforce issues, increasing demand because of population changes, quality of care and market viability factors and a responsive regulatory framework. The proposed narrow changes to the social care system in England in the Plan, raise a wider set of potential implications for local authorities. The likely consequences will impact on individuals, councils, providers, the integration policy agenda, and the wider local government system.
- 3.2 As already stated the funding for core budgets is set out in the Spending Review. The government expects that **demographic and unit cost pressures will have to be met through Council Tax, social care precept, and long- term efficiencies**. The additional funding from the NICs levy is intended to cover the cost of implementing the changes set out in the proposals.

The implications for the reputation of Kent County Council are considerable. Residents are unlikely to understand the different funding streams or the changes that will have to be absorbed by different services and funded from other budgets. Whilst these changes may be applauded and welcomed by many, residents are unlikely to appreciate the different distinctions, definitions, and changes unless it applies directly to them and even then, the room for misunderstanding is plain to see and covered in 3.3 below. Tensions relating to the UK-wide Health and Social Care Levy NIC changes and the local social care precept which is built into the Council Tax will have to be carefully managed.

- 3.3 **Individuals** – The media coverage of the changes to the capital thresholds and the introduction of the cap on care costs, may leave some individuals with the impression that they may not be asked to meet or contribute to the totality of their care, once they reach the cap. We know from the details set out in the Plan that the separation of care costs and daily living costs means that individuals will continue to be responsible for the daily living costs component whatever the care setting, even after reaching the cap. Also, the charging rules are such that some people may not spend enough to reach the cap before they leave the system. Assuming a total cost of care of £500 per week, it may take up to 172 weeks to reach the cap or 3.3 years. It should be noted that the average length of stay for older people in residential and nursing care homes are 3 years and 2 years respectively. The higher the total costs of care the faster an individual will reach the cap. Unless Government communication campaigns send out the right and consistent messaging, it will fall to local authorities to carefully manage communications on this to ensure residents are fully informed.
- 3.4 **Demand for care** – The Government estimates that about 150,000 people in England may benefit from the planned changes at any given time. In part, this is because of the increases in the capital threshold and enabling self-funders to exercise their legal right to ask local authorities to



arrange their care, thus benefiting from the purchasing power of local authorities. If all self-funders choose to rely on the council for their care, the increase in demand will require a significant injection of additional resources to help manage the high workload. Even if technology was exploited to the maximum, KCC will need to prepare for, and to undertake needs assessment and financial assessment of thousands of people. At the time of writing KCC was supporting 4609 people living long-term in care homes. This number will be equalled or dwarfed by demand related to these changes if all self-funders consider it in their best interests to approach the council. Estimates suggest that there may be 5,000 to 6,000 Kent residents who pay for their own care in care homes, and around 10,000 to 11,500 Kent residents living in the community who pay for their own care.

It is also likely that there may be an increase in the number of deferred payment requests the Council receives but this would need to be quantified.

3.5 **Systems** - The introduction of the cap on care costs means the existing social care IT systems which hold client information will need to be upgraded to manage the **care account**. The related new activities:

- the rate at which someone progresses towards the cap.
- recording how much someone has accrued towards the cap.
- contribution towards daily living costs.
- annual adjustment in line with the regulations.
- annual statement.
- when requested notify people before they reach the cap.
- make provision for an appeals system.

3.6 It may be necessary to develop an online care account, accessible by individuals and their families. The implementation of the changes would fall to several corporate functions such as IT, Finance, and Strategic Commissioning, alongside those that would rest with Adult Social Care and Health. For instance, the Client Financial Assessment Team will be in the forefront to undertake new assessments of self-funders and people newly entitled because of the changes to the capital threshold and re-assessment of known clients. A similar needs assessment demand will be unfolding for which Adult Social Care teams will have to respond, possibly within Government defined timescale.

The features of the cap on care costs will require KCC, in its role as a commissioner to recast its **contract and specifications** to make a distinction between the care costs and daily living costs components. This is because the existing structure of the framework contract does not include this distinction.

3.7 KCC must also plan for and ensure it has appropriate arrangements in place to effectively respond to the new Assurance Framework requirements. It is understood that the Government will develop the Assurance Framework with the involvement of the relevant networks in the social care sector, including the Local Government Association, the Association of Directors of Adult Social Services, and the County Council Network. As well as local authority functions and the extent to which these are delivered well coming under scrutiny, the

Council's involvement in the Integrated Care System (ICS) will also come under scrutiny as the Care Quality Commission remit will be extended to assess ICSs.

The breadth of the different elements that must be undertaken to prepare for, and ensure effective implementation, along with the obvious wide-ranging implications are such that the most sensible approach is for KCC to manage the assessment, the response to the implications and the implementation of the changes as a **unified work programme**.

It is important to note that existing pressures on social care (demand, prices, market sustainability etc.) will not be funded out of the new funding from increased NICs. These pressures will need to be funded from core budgets set out in spending reviews, which could include further increases in adult social care council tax precepts. However, this may not be enough to fully fund pressures leaving the need for balancing efficiency savings, not necessarily ring-fenced for social care.

- 3.8 **Provider market** - It is known that the current market structure has built-in cross-subsidies by those who pay for their own long-term care in care homes. As a result, almost all self-funders pay higher fees relative to the fees negotiated by the local authority. The issue that must be investigated is whether the changes would lead to the elimination or substantial reduction of the **fee differential** and whether the financial risk will be borne by providers in the form of lesser fee rates, or that the council budget will come under severe pressures because fees paid by the local authority may rise substantially. Therefore, it is imperative for KCC to assess, understand and fully recognise the sustainability or market equalisation issues and the accompanying potential financial risks. This is against the backdrop of workforce challenges characterised by recruitment and retention issues with high turnover of staff, and high vacancy rates nationally of approximately 120,000 which, when applied to the local context could suggest as much as 3,000 across the social care sector in Kent.

KCC has adopted proactive engagement of the market. This is exemplified by commissioners meeting on a weekly basis with providers representatives KICA (Kent Integrated Care Alliance), newsletters are issued weekly, regular engagement events are held, and commissioners are in regular contact with specific providers ensuring that we are able to work together to resolve challenges. Since the early summer a large amount of work has been focused on the workforce challenges and actions to support these challenges. As stated above, this is a complex national issue which will take time to resolve as highlighted by the Care Quality Commission's Yearly Review 2021 published in mid Oct 2021. It is recognised that our markets have changed significantly since the KCC frameworks were put into place and hence a review of the market shaping activity to confirm what else can be done within the frameworks to improve the position.

The nature of **incentives or disincentives** that would be in play is not clear at this stage because of the introduction of the cap on care cost and related changes. One such incentive which some providers may opt for, is to offer a premium service to self-funders only.

- 3.9 The remaining sections of this report outline the breadth of the changes that Adult Social Care is working on in concert with its key partners including the people we support, carers, NHS bodies, care providers and the community and social enterprise organisations. As the evidence shows the changes summarised below provide Kent with firm foundations to respond to the broad outcomes set out in the Building Back Better command paper and the indicative high-level policy aims of the forthcoming White Paper on social care reform.

#### 4. **Making A Difference Every Day – Our Strategy for Adult Social Care in Kent**

- 4.1 In July 2020, an Adult Social Care Diagnostic was undertaken to provide a clear view of the current state and future aspiration of Adult Social Care in Kent, establish a direction of travel, provide a supporting narrative and to develop an approach to support people to lead the lives they want to live, in a place they call home, by putting people at the heart of everything we do.

The Adult Social Care and Health Directorate has continued to operate in an extremely challenging environment throughout 2021, as it manages the COVID-19 recovery amidst a range of local and national challenges. The crises also exposed the deep levels of inequalities in society and how certain individuals have been disproportionately affected as a result. It is vital that we proactively tackle inequalities and injustices through our social care practice, ensuring that we treat people as individuals and co-produce plans with diverse communities, ensuring that their concerns, aspirations and strengths are reflected in our strategy.

- 4.2 Our *Making A Difference Everyday* approach which focuses on three key areas; Practice: what we do, Innovation: how we work and Meaningful Measures: why we do things are integral to how we will achieve our vision.

- **Practice** is driven by our statutory responsibilities will be strengths based, that empowers people to use their strengths and the strengths of their communities to achieve their own outcomes. We will act as their champion and we will challenge discrimination wherever we see it and support them to make choices which are right for them.
- **Innovation** will be at the heart of everything we do to ensure that we work together to make the best use of the opportunities that new technology and emerging best practice presents us, to deliver the best outcomes for the people we support. A culture of innovation will be embedded so that we are a 'curious' organisation, able to challenge current ways of working to continuously improve and swiftly adapt to changing needs and demands.
- **Meaningful measures**; We will listen to, involve, co-produce and act on the views of people we support, their families and carers. We will understand and measure what is important to them and capture the persons voice at all opportunities to ensure we continuously improve.

- 4.3 The *Making A Difference Every Day Adult Social Care in Kent 2022 to 2027*, strategy which is under consultation with the public and closes on 24<sup>th</sup> October 2021 sets out our proposed vision for adult social care; ***“Making a positive difference every day, and supporting you to live as full and safe a life as possible and make informed choices.”***
- 4.4 This strategy sets out our vision for how we plan to make changes working with people in Kent and all our partners to ensure people we support including carers, will make more informed choices about what support is right for them. Our support will be more personalised, easy to access, more joined-up and consistent for the people we support, improving their overall outcomes and experience of adult social care and how we link with our partner organisations.
- 4.5 The voices of the people we support will be heard as individuals, making sure we focus on equality, diversity and inclusion as we work with people, as a guide towards continuous improvement. We will work with communities early on to help people feel empowered, resilient and develop their independence and access trusted support. People will experience more flexible ways of arranging support, promoting a balance of choice for the people we support, quality and value.
- 4.6 Expertise and insights drawn from carers’ experiences are important to help us find better ways to support carers and improve services for cares. This is why the development of a carers strategy is a key building block on our Making a Difference Everyday approach. We will use initial research conducted via the carers behavioural study that was undertaken at the beginning of the year. In addition to this, we have sent letters and questionnaires to over 2000 Kent Carers as part of the National Carers Survey running up until 30 November 2021. Results from this survey will feed into the development of the draft strategy. We will ensure coproduction of the strategy with carers’ support organisations, action groups and individual carers. The draft strategy will be consulted with the wider public and we will try to reach ‘unknown carers’ for their views on the draft strategy in a way which is meaningful and allows people to help shape the future services.
- 4.7 Our *Making A Difference Every Day* approach aligns with the anticipated future White Paper for reforming adult social care due later in the year which is understood will focus on choice, control and independence; providing outstanding quality of care; and be fair and accessible to all who need it, when they need it.
- 4.8 Whilst the government’s ‘Build Back Better: Plan for Health and Social Care’ acknowledges the challenges that the health and social care sector faces and plans to make an extra £36 billion available over the next three years to address these issues, the Local Government Association has raised concerns about what proportion of this money will be allocated to adult social care. The Local Government Association also identifies a remaining funding gap of £1.5 billion required to stabilise the care provider market. With all the challenges we continue to face the need to continue to build on the culture of innovation and continuous improvement that we have harvest throughout the pandemic and continue to test and trial new ways of working through our practice to improve quality and outcomes.

## 5. Making A Difference Every Day approach

- 5.1 Through **practice** we are designing a strengths based approach, that empowers people to focus on their personal strengths and social and community networks and the strengths of their communities to achieve their own outcomes. Our Strengths-based practice will be holistic and multidisciplinary and work with the individual to promote their wellbeing.

We are designing a practice model that will shift from a paternalistic perspective to working with people and co-producing and co-designing services. Such approaches appreciate that people with lived experiences are equal partners in the design of the services, care and support they receive. This means that people with lived experienced need to be empowered and enabled to engage with decision-makers in a meaningful way.

Our first conversation with people is often the most important conversation and we need to ensure we are finding strength-based solutions that connect people with the right information, advice or guidance, community support or professional to meet their needs.

- 5.2 The response to the pandemic highlighted the role of **community**, where we have seen local communities come together with mutual aid groups and volunteering flourishing. We want to build on this asset-based approach and increase coproduction and ensure communities shape and develop innovative models of care and support and are central to decision making about their communities.

We will engage with the people and communities that we support to understand what resources they need in order to thrive. We will develop ongoing, productive working relationships and closer collaboration with Voluntary, Charity and Social Enterprise sector and other community-based groups and organisations that support people in their communities on a daily basis.

The development of a locality model will support our teams to understand more about the community resources that are available to support the people they work with. We will look for ways to develop and strengthen relationships between our teams and community-based organisations - including closer joint working in particular with the NHS and other key partners.

We will identify mechanisms and develop partnerships that enable us to identify, replicate and scale up areas of best practice. We will identify mechanisms and develop partnerships that enable us to identify and fill gaps in community-based resources. The details of the strategy delivery plans are described in Appendix 2.

- 5.3 Adult Social Care and Health continue to face pressures to support hospital discharges and increased demand for care and support; these challenges which pre-date COVID-19 have been compounded by the impact of the pandemic. The social care market is beset with high vacancy levels and high staff turnover rates both of which have been amplified by COVID-19. As a result, the workforce challenges are perhaps the most critical of all the challenges. This situation has direct and immediate impact on the NHS as well as the local authority's ability to plan to support individuals in a timely manner. This is further compounded by the requirement for care workers to be vaccinated by 11 November 2021.

The development of **micro-providers** in Kent has been identified as a key mechanism to enhance sustainability within the Care and Support in the Home market and support the development of resilient communities – a key strand of Making a Difference Everyday. This is a new innovative approach in Kent that has been successful in other areas; particularly Somerset. Micro-providers will help strengthen the sector by helping to diversify the range of activities on offer, spread innovation and make use of the talents of new and experienced care workers, who might otherwise not be in the sector at all. They will connect communities, stimulate and support local services, and build resilience, diversity and creativity into local economies.

The System Discharge Pathways Programme was established in autumn 2020 and has worked with a range of partners to improve discharge services, embed a discharge to assess approach and manage demand and capacity in discharge services. The programme will continue to deliver services in a more integrated way and ensure services are aligned to the needs of Kent residents in the coming months. The programme works with Kent Community Health Foundation Trust, Kent and Medway Clinical Commissioning Group and representatives from Kent's Integrated Care Partnerships to ensure a holistic, system-wide approach to decision making and the utilisation of resources in Kent.

- 5.4 An integral part of Making a Difference Every Day is how we use digital solutions to both reduce and prevent demand on services, support our new ways of working, and to encourage people we support and citizens to take greater ownership and responsibility for their own health and wellbeing. Our **digital programme** will drive the use of Digital technologies as enablers of change, creating new opportunities for service development, improving health and social care outcomes and removing organisational barriers to support a truly integrated system for health and social care that focus on the outcomes for people.

Over the last year we have already implemented digital solutions such as the KARA video carephone, worked in partnership with health to develop the **Kent and Medway shared health and Care Record** to provide the most up to date information, working with digital champions to improve our skills and developed a network of digital ambassadors to empower people to have the confidence to use technology. But we want to do more and have identified some digital priorities to deliver better experiences to the people we support.

We will empower people to have the confidence to use technology, access care and support online, introduce technologies to help them live independently at home and keep them connected to the wider community, by: creating digital access that enable people to seek information, advice and connect in an easy, timely and clear way and self-serve were possible; Develop a technology enabled care offer that is person-centred, flexible and innovative; maximising the functionality of Mosaic, our adults social care IT system and build on the integrated Kent and Care Record.

- 5.5 The coproduction of a **digital front door** will provide high quality information, advice, and guidance to ensure whenever possible and appropriate people are able to self-serve via digital solutions, or their carers and families can on their behalf. This approach allows people to maintain control and to exercise choice at whatever point they are at in their lives. Further, it helps the Council to use its resources more effectively. Connect to Support; a digital platform will be implemented in Jan 2022 and further modules that allow self-service; including an e-market place are in the next phase of the digital roadmap.

- 5.6 **Technology Enabled Care** is a key activity within Kent County Council's Adult Social Care Digital roadmap. It requires a significant shift and the adoption of innovative solutions to meet a person's needs which is underpinned by strengths-based practice and a person-centred focus. To realise this, work is underway to help us move towards a technology first culture. Covid has provided clear evidence that technology can play a key role in providing better experiences, improved health outcomes, greater staff and carer experiences, and reduced healthcare costs for individuals, the NHS, local authorities, and housing providers. We recognise we need to work in partnership to test a range of digital solutions and approaches as part of a digital roadmap in order to fully exploit the full potential of digital and deliver improved outcomes for our population.
- 5.7 **Data and integration** with core systems is the source of long-term value. The significant depth and breadth of data generated, collected and stored is potentially the greatest asset for driving digital innovation in the health and social care. We need to ensure more intelligent and better use of data, in particular improving the interoperability of data systems to enable greater sharing of data across systems, organisations and sectors. There are a number of opportunities with the Kent and Medway Care Record and we will need to understand future system requirements as an introduction of the care cap and the potential requirements for an online care account.
- 5.8 We recognise we need to work in partnership to test a range of digital solutions and approaches as part of a digital roadmap in order to fully exploit the full potential of digital and deliver improved outcomes for our population. **Digital inclusion** is an important part of our ambitions within the Kent and Medway ICS and a number of initiatives are underway to increase digital awareness and support to the citizens living in Kent and Medway. Within this programme, there has been the development of digital ambassadors to help people feel more confident with technology and understand how it can support people to remain independent. This network will enable us to share and grow technologies to meet system-based health and care outcomes in the way that is best for the communities we serve.
- 5.9 Place Based partnerships (previously called Integrated Care Partnerships) will support healthcare providers to work more closely with the County Council and build on the excellent joint work throughout the pandemic and continue to explore how to align more closely to deliver to a broader model of care that achieves better outcomes for people and, in turn, strengthens our local communities

Operationally the benefits from current and future joint working arrangements can be accrued by fully utilising existing mechanisms for joint working and should result in simplifying complex pathways and providing greater choice and control for individuals. As the County Council builds back better from COVID there is an appetite to use these mechanisms to extend our current collaborative approach and go further, faster to improve the health and wellbeing of our residents. Details of the strategy delivery plans are described in Appendix 2.

## 6. Conclusions

- 6.1 The additional funding that was confirmed when the Plan was announced has

been welcomed, although at this stage it is unclear how much of the additional funding for social care over the next 3 years will be needed to fund the cap and impact on client contributions towards care. However, set against the long - term challenges that the social care sector faces, the call for sustainable funding and lasting reform has increased following the Plan's announcement. This is because the demand pressures continue to increase, and about half of the adult social care budget is spent on people of working age with disabilities.

- 6.2 The implementation of the changes would fall to several corporate functions such as IT, Finance, and Strategic Commissioning, as well as Adult Social Care and Health. It is suggested that KCC should revisit and update the County Care Markets report of July 2015 which outlined and detailed the overall cost implementations of the cap on care costs.
- 6.3 The multiple elements involved, and the far-reaching implications are such that the programme of work should be managed as part of the Strategic Reset Programme governance arrangements.
- 6.4 The Making A Difference Every Day Strategy for Adult Social Care in Kent and the delivery plans will help support BUILDING BACK BETTER – Our Plan for Health and Social Care. The Making a difference everyday programme will continue to report into the Strategic Reset Programme with progress against delivery and to manage interdependencies.

## 7. Recommendation(s):

County Council is asked to **note** the contents of this report, including the initial assessment of the implications for Kent, that are associated with the main proposals of the Plan for Health and Social Care in England and the delivery plans which are being taken forward toward achieving the outcomes of the new Strategy.

## 8. Background Documents

Build Back Better – Our Plan for Health and Social Care

Making A Difference Every Day – Our Strategy for Adult Social Care in Kent

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## Appendix 1

### **The State of Care in County and Rural Areas – A brief summary**

The below is a brief summary of the joint County Councils Network and Rural Services Network report examining the state of social care in county and rural areas.

#### **Key Findings:**

County and rural areas have the highest percentage of service requests – 58% – where no formal service is provided. Some 545,000 requests to county and rural unitary councils during 2019/20 resulted in advice or signposting, or no service being provided. Just 8% of all requests (77,000) resulted in long-term care support.

Some 47% of spending in county and rural areas is on working age adults in receipt of care. This is despite three quarters of demand for care services in county and rural areas coming from those aged 65+.

The data shows that there has been a long-term trend of shrinkage of the residential care home market even before Covid, with county and rural areas witnessing the closure of 272 residential and nursing care homes over the past three years.

Public and private fee polarisation has become more deeply embedded as a structural feature of the care home market, with private fees more than 40% higher than publicly paid fees for the same level of amenity, and in all probability the same level of care. This had led to a care home fee gap of £761m for counties alone in 2020/21 – the estimated annual cost of bringing local authority fees closer to self-funder rates.

Analysis in the lead up to the previous plans to implement a cap on care showed CCN member councils accounted for two-thirds of the total early assessment and review costs identified.

Funding and the costs of services has diverged dramatically over the past five years. As a result of growing demand for services and costs, the difference between funding and service costs has grown 20.8% over the period, some £1.2bn for county and rural unitary councils.

Future cost projections for the period 2020/21 to 2029/30 show that nationally total costs will rise by £6.7bn, some 38% just to keep services operating as they are presently without any increase the level or quality of services. County and rural unitary councils account for £3.3bn of this total increase in costs over the period, with estimated spending need rising 40% – higher than the national average and for metropolitan boroughs.

The report includes the following recommendations:

Increase funding in the Spending Review to meet rising cost and unmet need before 2023; Unless Government provides more funding at the Spending Review to meet rising costs; expand service provision to meet needs going unmet; and better

support younger adults, further reductions to services will be required in county and rural unitary councils in the period leading up to reform.

Fully assess the impact of new duties for self-funders; It remains extremely uncertain that the funding announced to date will be sufficient to meet the costs arising from reform when the additional costs from establishing a 'fair price for care' are considered – estimated at £761m annual in county and rural areas alone. The impact of extending commissioning duties to self-funders to enable them to have their care arranged by councils, and access local authority contracts and fee levels, must be consulted on, and risk assessed, with appropriate funding and policy mitigation to prevent unsustainable financial costs and risks to councils and providers.

Enshrine in law a dedicated proportion of the new Health & Social Care Levy for care services; The nature of insufficient short-term settlements and temporary resources for social care have undermined efforts to transform services. It is therefore imperative the Government enshrines in law the proportion of the Health and Social Care levy that will be dedicated to social care. Without a proportion of funding being enshrined in law for social care, there is no guarantee that income from the levy beyond 2025 will be used to predominantly fund social care once the NHS backlog is cleared.

Support the social care workforce in county and rural areas; CCN and RSN welcome the emphasis on improving the workforce. However, the details of these proposals must recognise the particular challenges faced in county and rural areas and ensure that the workforce is adequately recognised and rewarded. This may involve specific policies and resources to allow county and unitary councils which have difficulty recruiting staff to work across long distances to be able to compete for labour with other industries such as hospitality and retail which have recently witnessed pay inflation.

Ensure fair funding and equality of service across the country; The Government needs to ensure that all citizens can access the similar levels of social care service regardless of where they live. A sustainable and fair distribution of resources between health and social care must be coupled with a fair formula for distributing between different councils. This must recognise the costs of service delivery in county and rural areas and also an understanding that reform to social care will change demand patterns and eligibility for support for self-funders, in the process creating new, specific pressures, for these councils. Any funding distribution must also recognise the already disproportionate burden placed on council tax to fund services in county and rural areas.

Manage the transition from residential to domiciliary care; To help support the transition from residential to more domiciliary care reform should help encourage the better development of mixed forms of provision such as retirement communities which offer specifically adapted housing with care on site enabling a more graduated approach to care needs among those ageing.

The full report is available [here](#).

## Strategy Delivery Plans

*The Making A Difference Every Day Programme aims to achieve the following key outcomes for the people we support, our workforce and the partners we work with:*

We want the **people we support** to:

- **Maximise their independence and resilience** so they can live the life they want.
- **Have choice and control** over their outcomes, the support they can access, and how they access it.
- **Be listened to** and able to shape what we do and how we do it.
- **Experience support centered on them and their wider support network**, which understands them as individuals, sees that we value equality and difference and that we support them in a way that is based on their strengths.

We want our **workforce** to:

- **Be empowered and confident** in their role, delivering innovatively and creatively using all available resources including digital tools.
- **Feel proud to work for Adult Social Care** and Kent County Council.
- **Be clear on their role and contribution** to our wider vision and purpose in the system.
- **Productive and satisfied in their career** and ongoing development.

We want the **Council and wider system** to:

- **Make best use of available resources** and be **more sustainable** as a result of effectively delivering outcomes and preventing demand.
- **Offer a seamless experience** for the people we support by working closely together.
- **Be clear on our respective strengths** and contributions.
- **Drive innovation** and be recognised for our collaborative ways of working as one system.

The overarching *Making A Difference Every Day – Our strategy for Adult Social Care in Kent 2022 to 2027* is supported by several delivery plans comprising the following:

- A Carers strategy being co-produced and will set out a plan of action
- A Commissioning Strategy being co-produced and will set out our strategic commissioning direction
- **Practice Model** – The practice model will design and implement a strengths-based approach to safeguarding, engaging, supporting, and working with the people we support, from the first point of contact to deliver better outcomes

- **Locality model** – The locality model will set out the model for working with communities and providers to support the needs to the community
- **Community Resilience** – The community resilience project will define what it means to empower communities; the development of **micro-providers and community assets will** connect communities, stimulate and support local services, and build resilience, diversity and creativity into local economies
- **System Discharge Pathways** - improve discharge services, embed a discharge to assess approach and manage demand and capacity in discharge services
- **Digital Innovation** – The digital innovation work, including the Citizen portal and digital front door, will change the way in which the people we support are able to engage with us, helping to facilitate channel shift where it is appropriate to do so.
- **Technology Enabled Care** - adoption of innovative technology solutions to meet a person's needs which is underpinned by strengths-based practice and a person-centred focus.
- **Quality Assurance Framework** –will be a clear set of practice standards. These will ensure that all Adult Social Care staff and providers are working to deliver against the same values and high standards of quality, to deliver the best outcomes for the people we support.
- **Partnership working** – The delivery of the new ways of working and support offer requires the engagement of key partners including Health and District Councils. These relationships will need to be built KCC wide and have an impact beyond ASC.

From:	Peter Oakford, Deputy Leader and Cabinet Member for Finance, Traded and Corporate Services Zena Cooke, Corporate Director of Finance
To:	County Council – 4 November 2021
Subject:	Treasury Management annual review 2020-21
Classification:	Unrestricted

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**Summary:**

To report a summary of Treasury Management activity in 2020-21

**Recommendation:**

Members are asked to note the report

**FOR DECISION**

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**Introduction**

1. The Chartered Institute of Public Finance and Accountancy's Treasury Management Code (CIPFA's TM Code) requires that councils report on the performance of their treasury management function at least twice yearly (mid-year and at year end). Half yearly performance reports are presented to the County Council and quarterly updates are provided to the Governance and Audit Committee. Members of the Treasury Management Advisory Group (TMAG) also receive monthly updates.
2. The Council's Treasury Management Strategy for 2020-21 was approved by full Council on 13 February 2020. This was prepared before the full impact of the December and January Covid-19 national lockdown were known.
3. The council has both borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Council's treasury management strategy.
4. Treasury risk management at the council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year and, as a minimum, a semi-annual and annual treasury outturn report. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

## External context

### Economic background

5. The coronavirus pandemic dominated 2020/21, leading to almost all countries being in some form of lockdown during the year. Some good news came in December 2020 as two COVID-19 vaccines were given approval by the UK Medicines and Healthcare products Regulatory Agency (MHRA). The UK vaccine rollout started in earnest; over 31 million people had received their first dose by 31st March.
6. Throughout the period efforts to reach an agreement between the UK and EU on a trade deal were in the headlines. A Brexit trade deal was agreed on 24 December and passed into UK law on 30 December.
7. The start of the financial year saw many central banks cutting interest rates as lockdowns caused economic activity to grind to a halt. The Bank of England (BoE) held Bank Rate at 0.1% throughout the year but extended its Quantitative Easing programme by £150 billion to £895 billion at its November 2020 meeting.
8. Government initiatives supported the economy and the Chancellor announced in the 2021 Budget a further extension to the furlough (Coronavirus Job Retention) scheme until September 2021. Access to support grants was also widened, enabling more self-employed people to be eligible for government help.
9. Despite the furlough scheme the Labour market data showed that the unemployment rate was higher than that recorded for the same period 12 months ago rising to 5.0% in the three months to January 2021 before falling slightly to 4.7% in the three months to April. Wages have risen, with total pay up 5.6% for the three months February to April 2021.
10. Inflation remained low over the 12-month period to the end of March and below the Bank of England's 2% target before rising above that level to 2.1% in May 2021 partly due to higher energy and commodity prices as well as supply side bottlenecks.
11. Over the twelve months GDP has fluctuated reflecting the impact of lockdown measures. After a period of growth in the second half of 2020 the reimposition of restrictions on activity in the first quarter of 2021 resulted in GDP falling 1.6%. Housing market activity remained strong, aided by the extension of the stamp duty threshold and an increase in mortgage approvals for house purchases.
12. The European Central Bank maintained its base rate at 0% and deposit rate at -0.5% but in December 2020 increased the size of its asset purchase scheme to €1.85 trillion and extended it until March 2022.



## Financial markets

13. Monetary and fiscal stimulus helped provide support for equity markets which rose over the period, with the Dow Jones beating its pre-crisis peak on the back of outperformance by a small number of technology stocks. FTSE indices have performed well and the UK-focused FTSE 250 index is back above pre-pandemic levels while the more internationally focused FTSE 100 has recouped most of its 2020 losses.
14. Ultra-low interest rates prevailed throughout most of the period, with yields generally falling between April and December 2020. From early in 2021 the improved economic outlook due to the new various stimulus packages (particularly in the US), together with the approval and successful rollout of vaccines, caused government bonds to sell off sharply on the back of expected higher inflation and increased uncertainty, pushing yields higher more quickly than had been anticipated.
15. The 5-year UK benchmark gilt yield began the financial year at 0.18% before declining to -0.03% at the end of 2020 and then rising strongly to 0.39% by the end of the financial year. Over the same period the 10-year gilt yield fell from 0.31% to 0.19% before rising to 0.84%. The 20-year declined slightly from 0.70% to 0.68% before increasing to 1.36%.
16. 1-month, 3-month and 12-month SONIA bid rates averaged 0.01%, 0.10% and 0.23% respectively over the financial year.
17. The vaccine approval and subsequent rollout programme are both credit positive for the financial services sector in general, but there remains much uncertainty around the extent of the losses banks and building societies will suffer due to the economic slowdown which has resulted due to pandemic-related lockdowns and restrictions. The institutions and durations on the Council's counterparty list recommended by treasury management advisors Arlingclose remain under constant review, but at the end of the period no changes had been made to the names on the list or the recommended maximum duration of 35 days.

## Local context

18. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment.
19. Lower official interest rates have reduced the cost of short-term, temporary loans and investment returns from cash assets that can be used in lieu of borrowing. The council therefore pursued its strategy of keeping borrowing and investments below their underlying levels, known as internal borrowing, in order to reduce risk and keep interest costs low.
20. At 31 March 2021 the Council's useable reserves and working capital amounted to £682m. The Council used £180m of its reserves to fund capital

spend rather than borrow from external providers leaving £502m available for investment, an increase on 2020 of £120m.

21. The treasury management position at 31 March 2021 and the change over the year is shown in the following table.

	<b>31.3.20 Balance £m</b>	<b>2020-21 Movement £m</b>	<b>31.3.21 Balance £m</b>	<b>31.3.21 Average Rate %</b>
Long-term borrowing	883.8	-30.1	853.7	4.52
<b>Total borrowing</b>	<b>883.8</b>	<b>-30.1</b>	<b>853.7</b>	<b>4.52</b>
Long-term investments	157.3	+16.8	174.1	4.59
Short-term investments	137.6	+9.8	147.4	0.40
Cash and cash equivalents	86.7	+93.3	180.0	0.00
<b>Total investments</b>	<b>381.6</b>	<b>+119.9</b>	<b>501.5</b>	<b>1.75</b>
<b>Net borrowing</b>	<b>502.2</b>	<b>-150.0</b>	<b>352.2</b>	

## Borrowing update

22. In November 2020 the PWLB published its response to the consultation on 'Future Lending Terms'. From 26 November the margin on PWLB loans above gilt yields was reduced from 1.8% to 0.8% providing that the borrowing council can confirm that it is not planning to purchase 'investment assets primarily for yield' in the current or next two financial years. Authorities that are purchasing or intending to purchase investment assets primarily for yield will not be able to access the PWLB except to refinance existing loans or externalise internal borrowing. As part of the borrowing process authorities will now be required to submit more detailed capital expenditure plans with confirmation of the purpose of capital expenditure from the Section 151 / Section 95 Officer. The PWLB can now also restrict local authorities from borrowing in unusual or large amounts.
23. Acceptable use of PWLB borrowing includes service delivery, housing, regeneration, preventative action, refinancing and treasury management. Misuse of PWLB borrowing could result in the PWLB requesting that council unwinds problematic transactions, suspending access to the PWLB and repayment of loans with penalties.
24. The council is not planning to purchase any investment assets primarily for yield within the next three years and so is able to take advantage of the reduction in the PWLB borrowing rate.

## Borrowing strategy

25. At 31 March 2021 the council held £853.73m of loans, a reduction of £30.10m from 31 March 2020 as part of its strategy of funding previous year's capital

programmes. The year-end borrowing position and the year-on-year change are shown in the table below.

### Borrowing Position

	31/03/2020	2020-21	31/03/2021	31/03/2021	31/03/2021
	Balance	Movement	Balance	Average Rate	Value Weighted Average Life
	£m	£m	£m	%	yrs
Public Works Loan Board	473.28	-23.67	449.61	4.83%	15.95
Banks (LOBO)	90.00	0.00	90.00	4.15%	42.88
Banks (Fixed Term)	291.80	0.00	291.80	4.40%	37.51
Streetlighting project	28.75	-6.43	22.32	1.28%	10.09
<b>Total borrowing</b>	<b>883.83</b>	<b>-30.10</b>	<b>853.73</b>	<b>4.52%</b>	<b>26.00</b>

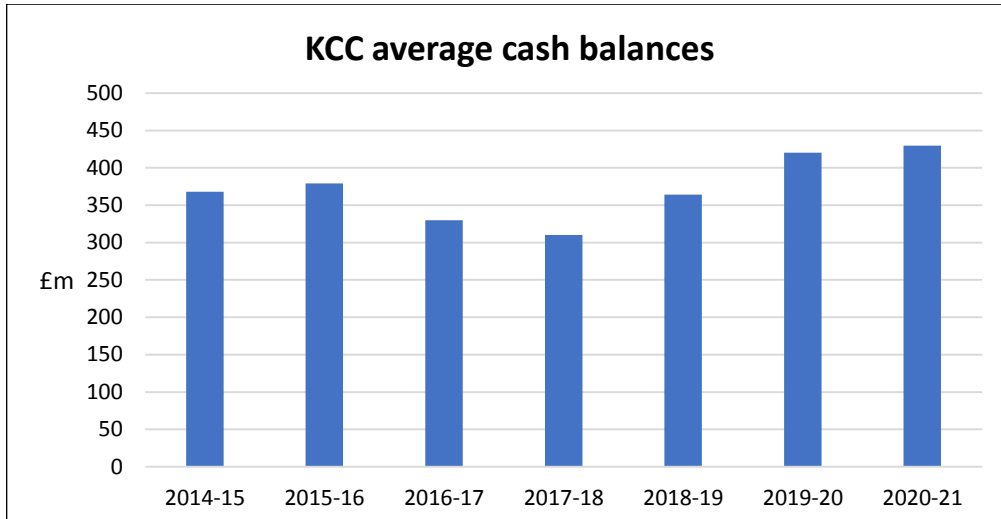
26. The council's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the council's long-term plans change being a secondary objective.
27. The benefits of internal borrowing are monitored regularly against the potential for incurring additional costs and the council's Treasury Advisor, Arlingclose has assisted it with this 'cost of carry' and breakeven analysis. The council's strategy has enabled it to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk.
28. The council continues to hold £90m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the council has the option to either accept the new rate or to repay the loan at no additional cost. No banks exercised their option during the period.
29. At 31 March 2020 the council had borrowed the total £40.6m funding agreed specifically to fund improvements to Kent's street lighting under the government's energy efficiency loans programme of which £30.6m has been an interest free loan provided by Salix Finance Ltd. £12m of the Salix loan had been repaid as at 31 March 2020 and a further £18.24m was repaid during 2020-21.

### **Treasury investment activity**

30. KCC holds significant invested funds representing income received in advance of expenditure plus balances and reserves held. During 2020-21 the council's

average investment balance was £430m. Balances fluctuated during the year rising at the year end to £501.5m as the result of the receipt in March of grants to cover COVID -19 costs and business rate compensation.

Average investment balances 2015 – 21



31. At 31 March 2021 the council held some £93m in bank call accounts and in Money Market Funds with same day access to cover urgent payments and enhance the council's liquidity.
32. At 31 March 2021 the value of the council's investments in pooled funds was £174.1m, 34.7% of its total cash.
33. The year-end investment position and the year-on-year change are shown in the table below.

	31-Mar-20	2020-21	31-Mar-21	31-Mar-21	31-Mar-21
	Balance	Movement	Balance	Average Rate of Return	Average Credit Rating
	£m	£m	£m	%	
Bank Call Accounts	30.0	15.0	45.0	0.05	A+
Money Market Funds	56.7	78.3	135.0	0.00	A+
Local Authorities	50.0	1.0	51.0	0.24	A+
Covered Bonds	84.9	-5.2	79.7	0.64	AAA
DMO Deposits (DMADF)	0.0	9.4	9.4	0.01	AA-
Icelandic Recoveries o/s	0.4	-0.4	0.0		
No Use Empty Loans	0.0	6.1	6.1	1.5	
Equity	2.3	-1.0	1.3		
<b>Internally managed cash</b>	<b>224.3</b>	<b>103.1</b>	<b>327.4</b>	<b>0.27</b>	<b>AA-</b>
<b>Strategic Pooled Funds</b>	<b>157.3</b>	<b>16.8</b>	<b>174.1</b>	<b>4.78</b>	
<b>Total</b>	<b>381.6</b>	<b>119.9</b>	<b>501.5</b>	<b>1.75</b>	

34. Both the CIPFA Code and government guidance require the council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

### **Internally managed investments**

35. Given the ongoing uncertainty around its cash flows the Council continues to hold significant balances in money market funds as well as in bank call accounts which have same day availability. This liquid cash was diversified over several counterparties and money market funds to manage both credit and liquidity risks.
36. Deposit rates with the Debt Management Account Deposit Facility (DMADF) have continued to fall and are now largely around zero while the net return on Money Market Funds net of fees, which had fallen after Bank Rate was cut to 0.1% in March 2020, are now at or very close to zero. Fund management companies have temporarily lowered or waived fees to avoid negative net returns.
37. On 31 March 2021 the Council had lent £51m to other local authorities. Each request to borrow or to renew an existing loan is assessed in terms of our own cashflow requirements and within our effective lending policies and procedures. During the 12 months the Council also made loans totalling £5.6m to the no use empty loans programme achieving a return of 1.5% which is available to fund general services.
38. The progression of credit risk and return metrics for KCC's investments are shown in the extract from Arlingclose's quarterly investment benchmarking in the table below.

#### Investment Benchmarking

	<b>Credit Score</b>	<b>Credit Rating</b>	<b>Bail-in Exposure</b>	<b>Weighted Average Maturity (days)</b>	<b>Income Rate of Return</b>
31.03.2020	3.02	AA	39%	349	2.42%
31.03.2021	3.76	AA-	53%	146	1.70%
Similar LAs	4.35	AA-	39%	983	1.14%
All LAs	4.63	A+	63%	14	0.90%

39. Details of the council's investment position at 31 March 2021 are reported in Appendix 1.

## Externally managed investments

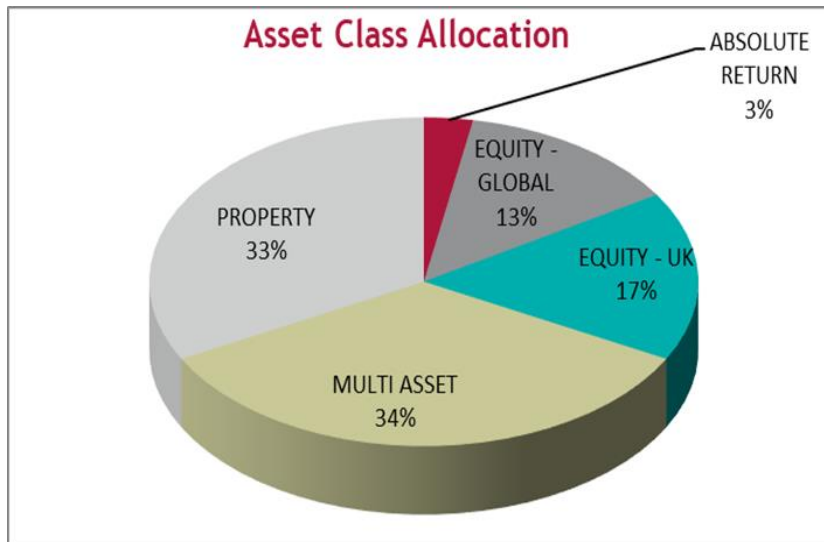
40. The Council has invested £180m in bond, equity, multi-asset and property funds. Since March 2020 there has been improvement in market sentiment which is reflected in an increase in capital values of the strategic bond, equity and multi-asset income funds although the recovery in UK equities has lagged those of US and European markets.
41. The CCLA LAMIT Property Fund continues to lag its 31 March 2020 value. Similar to many other property funds, dealing (i.e. buying or selling units) in the Fund was suspended in March 2020 and lifted in September. Redemption terms for the Fund have also been changed and from September 2020 investors are required to give at least 90 calendar days' notice for redemptions.
42. Decisions to invest in these funds have been made taking account of advice from Arlingclose. Arlingclose monitor their performance and provide monthly updates for the council. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's medium to long-term investment objectives are regularly reviewed. Strategic fund investments are made in the knowledge that capital values will move both up and down on months, quarters and even years; but with the confidence that over a three- to five-year period total returns will exceed cash interest rates.
43. Details of the externally managed pooled funds are shown in the following table.

### Externally Managed Investments

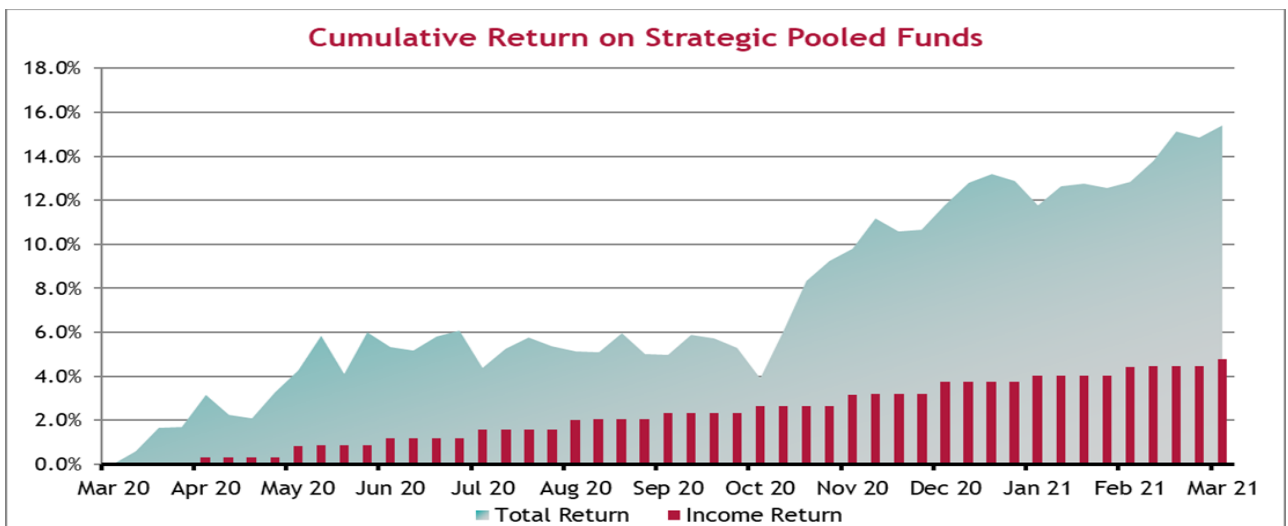
		31-Mar-20	2020-21	31-Mar-21	31-Mar-21	
Investment Fund	Book cost	Market Value	Movement	Market Value at	12 months return	
	£m	£m	£m	£m	Income	Total
Aegon (Kames) Diversified Monthly Income Fund	20.0	16.9	3.3	20.2	4.49%	23.84%
CCLA - Diversified Income Fund	5.0	4.6	0.4	5.0	2.81%	11.22%
CCLA – LAMIT Property Fund	60.0	57.9	-0.8	57.1	4.34%	2.97%
Fidelity Global Multi Asset Income Fund	25.0	23.7	1.0	24.7	4.62%	8.70%
M&G Global Dividend Fund	10.0	8.6	3.6	12.2	4.26%	46.76%
Ninety One (Investec) Diversified Income	10.0	9.2	0.9	10.1	4.62%	8.7%
Pyrford Global Total Return Sterling Fund	5.0	4.7	0.3	5.0	2.10%	8.22%
Schroder Income Maximiser Fund	25.0	15.8	3.6	19.4	7.59%	30.56%

Threadneedle Global Equity Income Fund	10.0	8.4	2.5	10.9	3.35%	31.97%
Threadneedle UK Equity Income Fund	10.0	7.6	2.0	9.6	3.42%	29.86%
<b>Total External Investments</b>	<b>180.0</b>	<b>157.3</b>	<b>16.8</b>	<b>174.1</b>	<b>4.78%</b>	<b>15.40%</b>

44. A breakdown of the external investments by asset class is as follows:

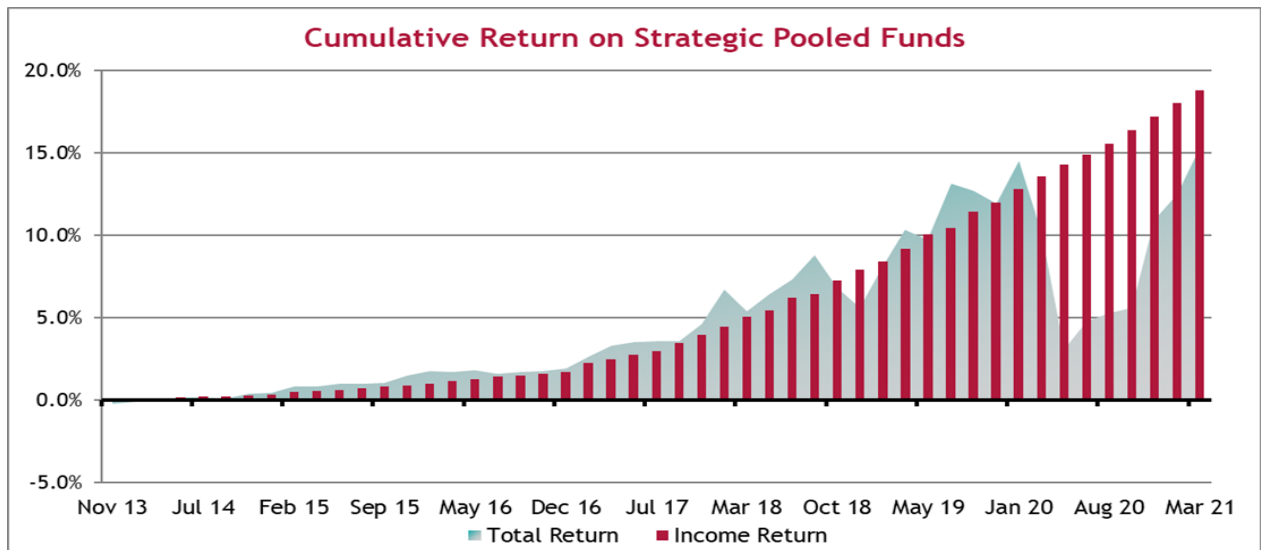


45. **Performance YTD:** The following chart tracks the returns earned on the pooled funds over the 12 months to end March 2021.



46. **Performance since inception:** KCC initially invested in pooled funds in 2013. The total cost of this investment was £180m and for the 8-year period the pooled funds have achieved an income return of £29.5m, 14.41%, while the capital value of the portfolio has fallen by 2.68%. The following chart tracks the returns earned on the pooled funds over the period from inception. We are currently discussing with the Council’s Treasury Advisors, Arlingclose the

extent to which some of the future income should be set aside in a specific reserve to cover the risk of capital losses pending confirmation of the status of the current statutory override on accounting for losses within the general Revenue fund.



## Financial outturn

47. Following the cut in Bank rate from 0.75% to 0.10% in March 2020, the council had expected to receive significantly lower income from its cash and short-dated money market investments, including money market funds in 2020/21, as rates on cash investments are close to zero percent.
48. Income from most of the Council's externally managed funds was also lower than in 2019/20 and earlier years as dividend and income distribution was dependent on company earnings in a very challenging and uncertain trading environment as well as enforced cuts or deferral required by regulatory authorities.
49. The Council's total investment income for the year was £8.4m, 1.95% on funds held. The above benchmark return reflects the investment in the pooled and spread of cash investments as detailed in the table at paragraph 25 above. KCC also received dividends on the equity held in Kent PFI Holding Co Ltd of £473,800.

## Compliance with treasury management indicators

50. The Corporate Director of Finance reports that all treasury management activities undertaken during the year complied fully with the CIPFA Code of Practice and the Council's approved Treasury Management Strategy. Compliance with specific borrowing and investment limits is demonstrated in the tables below.



## Debt Limits

	<b>31.3.21 Actual</b>	<b>2020/21 Operational Boundary</b>	<b>2020/21 Authorised Limit</b>	<b>Complied?</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	
Borrowing	854	995	1,050	Yes
PFI and Finance Leases	246	246	246	Yes
<b>Total debt</b>	<b>1,100</b>	<b>1,241</b>	<b>1,296</b>	

## Investment limits

	<b>Limit</b>	<b>Actual</b>	<b>Complied?</b>
	<b>£m</b>	<b>£m</b>	
Any single local authority	25	10	Yes
Any single supranational banks	20	Nil	Yes
Any single Non-UK Government institution	20	Nil	Yes
Any single UK bank	15	15	Yes
Council's banking services provider	20	15	Yes
Overseas banks - unsecured	20	Nil	Yes
Short-term Money Market Funds	20	20	Yes
Cashplus / short bond funds	20	Nil	Yes
Any single covered bond issuer	20	14	Yes
Total covered bond portfolio	100	80	Yes
Reverse repurchase agreements	20	Nil	Yes
Corporates (non- financials)	2	Nil	Yes
Registered Providers	10	10	Yes
Total Loans	20	Nil	Yes
Absolute Return funds	25	20	Yes
Multi Asset Income funds	25	25	Yes
Property funds	75	60	Yes
Bond funds	25	Nil	Yes
Equity Income Funds	25	25	Yes
Real Estate Investment Trusts	25	Nil	Yes
Total Pooled funds and real estate investment trusts	250	180	Yes

## Treasury Management Indicators

51. The Council measures and manages its exposures to treasury management risks using the following indicators.

52. **Security:** The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its internally managed investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Credit risk indicator	Actual 31/03/2021	Target	Complied?
Portfolio average credit rating	AA	AA	Yes

53. **Liquidity:** The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing.

Liquidity risk indicator	Actual 31/03/2021	Target	Complied?
Total cash available within 3 months	£240m	£100m	Yes

54. **Interest rate exposures:** This indicator is set to control the Council's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates will be:

Interest rate risk indicator	Actual 31/03/2021	Upper Limit
One-year revenue impact of a 1% <u>rise</u> in interest rates	£597k	£10m
One-year revenue impact of a 1% <u>fall</u> in interest rates	-£680k	-£10m

55. **Maturity structure of borrowing:** This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

	Actual 31/03/2021	Upper limit	Lower limit	Complied?
Under 12 months	2.55%	100%	0%	Yes
12 months and within 5 years	12.12%	50%	0%	Yes
5 years and within 10 years	8.60%	50%	0%	Yes
10 years and within 20 years	17.00%	50%	0%	Yes

20 years and within 40 years	33.13%	50%	0%	Yes
40 years and longer	26.60%	50%	0%	Yes

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

56. **Principal sums invested for periods longer than a year:** The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

	Actual	Limit	
Price risk indicator	31/03/2021	2021/22	2022/23
Principal invested beyond year end	£278m	£300m	£300m

## Recommendation

57. Members are asked to note the report

**Alison Mings**  
**Acting Business Partner – Kent Pension Fund**  
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**Ext: 03000 416488**  
**October 2021**

## Investments as at 31 March 2021

## 1. Internally Managed Investments

## 1.1 Term deposits, Call accounts and Money Market Funds

Instrument Type	Counterparty	Principal Amount £	Interest Rate	End Date
Fixed Deposits	Conwy County Borough Council	3,000,000	0.17%	21/06/21
Fixed Deposits	Conwy County Borough Council	3,000,000	0.17%	30/06/21
Fixed Deposits	Conwy County Borough Council	5,000,000	0.17%	30/06/21
Fixed Deposits	Thurrock Borough Council	10,000,000	0.35%	04/07/21
Fixed Deposits	Thurrock Borough Council	10,000,000	0.35%	04/05/21
Fixed Deposits	Cheltenham Borough Council	5,000,000	0.12%	17/05/21
Fixed Deposits	London Borough of Waltham Forest	10,000,000	0.22%	04/05/21
Fixed Deposits	South Somerset District Council	5,000,000	0.08%	17/05/21
<b>Total Local Authority Deposits</b>		<b>51,000,000</b>		
DMADF (Debt Management Account Deposit Facility)		9,400,000	0.00%	23/04/21
<b>Total DMADF deposits</b>		<b>9,400,000</b>		
Call Account	National Westminster Bank plc	20,000,000	0.01%	
Call Account	Santander UK plc	15,000,000	0.12%	
Call Account	Lloyds Bank plc	15,000,000	0.01%	
<b>Total Bank Call Accounts</b>		<b>45,000,000</b>		
<b>No Use Empty Loans</b>		<b>6,073,000</b>	1.5%	
<b>Registered Provider</b>	<b>£10m loan facility – non utilisation fee</b>		0.40%	31/03/23
Money Market Funds	Federated Short-term Sterling Prime Fund GBP KCC	14,996,019	0.01%	
Money Market Funds	HSBC Sterling Liquidity Fund	19,990,554	0.00%	
Money Market Funds	LGIM Sterling Liquidity Fund 4 KCC	19,996,727	0.00%	
Money Market Funds	Aberdeen Liquidity Fund (Lux) KCC	19,995,063	0.01%	
Money Market Funds	Northern Trust Sterling Cash Fund	19,994,271	0.00%	
Money Market Funds	Aviva Investors Sterling Liquidity Fund 3 GBP Inc	19,996,605	0.01%	
Money Market Funds	Deutsche Managed Sterling Platinum	19,995,263	0.01%	
<b>Total Money Market Funds</b>		<b>134,964,502</b>		
<b>Equity and Loan Notes</b>	Kent PFI (Holdings) Ltd	<b>1,298,620</b>		n/a

## 1.2 Bond Portfolio

Bond Type	Issuer	Adjusted Principal £	Coupon Rate	Maturity Date
Fixed Rate Covered Bond	Bank of Scotland - Bonds	4,484,701	1.71%	20/12/2024
Fixed Rate Covered Bond	National Australia Bank - Bonds	4,989,355	1.35%	10/11/2021
Fixed Rate Covered Bond	Leeds Building Society Bonds	4,203,756	1.29%	17/04/2023
Fixed Rate Covered Bond	Santander UK - Bonds	3,133,306	0.65%	14/04/2021
Fixed Rate Covered Bond	Bank of Nova Scotia Bonds	4,996,900	0.88%	14/09/2021
Fixed Rate Covered Bond	National Australia Bank - Bonds	3,000,636	1.10%	10/11/2021

Floating Rate Covered Bond	TSB Bank - Bonds	2,502,519	0.88%	15/02/2024
Floating Rate Covered Bond	Lloyds - Bonds	2,501,461	0.31%	27/03/2023
Floating Rate Covered Bond	Lloyds - Bonds	2,501,949	0.30%	27/03/2023
Floating Rate Covered Bond	Nationwide Building Society - Bonds	3,996,908	0.76%	10/01/2024
Floating Rate Covered Bond	Lloyds - Bonds	4,500,000	0.65%	14/01/2022
Floating Rate Covered Bond	Australia and New Zealand Banking group - bonds	3,000,000	0.73%	24/01/2022
Floating Rate Covered Bond	Santander UK - Bonds	2,002,022	0.74%	12/02/2024
Floating Rate Covered Bond	Nationwide Building Society - Bonds	4,502,710	0.26%	12/04/2023
Floating Rate Covered Bond	Bank of Montreal - Bonds	5,003,003	0.28%	17/04/2023
Floating Rate Covered Bond	Santander UK - Bonds	3,750,250	0.23%	13/04/2021
Floating Rate Covered Bond	Lloyds - Bonds	5,003,443	0.30%	27/03/2023
Floating Rate Covered Bond	Canadian Imperial Bank of Commerce - Bonds	5,012,165	0.21%	10/01/2022
Floating Rate Covered Bond	Santander UK - Bonds	5,001,516	0.27%	16/11/2022
Floating Rate Covered Bond	Nationwide Building Society - Bonds	5,583,412	0.25%	12/04/2023
<b>Total Bonds</b>		<b>79,670,012</b>		

<b>Total Internally managed investments</b>	<b>327,406,135</b>
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## 2. Externally Managed Investments

<b>Investment Fund</b>	<b>Market Value at 31-March-21</b>
	<b>£</b>
Aegon (Kames) Diversified Monthly Income Fund	20,170,739
CCLA - Diversified Income Fund	4,953,495
CCLA – LAMIT Property Fund	57,085,107
Fidelity Global Multi Asset Income Fund	24,668,522
M&G Global Dividend Fund	12,223,620
Ninety One (Investec) Diversified Income	10,112,648
Pyrford Global Total Return Sterling Fund	5,001,139
Schroder Income Maximiser Fund	19,391,023
Threadneedle Global Equity Income Fund	10,856,890
Threadneedle UK Equity Income Fund	9,593,540
<b>Total External Investments</b>	<b>174,056,723</b>

## 3. Total Investments

<b>Total Investments</b>	<b>£501,462,858</b>
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## GLOSSARY

### Local Authority Treasury Management Terms

<b>Bond</b>	A certificate of long-term debt issued by a company, government, or other institution, which is tradable on financial markets
<b>CET 1</b>	Core equity tier 1 - the purest form of capital for a financial institution, which is available to absorb losses while it remains a going concern, usually expressed as a ratio to risk weighted assets.
<b>CFR</b>	Capital Financing Requirement. A local council's underlying need to hold debt for capital purposes, representing the cumulative capital expenditure that has been incurred but not yet financed. The CFR increases with capital expenditure and decreases with capital finance and MRP.
<b>Covered bond</b>	Bond issued by a financial institution that is secured on that institution's assets, usually residential mortgages, and is therefore lower risk than unsecured bonds. Covered bonds are exempt from bail-in.
<b>CPI</b>	Consumer Price Index - the measure of inflation targeted by the Monetary Policy Committee, measured on a harmonised basis across the European Union
<b>FTSE</b>	Financial Times stock exchange – a series of indices on the London Stock Exchange. The FTSE 100 is the index of the largest 100 companies on the exchange, the FTSE 250 is the next largest 250 and the FTSE 350 combines the two
<b>GDP</b>	Gross domestic product – the value of the national aggregate production of goods and services in the economy. Increasing GDP is known as economic growth.
<b>IFRS</b>	International Financial Reporting Standards, the set of accounting rules in use by UK local authorities since 2010
<b>IMF</b>	International Monetary Fund
<b>LOBO</b>	Lender's Option Borrower's option
<b>MMF</b>	Money Market Funds. A collective investment scheme which invests in a range of short-term assets providing high credit quality and high liquidity. Usually refers to CNAV and LVNAV funds with a WAM under 60 days which offer instant access, but the European Union definition extends to include cash plus funds
<b>Monetary Policy</b>	Measures taken by central banks to boost or slow the economy, usually via changes in interest rates. Monetary easing refers to cuts in interest rates, making it cheaper for households and businesses to borrow and hence spend more, boosting the economy, while monetary tightening refers to the opposite. See also fiscal policy and quantitative easing.
<b>MPC</b>	Monetary Policy Committee. Committee of the Bank of England responsible for implementing monetary policy in the UK by changing Bank Rate and quantitative easing with the aim of keeping CPI inflation at around 2%.
<b>MRP</b>	Minimum Revenue Provision – an annual amount that local authorities are required to set aside and charge to revenue for the repayment of debt associated with capital expenditure. Local authorities are required by law to have regard to government guidance on MRP. Not applicable in Scotland, but see Loans Fund
<b>Municipal</b>	Bond issued or guaranteed by local authorities.

<b>bond</b>	
<b>Municipal bond Agency</b>	Company that issues bonds in the capital market and lends the proceeds back to local authorities. The bonds are guaranteed by the local authorities
<b>Pooled Fund</b>	Scheme in which multiple investors hold units or shares. The investment assets in the fund are not held directly by each investor, but as part of a pool (hence these funds are also referred to as 'pooled funds').
<b>Prudential Code</b>	Developed by CIPFA and introduced in April 2004 as a professional code of practice to support local authority capital investment planning within a clear, affordable, prudent and sustainable framework and in accordance with good professional practice. Local authorities are required by law to have regard to the Prudential Code
<b>PWLB</b>	Public Works Loan Board – a statutory body operating within the DMO that lends money from the National Loans Fund to local authorities and other prescribed bodies and collects the repayments. Not available in Northern Ireland.
<b>REIT</b>	Real estate investment trust – a company whose main activity is owning investment property and is therefore similar to a property fund in many ways
<b>Share</b>	An equity investment, which usually also confers ownership and voting rights
<b>Short-term</b>	Usually means less than one year
<b>Weighted average life (WAL)</b>	The weighted average time for principal repayment, that is, the average time it takes for every dollar of principal to be repaid. The time weights are based on the principal payments,
<b>Weighted average maturity (WAM)</b>	The weighted average maturity or WAM is the weighted average amount of time until the securities in a portfolio mature.



By: Roger Gough, Leader of the Council  
To: County Council – 4 November 2021  
Subject: Members' Allowances Scheme 2021 – 2025  
Status: Unrestricted

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Summary: This report summarises the amendments proposed to the Members' Allowances' Scheme and asks the Council to agree the Scheme for 2021-2025.

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## 1. Introduction

- a) Member Allowances were introduced to Local Authorities in accordance with Section 18 of the Local Government and Housing Act 1989 (as amended by the Local Government Act, 2000). The regulations governing Local Authorities schemes is set out in "The Local Authorities Members' Allowances (England) Regulations 2003."
- b) Full Council is the decision-maker on Members' allowances. However, there is a legal requirement under the regulations for Members to have before them a report by an independent Member Remuneration Panel setting out their recommendations regarding the scheme.
- c) The current Member Remuneration Panel (MRP) were appointed by County Council on 22 October 2020 with their four-year term commencing on 1 November 2020. Supported by staff from Democratic Services, the Panel conducted a review of our allowances scheme which included a survey in which Members were invited to participate (those in office prior to the election in May). Interviews were also held by the Panel with a number of Members.
- d) While the report of the Panel was delivered shortly after the election, in June, we took the decision to prioritise the County Council agenda given the ongoing coronavirus emergency. The final report of the Panel is attached as Appendix 2. The Executive has carefully considered the MRP report and has found many useful points to reflect on. The scheme as set out in the Constitution is a clear, factual, statement and our recommendations on this need to be kept separate from the wider comments that the MRP have made.

## 2. Members' Allowances Scheme 2021-25

- a) The proposed changes to the Members' Allowances Scheme are set out in Appendix 1. This shows with track changes the amendments to the current scheme as set out in the Constitution. The key features to highlight are set out below.

- b) **No changes to the Basic Allowance, Special Responsibility Allowances and Dependents' Carers' Allowances for 2021/22** – we are proposing that these allowances remain at the same amount as they were throughout 2020/21. This is to recognise the extraordinary circumstances the Council finds itself in as a result of the Coronavirus pandemic and the demands it has made on the authority, including additional budgetary pressures. It was right to recognise the hard work of our staff with a 2% increase. At the same time, the Corporate Directors and Directors took the decision to freeze their pay for this year and this decision is consistent with this. The MRP recommend this course of action and we are in agreement with them on this matter.
- c) **Removal of the SRA for Lead Member for Partnerships** – There is not currently a Member in this role and the responsibilities have been subsumed within the Cabinet Portfolio of Communications, Engagement, People and Partnerships. This role is therefore no longer required and should be removed from the Scheme.
- d) **Alterations to the Special Responsibility Allowances for Opposition Group Leaders** – Discussion, debate, scrutiny, and opposition all form part of the political checks and balances within a healthy and democratic local authority. The current SRA for a Leader of an Opposition Group is based on a flat amount topped up by an amount based on group size. The size of the Group is not an accurate reflection of the work and value of an Opposition Group Leader. Indeed, as the MRP remark, a smaller Group can lead to more work for a Leader endeavouring to cover more roles and committee assignments. Here we are in general agreement with the MRP that, subject to the requirement of a Group having five Members, the current formula should be replaced with a fixed SRA. This will be set at 33% of the Leader's SRA. The MRP recommend 34% but 33% would align it with that of the Council Chairman.
- e) As a means to prevent the overall cost of the scheme increasing, we agree with the MRP recommendation to cap the overall sum paid to Leaders of Opposition Groups to a total of three times the SRA of a single Opposition Group Leader under the scheme. The MRP also comment on the practice in the past of Opposition Group Leaders allocating part of their SRA to other Members of their Group. The MRP recommend explicitly forbidding this practice, however we do not agree with this and continue to support the freedom this ability provides for Leaders to manage their Groups.
- f) **Changing the indexation (annual change) formula** – Rather than have a full review of the scheme each year, the overwhelming majority of Councils do as KCC does and agree a formula as to how any annual changes to the core allowances will be determined. The current scheme links the change to the percentage change of the total staff pay progression pot. This has had the unfortunate effect that increases to the allowances have been proposed which are larger than the percentage increase in pay of the majority of our staff. This is unfair and sends the wrong message. The MRP recommend keeping the current method in relation to TCP, but we do not agree. It is more appropriate

to index-link any changes to the annual award for staff achieving 'Successful' in the TCP process, subject to the control measure below.

- g) The rationale for linking increases in allowances to staff pay increases was to provide some distance between Members and their statutory responsibility in agreeing their own allowances scheme. As Members also agree staff pay increases, this distance is not as clear as it could be. The MRP have produced some thoughtful comments on the need to provide a rational but more independent measure against which annual changes to allowances will be determined. The MRP suggestion is to calculate the average percentage increase (API) decided by Government Ministers averaged across the 8 Pay Review Bodies (PRBs) (which cover around 45% of public sector employees). The increase would then be the average of this figure and the TCP rate.
- h) There are practical issues with the MRP suggestion as it stands. The Pay Review Bodies usually report their findings during the year to which the increases apply, often later in the year. This would mean we were never able to agree a scheme for the year until part of the way through it. This would not provide clarity for Members and involve an annual round of backdating. However, the idea of using the Pay Review Bodies as a control mechanism to further remove Members from determining their own allowances is one we welcome. We are therefore adapting the MRP proposals as follows:
- i. Each year the average increase across the Pay Review Bodies of the preceding year to the one the scheme will apply will be calculated.
  - ii. The annual change will be the average of this Pay Review percentage and the percentage award for the TCP 'Successful' rate.
  - iii. This will apply for the first time for the 2022/23 scheme and annually until the end of the four-year scheme. The uprating mechanism is not currently set out in the scheme in the Constitution. To improve transparency, it will be included going forwards.
  - iv. Annual changes to the scheme will be agreed as part of agreeing the annual budget of the Council so the decision is transparent and taken with full knowledge of the budgetary impact of any changes.
- i) **No changes to the system of travel expenses** – We recommend keeping the current system of travel expenses. This is firmly based on HMRC rates and is the system used by most authorities. It is simple, straightforward, equitable and does not discriminate on the basis of the ability to afford a specific kind of car. None of these things apply to the MRP alternative scheme and so we do not agree with this part of their report.
- j) **No change to the Co-Opted Members Allowances** – In line with the decision above, and in accord with the MRP recommendations for 2021/22, no change is being proposed for the current year. As the MRP acknowledge, the level at which this is set is within the range of our peer group. However, we are not in agreement with the MRP that the Co-Opted Members Allowance be changed each year according to the same formula as the Basic Allowance, Special Responsibility Allowances and Dependents' Carers' Allowances. These three are qualitatively different as they are for ongoing work as a

Councillor. The Co-Opted Members Allowance is in effect an honorarium to recognise the value given by individuals who volunteer to take on a specific role. The allowance by itself has never been an incentive for anyone to become a co-opted member.

- k) **Total Cost.** Assuming all the above changes were agreed, there would be an annualised saving of £5065.36. Based on current numbers, the amount spent on SRAs for Leaders of Opposition Groups would increase by £17,733.05. This is more than offset by the removal of the Lead Member for Partnerships SRA, £22,798.41.

### 3. Additional MRP Recommendations

- a) Section 2 above sets out our recommendations for the formal scheme, and our view on the MRP recommendations that relate to them. The MRP also make some other recommendations broader than this formal remit.
- b) The MRP has looked at the extent to which the Member body is representative of the population of Kent, looking at some core indicators. Although this has changed over time, the Member cohort is older and more male than the population at large. To address this, the MRP recommend creating a dedicated 'Lead Member for Diversity.' The selection of candidates for election is the responsibility of political parties, or the decisions of individuals to stand as independents, and as such is not a responsibility of KCC and it would not be appropriate to alter the scheme of allowances as if it were.
- c) It is also inaccurate to say that the issue is absent from the Cabinet portfolios already. Equalities is clearly listed under the Leader's portfolio. More importantly, addressing matters of equality and diversity is a priority for the entire Cabinet and the Council as a whole. On top of our statutory duties, this is a theme that runs through everything we do. A dedicated Cabinet-level post focused on Member composition is unnecessary and is suggestive of tokenism when the important point is to embed it throughout all our actions and decisions. Given its importance, we will be asking the Selection and Member Services Committee to look towards the next election and consider whether there is anything in how we operate which militates against a more diverse membership.
- d) The MRP has recommended that consideration be given to removing the SRAs for the Chairs of Cabinet Committees and building in the responsibility of chairing these committees to a relevant Deputy Cabinet Members as part of their existing SRA. We do not support this recommendation. It shows a fundamental misunderstanding of the role of Cabinet Committees and would be a retrograde step. The role of Cabinet Committees is to provide challenge in the consideration stage of decision-making, as well as providing an overview of activities in their portfolio area. Part of the role of the Deputy Cabinet Member is to advise, support, and lead on particular projects of work and these are often translated into proposed key decisions up for comment before Cabinet Committees. Separation of powers is a core component of

effective governance, and this would be muddied by Deputy Cabinet Members chairing Cabinet Committees.

- e) The deliberations of the MRP lead them to recognise that the role of Leader of Council is a full-time role and comes with more direct responsibility and accountability than other 'political' roles outside of local government which may attract higher remuneration. They therefore recommend that the role of the Leader and accompanying SRA be fundamentally re-evaluated. The MRP make some interesting observations, but we are not recommending that this review take place. There are greater priorities facing the Council at present and any review would mean an opportunity cost in terms of both Member and Officer time and financial costs were independent consultants to be involved. The time and money would be better spent focussing on improving the lives of people in Kent. There would also be a knock-on impact of any review as SRAs are tied to the amount the Leader receives and so would involve a much wider review in response.
- f) While the MRP recognise that the levels of attendance at meetings are not an accurate indicator of the contribution a Member makes, they recommend tabulating and publishing Member attendance at meetings. Notwithstanding this point, which we recognise, it will improve transparency to publish this information and so we agree with this part of the recommendation. We will also be asking the Selection and Member Services Committee to consider what additional information could be published to give a more accurate picture of Member contribution. There is already work underway in Governance, Law and Democracy in looking at rejuvenating the Member pages on KNet and the KCC website, and this will usefully inform this work.
- g) The Selection and Member Services Committee also maintains an overview of Member development and the induction process. They are therefore also best placed to consider the comments made by the MRP on the need to better promote the Dependents' Carers' Allowance.

#### **4. Recommendation**

**The County Council is asked to:**

- a) Note this report;**
- b) Note the report of the Member Remuneration Panel and thank the Panel Members for their work; and**
- c) Agree the changes to the Members' Allowances Scheme as set out in Appendix 1, this scheme to be in place until 31 March 2025 including:**
  - i. No change to the Basic Allowance, Special Responsibility Allowances and Dependents' Carers' Allowances for 2021/22;**
  - ii. Removal of the SRA for the Lead Member for Partnerships;**

- iii. Annual indexation mechanism to be the average of the TCP pay award 'Successful' rating applying to the same year as the Members' allowance increase, and the average of the increases proposed by the 8 Pay Review Bodies in the preceding year;
- iv. The current SRA for the Leader of each Opposition Group (of at least five Members) to be replaced with an SRA equivalent to 33% of the Leader's SRA, subject to a maximum SRA allocation for this role of 3 times the Opposition Group Leader SRA to be divided equally amongst the Opposition Group Leaders where there are more than 3;
- v. The change to the SRAs of the Opposition Group Leaders will be deemed to have taken effect from 1 November 2021;
- vi. The annual scheme to be agreed with the annual budget for the year and coming into effect at the beginning of each municipal year;
- vii. That Member attendance at meetings will be tabulated and published as soon as is practical;
- viii. That the Selection and Member Services Committee be asked to consider whether there is anything in how we operate which militates against a more diverse membership; and
- ix. That the Selection and Member Services Committee also be asked to consider what additional information could be published to give a more accurate picture of Member contribution as well as how to better promote the Dependents' Carers' Allowance.

## **5. Background Documents**

None.

## **6. Report Author and Relevant Director**

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## **Appendix 1 – Proposed Amendments to the Members’ Allowance Scheme**

*Members’ Allowances Scheme (2021/22 Scheme - Adopted by the Council on 4 November 2021)*

21.14 Basic Allowance - £15,406.25 per annum (inclusive of an element for routine subsistence expenditure on KCC duties).

	%	£
<b>Executive</b>		
Leader	100	50,663.13
Cabinet Members (maximum 9)	65	32,931.03
Deputy Cabinet Members (maximum 11)	30	15,198.94
Cabinet Committee Chair (maximum 6)	17.5	8,866.05
<b>Council</b>		
Council Chairman	33	16,718.83
Council Vice-Chairman	17.5	8,866.05
Planning Applications Committee Chair	22	11,145.89
Regulation Committee Chair	22	11,145.89
Other Committee Chairs (a)	17.5	8,866.05
Scrutiny Committee Chair	17.5	8,866.05
Select Committee Chairs (for period of review)	17.5	8,866.05
<b>Opposition</b>		
Leader of each Opposition Group (of at least five Members) (c)	33	16,718.83

21.15 Notes to Table in 21.14:

- (a) Other Committee Chairs: Governance and Audit, Health Overview and Scrutiny, Selection and Member Services, and Superannuation Fund.
- (b) No Member to receive more than one Special Responsibility Allowance.
- (c) The Opposition Group must comprise a minimum of five Members, one of which will be the appointed Opposition Group Leader. The maximum total SRA funding available for Opposition Group Leaders shall be 3 times the SRA set out in the table for a single Opposition Group Leader. In the event of there being more than 3 qualifying Opposition Group Leaders, the total amount is shared equally amongst them.

(d) No other allowance to be payable.

### *Indexation*

21.16 This is a four-year scheme commencing with municipal year 2021/22. The indexation method set out in 21.17 shall first apply to municipal year 2022/23 and each subsequent year until the end of the four years. Each indexation increase is subject to annual approval by full Council and will apply to the Basic Allowance, Special Responsibility Allowances and Dependent Carers' Allowance.

21.17 The indexation method shall be as follows:

- (a) The figure X shall be equal to the percentage awarded to staff awarded 'Successful' in the Total Contribution Pay scheme and will apply to the same year as the staff award.
- (b) The figure Y shall be calculated as the average of the percentage increase in the overall pay bill arising from each Minister's decision arising from the 8 Pay Review Bodies for the year preceding the one to which the indexation applies, or as many as are available at the time of calculation.
- (c) The percentage increase to apply annually will be the average of X and Y.
- (d) The Pay Review Bodies referred to in (b) are the following independent non-departmental public bodies: Armed Forces' Pay Review Body; Review Body on Doctors' and Dentists' Remuneration; NHS Pay Review Body; Prison Service Pay Review Body; School Teachers' Review Body; Senior Salaries Review Body; National Crime Agency Remuneration Review Body; and Police Remuneration Review Body.

### *Travel Expenses*

21.18 Travel by private vehicles will be reimbursed at the rates set for tax allowance purposes by the HM Revenue and Customs for business travel. Currently, these are 45p per mile for the first 10,000 miles and 25p a mile thereafter.

21.19 Parking fees, public transport fares and any hotel expenses will be reimbursed at cost, but only on production of a valid ticket or receipt - the cheapest available fare for the time of travel should normally be purchased.

21.20 Taxi fares will only be reimbursed on production of a valid receipt and if use of public transport or the Member's own car is impracticable.

21.21 Travel expenses will be reimbursed for any journey on Council duties between premises as agreed for tax purposes (normally excluding journeys to constituents' homes).



- 21.22 VAT receipts for fuel must always be provided to accompany Members' expense claims and any instructions issued by the General Counsel in relation to the submission of expense claims complied with.
- 21.23 Air travel and rail travel other than to/from London or within Kent should be booked through Officers to enable use of discounting arrangements.
- 21.24 Journeys undertaken in accordance with the following descriptions are allowed to be claimed for:
- (a) attendance at KCC premises to undertake KCC business, including attendance at Council, Cabinet and Committees, etc (including Group meetings) and to undertake general Member responsibilities,
  - (b) representing KCC at external meetings, including Parish and Town Councils and those of voluntary organisations where the member is there on behalf of KCC,
  - (c) attendance at events organised by KCC and/or where invitations have been issued by County Officers or Members (including Chair's events and other corporate events), and
  - (d) attendance at meetings/events where the Member is an official KCC representative (as determined by the Selection and Member Services Committee) or requested by the Leader or the relevant Cabinet Member.

#### *Subsistence Expenses*

- 21.25 These are not normally reimbursed. Hotel accommodation should be booked through Officers. Any other reasonably unavoidable costs related to overnight stays, excluding normal subsistence, will be reimbursed on production of a receipt.

#### *Dependents' Carers' Allowance*

- 21.26 Members who incur expenses themselves in respect of care responsibilities for dependent children under 16 or dependent adults certified by a doctor or social worker as needing attendance will be reimbursed, on production of valid receipts, for actual payments to a carer while the Member is on Council duties, up to a maximum of £12.66 per hour for each dependent child or adult. Money paid to a member of the Members' household will not be reimbursed. In the case of an allowance for the care of a dependent relative, the relative must reside with the Councillor, be dependent on the Councillor and require constant care. Subject to the Childcare Voucher Scheme's standard terms and conditions\*, any Member may, if they wish, sacrifice a portion of their Basic Allowance for Childcare Vouchers which are not subject to tax and national insurance deductions.

- (a) \* For reference these terms and conditions include (but are not limited to):

- i. The childcare provider must be OFSTED registered.
- ii. The children must be aged between 0 and 16.
- iii. A sacrifice agreement would need to be signed.
- iv. The amount that can be sacrificed varies depending on whether the applicant is a basic, higher or additional rate taxpayer.

#### *Pensions*

21.27 Members are not eligible for admission to the superannuation scheme.

#### *Co-Opted Members*

21.28 An allowance is payable to the Independent Person of £500 per annum plus a daily rate of £100 (pro rata for part of a day). An allowance is paid to the members of the Independent Remuneration Panel of £100 per day.

#### *Election to Forgo Allowances*

21.29 In accordance with Regulation 13 of the Local Authorities (Members' Allowances) (England) Regulations 2003, any Member may elect to forgo all or any part of their entitlement to allowances, by notice in writing to the Monitoring Officer.

#### *Submission of Claims*

21.30 In accordance with Regulation 14 of the Local Authorities (Members' Allowances) (England) Regulations 2003, the time limit for the submission of claims relating to travel, subsistence, co-optees and dependent carers allowances is four months from the date the expense was incurred.

#### *No Other Allowances are Payable*

21.31 Only allowances complying with the above scheme are payable.

**REPORT OF THE MEMBER REMUNERATION PANEL (MRP)**  
**FOR KENT COUNTY COUNCIL (KCC)**  
**JUNE 2021**

**REVIEW OF SCHEME MEMBERS' ALLOWANCE SCHEME**

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**ADDITIONAL PERSPECTIVES OFFERED BY THE PANEL**

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**COST IMPLICATIONS**

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## **BACKGROUND**

The Members' Allowance Scheme regulations are set out in The Local Authorities Members' Allowances (England) Regulations 2003 (The Act) which is shown in attachment 1.

In summary, within the parameters of The Act, KCC practice is to arrange for the Scheme to be reviewed every 4 years by an independent Member Remuneration Panel (MRP), for the Panel to make recommendations in a Report for consideration by the full Council and for the Council to publish the report. Additionally, an annual uprating of Allowance levels according to pre-determined formulae is also reviewed, e.g. revisions based on an annual indexation formula. The Council may also request the MRP to conduct ad hoc reviews of the Scheme, or parts of the Scheme during the 4-year period.

The Council are not obliged to adopt the MRP recommendations. Historically, the Council have fully accepted, partially accepted or rejected MRP recommendations

The Terms of Reference for the work of the independent panel is contained in The Act and reflected in the KCC Constitution, clauses 17.9 to 17.14.

The last full review of the Scheme was presented to Council in July 2017. Accordingly, an independent panel (Member Remuneration Panel) was appointed on November 1st, 2020 to undertake a review of the Scheme and provide recommendations. The Panel comprises:

Chris Macklin (Chair)  
Jemma Gowland  
David Mercier

The Panel has now concluded its review and has prepared the recommendations contained in this report.

## **METHOD AND SCOPE OF THE REPORT**

Much of the Scheme details will be familiar to Members. However, in developing content we have been mindful of all stakeholders, including members of the public, some of whom may not have familiarity with the content or technical basis of the Scheme. We have therefore included an overview of current scheme details before setting out our recommendations.

We have considered the following inputs:

1. The current scheme details (KCC Constitution clauses 17.9 to 17.14 and 21.13 to 21.29)
2. The Public Sector pay and budgetary considerations
3. Benchmark comparisons with 22 County Council schemes in England with comparable structures (referred to as the 'Peer Group' throughout the report)
4. Inputs from 22 Members through responses to a structured questionnaire and discussion follow, as well as discussions with selected Senior KCC Officers

Based on the inputs, an analysis of Allowance levels was prepared from which we derived our conclusions and recommendations, aiming to deliver benchmarked and cost - effective recommendations.

Whilst we received inputs from various stakeholders, we make no judgement on views provided. Rather, discussions were helpful to focus our analysis on issues to formulate our own recommendations contained in the Report.

In accordance with requirements of The Act, this report includes the following recommendations:

- Basic Allowance level
- Special Responsibility Allowance (SRA) levels
- Travelling and Subsistence Allowance level
- Co-optees' Allowance level
- Dependants' Carers' Allowance level and eligibility
- The effective date of any Allowance changes and extent of any backdating of payment
- Consideration of methodology and duration of indexation

In addition to the review required by The Act, the Report includes some additional perspectives related to the Scheme which the Panel would like to offer up.

All details and recommendations in the Report relate to the Constitution, Members' Allowance Scheme, Member population, as well as Cabinet, Executive and Committee structures and membership prevailing as at December 2020.

The data for all tables showing Peer Group rankings are as at 22<sup>nd</sup> December 2020\*  
Quartile thresholds in Peer Group rankings are approximate given the sample size.

\*Data derived from source: <https://www.gov.uk/government/statistics/local-authority-revenue-expenditure-and-financing-england-2019-to-2020-individual-local-authority-data-outturn>

## **HIGH LEVEL SUMMARY OF KEY POINTS AND RECOMMENDATIONS**

### **Review of Scheme**

- **Total Allowance Spend** - Member Allowance levels in 22 dual tier Counties in England with Cabinet / Leader structures were analysed against a range of criteria. Overall spend on Allowance levels was the largest in the Peer Group. However, KCC Members serve the largest population per Member, and total Allowance spend as a percentage of population served and revenue managed is relatively low – in the 3<sup>rd</sup> and 4<sup>th</sup> quartiles respectively of the Peer Group. **(Detailed rankings shown on pages 11 and 12)**
- **Basic Allowance** is the largest in the Peer Group. We recommend the basic Allowance remains unchanged in view of this ranking and additionally bearing in mind budgetary pressures faced by KCC, the decision of the KCC Senior Officer team at Director level and above to forego the approved TCP annual increase and in view of the Public Sector pay ‘pause’ announced by the Government. **(Detailed ranking shown on page 13)**
- **The Council Leader SRA** is positioned high in quartile 1 of the Peer Group. Based on the ranking, we recommend the SRA remains unchanged. However, we believe the scope of role may have increased significantly since it was last evaluated. We therefore recommend it is re-evaluated against a broader range of comparators to determine whether an increase in SRA is appropriate. **(Detailed rationale provided on pages 14 and 15)**
- **All other SRAs (excluding Opposition Group Leaders)**. These SRAs are also positioned in quartile 1 of the Peer Group, with one high in quartile 2. All are positioned within the top 6 - sized Councils in the Peer Group. We therefore recommend these SRAs remain unchanged for the same reasons given above for the Basic Allowance. **(Detailed rankings shown on page 16 and Appendix 1)**
- **Opposition Group Leaders’ SRAs**. In contrast to the quartile 1 positioning of other SRA – entitled positions, the ranking of the Opposition Group Leader in its respective Peer Group appears inconsistently low. (Liberal Democrat - low in quartile 2, Labour in quartile 3). We recommend the SRA for all Opposition Group Leaders be set at £ 17,227 (34% of the Council Leader’s SRA) which more consistently positions these roles in quartile 1 of their respective Peer Group ranking. Other revisions to the formula for Opposition Group Leader SRAs are also proposed. **(Detailed rationale provided on pages 17 and 18)**
- **Co – Optee Allowance**. The current KCC Co-optee Allowance levels appears to be within the range offered by the Peer Group. The Panel does not therefore feel there is a need to adjust this Allowance. However, we recommend that it be subject to the indexation methodology we have proposed later in this Report. **(Further details provided on page 19)**

## **HIGH LEVEL SUMMARY (Cont'd)**

- **Travel and Subsistence (T&S) Expense Scheme.** We recommend greater transparency through the publication of Member annual mileage claims and the introduction of a scale of mileage claims linked to emission levels, with the highest mileage claims pegged at the current rate of 45p per mile for the most eco-friendly vehicles. Examples are provided of good practice implemented by other Councils and we recommend the introduction of similar arrangements in KCC. In respect of Subsistence, we do not propose any changes. **(Detailed rationale provided on pages 19 and 20)**
- **Dependent Carer's Allowance.** Our review of the Peer Group showed that KCC are broadly within the range paid by other Councils, and we do not therefore make any recommendations for change on the hourly amount claimable. However, given the low take -up of the Allowance, we recommend raising the level of awareness of claim amongst prospective Members as part of the roadshow on 'Becoming a Councillor' and amongst new Members through the Induction process, and ensure that the Allowance is appropriately highlighted in these initiatives. **(Further details provided on page 21)**
- **Indexation.** We recommend revisions to the current indexation method to further distance Members from decisions about their own Allowance levels. The Panel proposes that, alongside the current method of indexation linked to the total staff pay progression pot determined through the Total Contribution Pay process (TCP), an additional benchmark should be included which is external to KCC and not determined by Members. We recommend the average percentage increase averaged across the 8 Pay Review Bodies (PRBs) which are independent non-departmental public bodies and cover 45% of Public Sector employees.  
The actual percentage increase applied to Members should be the average of the TCP percentage and the Public Sector benchmark described above.  
The Panel's view is that this would provide an appropriate balance recognising both KCC budgetary factors and an entirely independent measure and should be applied with effect from FY April 2022 and continue to apply for 4 years from that date. **(Detailed recommendations, including indexation formula and approach to data sourcing of Public Sector pay increases provided on pages 21 and 22)**
- **Practice of Member Discretion to Determine Re-allocation of Allowance Entitlement.** Member discretion to waive full or partial SRA entitlement is granted in the 2003 Act. However, Member discretion to determine to whom Allowances should be given is not. Neither is the practice specified within the KCC Constitution. We therefore recommend the practice of Member discretionary re-allocation be discontinued with immediate effect and any funds released through waiver be retained to reduce costs to the council rather than directed according to Members' personal preferences. **(Further details provided on page 23)**

## **HIGH LEVEL SUMMARY (Cont'd)**

### **Additional Perspectives offered up by the Panel**

- **Potential for Reducing SRA Costs.** There is naturally alignment between Cabinet Member and Cabinet Committee portfolios, with each Cabinet portfolio having at least 3 SRA-entitled roles focused on each portfolio activity, taking into account Cabinet Member, Deputy Cabinet Member and Committee roles. There is therefore considerable common ground across these roles. We recommend that the Deputy Cabinet Member role be expanded to include Committee Chair-ship of the portfolio on which they are focussed, with the Deputy Cabinet Member SRA being maintained at the current level, and with the separate Committee Chair SRAs being discontinued. **(Detailed rationale, including analysis of advisory V scrutiny impact of our proposals in respect of Cabinet Committee activities, provided on pages 24 and 25)**
- **Diversity – Greater ambitions for More Diverse Representation.** Our analysis of Kent demographics compared to the KCC Member population shows that the Kent population is significantly under-represented in terms of female participation, under-represented in the under-49 years age group and over-represented in the 65+ age group. Notwithstanding the efforts already in play to pursue equality and diversity objectives, the Panel believe it is in the interest of the electorate to be served by KCC Members more broadly aligned with the Kent population than is currently the case. The Panel feel these areas may therefore benefit from more focussed attention and recommend the Council consider establishing a dedicated 'Lead Member' role for Diversity to champion ambitions for Equality and Diversity, with a strong focus on creating a more inclusive working culture amongst Members. Whilst there is a view that better diversity is not necessarily within the control of Members, creating a more inclusive working environment, which encourages input from all Members at times and places to better suit those with for example family commitments and employment, will lead to better diversity longer term. Alternatively, we recommend the Council consider a Cabinet Member be given specific accountability for these initiatives and that this role be written into the Cabinet portfolio chosen. **(Detailed rationale provided on page 26)**
- **Transparency Issues.** We consider it important that KCC is as transparent as possible with information it maintains regarding Member workload - particularly in relation to attending formal Council meetings. Though this in no way reflects the total contribution Members make, it is information that should be available to the public in an easily accessible format. Our benchmarking indicates that KCC is out of step in terms of making attendance information available to the public. Given this information is already held by KCC but is simply not displayed, we recommend that KCC website is updated to include this information. **(Further details provided on page 27)**
- **Overall Cost impact of Recommendations.** Total annual Scheme costs in respect of all Basic Allowance and SRA recommendations proposed, reduce to £ 1,951,601 from current costs of £ 1,962,160 assuming full take-up of entitlements under the scheme. **(Detailed breakdown of proposed changes and costs provided in table on page 28)**



## OVERVIEW OF CURRENT SCHEME

The following is a summary of the key features of the Scheme. Reference should be made to relevant clauses in the KCC Constitution (clauses 21.13 to 21.29) for detailed scheme text.

### BASIC ALLOWANCE AND SPECIAL RESPONSIBILITY ALLOWANCE (SRA)

All elected Members are entitled to receive a Basic Allowance (£15,406.25 for 2020/21) to perform their duties required under the Constitution.

Some elected Members receive an additional Special Responsibility Allowance (SRA) for any special responsibility that they might have as a Member of the council (such as Cabinet Member). These amounts vary and are normally expressed as a percentage of the SRA of the Council Leader.

The SRA percentages shown below took into account recommendations provided in 2017 by Korn Ferry Hay Group. (The exception being the Lead Member for Partnerships SRA, subsequently approved by the Council in 2020, based on a recommendation by the then Member Remuneration Panel)

### BASIC & SPECIAL RESPONSIBILITY ALLOWANCES PERMISSABLE UNDER THE CURRENT SCHEME

	Allowance Amount *	% of Leader's SRA	Number of Members	Cost *** (£ p.a.)
<b>BASIC ALLOWANCE** - All Members</b>	15,406		81	1,247,906
<b>SPECIAL RESPONSIBILITY ALLOWANCES (SRA) **</b>				
Paid in addition to the Basic Allowance to members holding the following positions			<b>Number of Positions eligible for SRAs</b>	
Leader	50,663	100%	1	50,663
Cabinet Member	32,931	65%	9	296,379
Lead Member for Partnerships	22,798	45%	1	22,798
Council Chair	16,719	33%	1	16,719
Deputy Cabinet Member	15,199	30%	11	167,188
PAC Chair	11,146	22%	1	11,146
Regulation Committee Chair	11,146	22%	1	11,146
Council Vice-Chair	8,866	17.5%	1	8,866
Other Committee Chairs	8,866	17.5%	11	97,527
Opposition Group Leader	7,599	15%	2	15,199
Opposition Group - Additional Payment per member****	602	n/a		6,016
<b>SRA Totals</b>			<b>39</b>	<b>703,647</b>
<b>Basic and SRA Allowance Total</b>				<b>1,951,553</b>

#### **Notes:**

- \* Allowance amounts and costs to nearest £1
- \*\* Maximum 1 Basic Allowance and 1 SRA per Member irrespective of number of positions held
- \*\*\* Actual cost may be lower where Member performs more than 1 SRA-entitled role or individual Member voluntarily accepts lower allowance
- \*\*\*\* Actual cost may be higher or lower depending on Opposition Group size. Opposition Group minimum size is 5 Members for Additional Payment eligibility. Costs above reflect 10 Opposition Group members currently attracting additional payment (6 - Liberal Democrats and 4 - Labour, excluding respective Opposition Group Leader positions which are not eligible for the Additional Payment)

## **OVERVIEW OF CURRENT SCHEME (cont'd)**

The above table shows that the number of positions eligible for Special Responsibilities as a percentage of total elected Members is potentially 48%, with SRA costs being 36% of combined Basic Allowance and SRA costs assuming full take-up of all Allowance entitlements permitted under the Scheme. In practice, the number and / or amounts of Allowances paid may be lower where Members perform more than 1 SRA–entitled role or fore-go their Allowance entitlement.

### **OTHER ALLOWANCES.**

In addition to the above Allowances, the following are also available to Members, subject to meeting the eligibility requirements of the Scheme. Actual Allowances paid are available for public scrutiny and those paid for the period 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020 are published on KCC's website\*

In summary The Constitution stipulates that Members' Allowances are as follows:

- **Travel & Subsistence (T&S) Allowance** (Constitution clauses 21.16 – 21.23): Travel by private vehicles (reimbursed at the rates set for tax allowance purposes by the HM Revenue and Customs for business travel), air or rail travel, parking fees, public transport fares and any hotel expenses, taxi fares, are paid for travel on Council duties, subject to meeting all criteria for Allowance payment. The total T&S Allowance paid in the 12 months to 31/03/20 was £113,690.86 (9 members claimed subsistence expenses)
- **Carer's Allowance** (Constitution clause 21.24): Members who incur expenses themselves in respect of care responsibilities for dependent children under 16 or dependent adults certified by a doctor or social worker as needing care and attendance will be reimbursed, on production of valid receipts, for actual payments to a carer while the Member is on Council duties, up to a maximum of £12.66 per hour for each dependent child or adult. One Member received this Allowance in the 12 months to 31/03/2020 at a total cost of £491.

**Co-optee's Allowance** (Constitution clause 21.26) Payment of an Allowance for each year to individuals who are not *elected* Members but who are Members of Council committees or sub committees. Payment for Independent Persons currently set at £500 p.a. and additionally a £100 per diem for days spent on co-optee work, is made in respect of attendance at conferences and meetings. MRP Members are considered co-optees for the purposes of remuneration and are paid a per diem of £100 for days worked with no annual payment.

\*Source: [Kent County Council Members Expenses and Allowances Paid Between 1st April 2019 to 31st March 2020](#)

## **OVERVIEW OF CURRENT SCHEME (cont'd)**

### **PENSIONS**

The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 removed the ability of councillors to enrol in any local government pension schemes provided by their authority, bar certain transitional arrangements which have since expired. Therefore, Member pensions are not a consideration for the Panel.

### **TAXATION**

Allowances received are treated as income and subject to applicable HMRC tax and national insurance.

### **INDEXATION AND ANNUAL REVIEW WITHIN KCC**

Allowance levels are indexed to the total staff pay progression pot, as agreed under the Council's Total Contribution Pay (TCP) process and have been adjusted annually on this basis since the approach was adopted in 2017.

### **ALLOWANCE ADJUSTMENTS SINCE THE 2017 MRP FULL REVIEW**

Basic Allowances have been adjusted as follows:

- 2017: 15.0% increase
  - 2018 – 19: 2.8% indexation increase
  - 2019 – 20: 2.8% indexation increase
  - 2020 – 21: 4.2% indexation increase (June)
  - 2020: 5.0% decrease by Council decision (September)
- 
- The 2017 Basic Allowance increase of 15% was implemented by majority Council vote whereas the then MRP's recommendation was 1.5% increase.
  - The 2018, 2019 and June 2020 increases were implemented taking into account the indexation approach recommended by the then MRP, namely to base the increase on the percentage pay progression awarded to staff. However, the Council voted to index to the overall pay pot progression percentage as opposed to the MRP's recommendation to index to the percentage awarded to staff at the 'Achieving' level of performance.
  - The September 2020 reduction of 5% was a decision agreed by majority Council vote without MRP involvement.

## **KCC 2021 PAY REVIEW**

Taking into account the unique circumstances arising from the Covid pandemic affecting working life, and the consequent budgetary pressures, KCC announced a 2% across the board basic salary increase for all staff.

The Senior Officer team at Director level and above elected to forego this increase.

## **PUBLIC SECTOR PAY ENVIRONMENT\***

Over the same period 2017 – 2020, Public Sector pay rises announced by the Government have been as follows\*:

- 2017 - 1%
- 2018 - 2019 (5.6% over two years)
- 2020 - 2.75%

Beyond 2020, The Government's 'Spending Review' published in November 2020, announced that Public Sector pay will be "paused" for 2021/22, with the exception of NHS staff for whom a 1% pay increase was subsequently announced, and with the exception of workers earning below £24,000 who will receive a minimum pay rise of £250.

\*Source: <https://commonslibrary.parliament.uk/research-briefings/cbp-8037/>

## EXISTING ALLOWANCES – BENCHMARKING AND RECOMMENDATIONS

The Member Allowance levels in 22 dual tier Counties in England with Cabinet / Leader structures (the Peer Group) have been analysed against a range of criteria. The positioning of Kent County Council in relation to the Peer Group is shown in the tables below. Our recommendations are also provided below based on the findings in respect of each benchmark.

Please refer to the following key when reviewing the tables below:

Key		Column rank ordered
		Kent CC Positioning in rank order
		Top 6 Councils by County population size or Revenue or both

Firstly, analysis is provided below on the benchmarking of overall spend against several criteria to provide some context on overall cost generated by current Allowance levels and how Kent compares with the Peer Group.

### TOTAL ALLOWANCE - ACTUAL SPEND 2019 -2020

TOTAL MEMBER ALLOWANCE SPEND					
Council	Districts	Total Number of Members	Population	Revenue (£'000 p.a.)	Spend (£ p.a.)
Kent	12	81	1,581,600	1,877,910	1,916,008
Surrey	11	81	1,196,236	1,449,485	1,534,080
Essex	12	75	1,489,189	1,531,070	1,516,009
Lancashire	12	84	1,219,799	1,788,161	1,274,347
Hertfordshire	10	78	1,184,365	1,485,180	1,248,932
Norfolk	7	84	907,760	1,041,106	1,222,286
West Sussex	7	70	863,980	1,131,095	1,197,413
Hampshire	11	78	1,382,542	785,380	1,192,014
Lincolnshire	7	70	761,224	802,948	1,182,823
Suffolk	5	75	761,350	786,430	1,095,728
Derbyshire	8	64	1,053,516	990,052	1,041,877
Devon	8	60	802,375	920,486	1,020,565
Staffordshire	8	62	879,560	850,116	986,044
Oxfordshire	5	63	691,667	758,705	973,984
Cumbria	6	84	498,888	712,722	947,054
Leicestershire	7	55	1,053,486	671,035	929,957
North Yorkshire	7	72	618,054	739,716	914,331
Worcestershire	6	57	595,786	656,848	879,430
East Sussex	5	50	557,229	690,506	862,660
Somerset	4	55	559,400	597,733	843,505
Gloucestershire	6	53	637,070	804,228	834,288
Warwickshire	5	57	577,933	672,041	765,001

KCC total Allowance spend of £1,916,008, including Basic Allowance of £1,265,440, is the largest in the Peer Group. (top of quartile 1)

**TOTAL SPEND - BENCHMARKS AGAINST SELECTED CRITERIA**

TABLE 1 POPULATION SUPPORTED PER MEMBER		TABLE 2 TOTAL MEMBER ALLOWANCE SPEND PER HEAD OF POPULATION		TABLE 3 TOTAL MEMBER ALLOWANCE SPEND AS %AGE OF COUNCIL REVENUE	
Council	Population	Council	Spend (£ p.a.)	Council	%
Kent	19,525	Cumbria	1.90	Hampshire	0.15
Lancashire	14,521	Lincolnshire	1.55	Lincolnshire	0.15
Essex	19,856	East Sussex	1.55	Somerset	0.14
Hertfordshire	15,184	Somerset	1.51	Suffolk	0.14
Surrey	14,768	North Yorkshire	1.48	Leicestershire	0.14
West Sussex	12,343	Worcestershire	1.48	Worcestershire	0.13
Norfolk	10,807	Suffolk	1.44	Cumbria	0.13
Derbyshire	16,461	Oxfordshire	1.41	Oxfordshire	0.13
Devon	13,373	West Sussex	1.39	East Sussex	0.12
Staffordshire	14,186	Norfolk	1.35	North Yorkshire	0.12
Gloucestershire	12,020	Warwickshire	1.32	Norfolk	0.12
Lincolnshire	10,875	Gloucestershire	1.31	Staffordshire	0.12
Suffolk	10,151	Surrey	1.28	Warwickshire	0.11
Hampshire	17,725	Devon	1.27	Devon	0.11
Oxfordshire	10,979	Kent	1.21	West Sussex	0.11
North Yorkshire	8,584	Staffordshire	1.12	Surrey	0.11
Cumbria	5,939	Hertfordshire	1.05	Derbyshire	0.11
East Sussex	11,145	Lancashire	1.04	Gloucestershire	0.10
Warwickshire	10,139	Essex	1.02	Kent	0.10
Leicestershire	19,154	Derbyshire	0.99	Essex	0.10
Worcestershire	10,452	Leicestershire	0.88	Hertfordshire	0.08
Somerset	10,171	Hampshire	0.86	Lancashire	0.07

Whilst KCC has the highest overall Allowance spend, this should be looked at in the following context:

- KCC Members serve the largest population per Member at 19,525 -Table 1 above.
- Total Allowance spend as a percentage of population served is relatively low at 1.21% in the 3rd quartile -Table 2 above.
- Total Allowance spend as a percentage of revenue managed is relatively low at 0.10% in the 4th quartile -Table 3 above

KCC has relatively high degree of complexity in terms of geographic scale, border / port interface and structural complexity in terms of numbers of District Councils with which it interacts.

Overall spend ranking appears appropriate relative to other County Councils based on the above criteria.

However, this should not preclude exploration of opportunities for cost reduction in Allowance spend where feasible and this features in our recommendations later in this report.

## **ALLOWANCE LEVELS - BENCHMARKING**

Secondly, analysis is provided below on the benchmarking of each Allowance level against the Peer Group.

### **BASIC ALLOWANCE – ALL MEMBERS**

<b>BASIC ALLOWANCE</b>				
<b>Council</b>	<b>Districts</b>	<b>Total Number of Members</b>	<b>Population</b>	<b>Basic Allowance</b>
Kent	12	81	1,581,600	15,406
Devon	8	60	802,375	13,213
East Sussex	5	50	557,229	13,149
Surrey	11	81	1,196,236	12,660
Hampshire	11	78	1,382,542	12,833
West Sussex	7	70	863,980	12,202
Essex	12	75	1,489,189	12,000
Leicestershire	7	55	1,053,486	11,430
Somerset	4	55	559,400	11,540
Lincolnshire	7	70	761,224	11,055
Oxfordshire	5	63	691,667	11,014
Suffolk	5	75	761,350	10,983
Lancashire	12	84	1,219,799	10,969
Norfolk	7	84	907,760	10,924
Derbyshire	8	64	1,053,516	10,896
Hertfordshire	10	78	1,184,365	10,668
Gloucestershire	6	53	637,070	10,500
North Yorkshire	7	72	618,054	10,142
Staffordshire	8	62	879,560	9,786
Warwickshire	5	57	577,933	9,637
Worcestershire	6	57	595,786	9,108
Cumbria	6	84	498,888	8,744

KCC has the highest Basic Allowance level out of the 22 Councils listed.

We recommend that the Basic Allowance remains at the current level based on:

- The above ranking
- Budgetary pressures faced by KCC
- The decision of the KCC Senior Officer team at Director level and above to elect to forego the approved TCP annual increase
- The Public Sector pay 'pause' announced by the Government

**SPECIAL RESPONSIBILITY ALLOWANCES**  
**COUNCIL LEADER ROLE**

LEADER (RANKED ON SRA)				
Council	SRA (£ p.a.)	Basic Allowance (£p.a.)	Basic Allowance & SRA combined	SRA as multiple of Basic Allowance
Essex	54,000	12,000	66,000	4.5
Kent	50,663	15,406	66,069	3.3
Surrey	43,820	12,660	56,480	3.5
Hertfordshire	42,672	10,668	53,340	4.0
Leicestershire	38,730	11,430	50,160	3.4
Staffordshire	37,963	9,786	47,749	3.9
East Sussex	36,817	13,149	49,966	2.8
Derbyshire	36,000	10,896	46,896	3.3
Worcestershire	35,494	9,108	44,602	3.9
Lincolnshire	35,026	11,055	46,082	3.2
Gloucestershire	34,170	10,500	44,670	3.3
West Sussex	33,849	12,202	46,051	2.8
Somerset	33,694	11,540	45,234	2.9
North Yorkshire	33,079	10,142	43,221	3.3
Devon	33,033	13,213	46,246	2.5
Norfolk	32,981	10,924	43,905	3.0
Suffolk	32,948	10,983	43,931	3.0
Oxfordshire	31,941	11,014	42,955	2.9
Lancashire	31,322	10,969	42,291	2.9
Hampshire	30,967	12,833	43,800	2.4
Cumbria	26,270	8,744	35,014	3.0
Warwickshire	24,137	9,637	33,774	2.5

LEADER (RANKED ON COMBINED BASIC ALLOWANCE SRA)				
Council	SRA (£ p.a.)	Basic Allowance (£p.a.)	Basic Allowance & SRA combined	SRA as multiple of Basic Allowance
MP Salary (UK Parliament)	-	-	81,932	
Kent	50,663	15,406	66,069	3.3
Essex	54,000	12,000	66,000	4.5
Surrey	43,820	12,660	56,480	3.5
Hertfordshire	42,672	10,668	53,340	4.0
Leicestershire	38,730	11,430	50,160	3.4
East Sussex	36,817	13,149	49,966	2.8
Staffordshire	37,963	9,786	47,749	3.9
Derbyshire	36,000	10,896	46,896	3.3
Devon	33,033	13,213	46,246	2.5
Lincolnshire	35,026	11,055	46,082	3.2
West Sussex	33,849	12,202	46,051	2.8
Somerset	33,694	11,540	45,234	2.9
Gloucestershire	34,170	10,500	44,670	3.3
Worcestershire	35,494	9,108	44,602	3.9
Suffolk	32,948	10,983	43,931	3.0
Norfolk	32,981	10,924	43,905	3.0
Hampshire	30,967	12,833	43,800	2.4
North Yorkshire	33,079	10,142	43,221	3.3
Oxfordshire	31,941	11,014	42,955	2.9
Lancashire	31,322	10,969	42,291	2.9
Cumbria	26,270	8,744	35,014	3.0
Warwickshire	24,137	9,637	33,774	2.5

The above left – hand table shows the Leader SRA is positioned close to the top of quartile 1 in the Peer Group and has a 2/6 ranking amongst the top 6 - sized County Councils.

We have also considered possible additional comparators for the Leader role, given the substantial breadth and scale of responsibility. The right – hand table above shows how the Leader is ranked based on the combined Basic Allowance and SRA and includes the salary\* of a UK Member of Parliament.

We have selected the Public Sector MP comparison because we feel that a full job evaluation of both positions (using the original Korn Ferry Hay evaluation methodology mentioned earlier) may show that the evaluation scores are, in the round, comparable.

\*Source: <https://www.parliament.uk/about/mps-and-lords/members/pay/mps/>



## **LEADER ROLE (Cont'd)**

We are mindful of the differences in roles but feel that the comparison is valid to explore for the following reasons:

- The breadth and complexity of the KCC Leader role in particular has expanded significantly over the period since the Korn Ferry evaluation was carried out.
- Although the MP role tends to be a full-time, dedicated role, responsibilities of the KCC Leader role are also of a scale requiring full time dedication
- Whilst there may be possible scoring differences between the 2 roles *within* each of the 'Know-How', 'Problem Solving' and 'Accountability' components of the Hay evaluation methodology, our view is that the *total* evaluation scores may be on par.

We were unable to access Korn Ferry full and detailed evaluation scores to arrive at final conclusions on this. We therefore recommend that a full evaluation of the role should be conducted, taking into account the original Korn Ferry assessments, to determine the current Leader job size as a basis for determining the correct SRA level. This may also include other Public Sector comparator roles.

In summary, the Panel are of the view that the Leader SRA is appropriately positioned in relation to County Council peer rankings given the relative size, scope and complexity of KCC and recommend that the Allowance remains unchanged at this time pending the outcome of the full evaluation based on broader comparators recommended above.

We would argue that the expansion of the leader role is a function of increase in *breadth of responsibility* overseeing the *full range* of Cabinet activity. However, we do not feel that this increase in oversight breadth applies equally to other SRA 'portfolio' positions.

Since other SRAs have historically been calculated as a percentage of the Leader's SRA, if the re-evaluation of the Leader role were to lead to an SRA increase, a revision of other SRA percentages would be required to maintain them at current levels. Alternatively, the basis for other SRA calculations could be revised to a percentage of the Basic Allowance level.

**ALL OTHER SRA – ENTITLED POSITIONS (Excluding Opposition Group Leaders)**

Rankings of all other SRAs against the Peer Group are similarly presented in Appendix 1. In summary, rankings are as follows:

POSITION	RANKING		
	Quartile	Ranking - Entire peer Group	Top 6 County Councils
Deputy Leader	Top Quartile	2 / 22	2 / 6
Cabinet Member	Top quartile	2 / 22	2 / 6
Deputy Cabinet Member	Top quartile	1 / 22	1 / 6
Council Chair	2nd quartile	6 / 22	4 / 6
Council Vice Chair	Top quartile	4 / 22	3 / 6
Chair of Committees	Top Quartile	5 / 22	3 / 5

All SRAs for the above roles are similarly positioned in quartile 1 against their respective Peer Group, with one high in quartile 2, and all positioned within the top 6 - sized Councils within the Peer Group.

We therefore recommend that the SRAs for these roles remain at the current level based on:

- The above rankings
- Budgetary pressures faced by KCC
- The decision of the KCC Senior Officer team at Director level and above to elect to forego the approved TCP annual increase
- The Public Sector pay 'pause' announced by the Government

## **OPPOSITION GROUP LEADERS**

<b>OPPOSITION GROUP LEADERS</b>			
<b>Council</b>	<b>Amount (£ p.a.)</b>	<b>Multiple of Basic Allowance</b>	<b>%age of Leader SRA (including 'Additional Amounts')</b>
Staffordshire	18,982	1.9	50
Lancashire	17,227	1.6	55
Norfolk	16,490	1.5	50
Essex	16,200	1.4	30
Derbyshire	16,200	1.5	45
East Sussex	13,420	1.0	25
West Sussex	13,352	1.1	39
Hampshire	13,099	1.0	42
Cumbria	12,784	1.5	49
Kent	11,209	0.7	22
Worcestershire	10,512	1.2	30
Somerset	10,386	0.9	31
Lincolnshire	9,949	0.9	29
Hertfordshire	8,616	0.8	22
Warwickshire	8,376	0.9	35
Oxfordshire	8,000	0.7	26
Devon	6,607	0.5	20
Gloucestershire	6,360	0.6	19
Surrey	6,115	0.5	14
Suffolk	6,040	0.5	18
North Yorkshire	5,223	0.5	16
Leicestershire	5,121	0.4	13

<b>Kent Calculation of Opposition Group Leader Allowance</b>
* Opposition Group Leader SRA is calculated as 15% of Leader SRA, plus an 'Additional Amount' of £601.57 per Opposition Member in the group (excluding the Leader)
* An Opposition Group becomes eligible for 'Additional Amounts' only when it achieves a threshold of 5 Members, including the Leader.
* The figure highlighted in green for Kent in the ranking relates to the Liberal Democrat Leader plus 6 Opposition Group Members. The total allowance for the labour leader calculated on the same basis is £ 10,006 (Labour Leader plus 4 Opposition Group Members)

The above ranking shows that, based on current Opposition Group sizes, the Opposition Group Leader (Liberal Democrat) is positioned:

- low in quartile 2 against Opposition Group peers
- around the median of Opposition Group peers in the top 6 - sized County Councils
- at the bottom of quartile 3 in terms of %age of Leader SRA

On the same basis, The Labour Opposition Group Leader is positioned in quartile 3.

In contrast to the quartile 1 positioning of all other SRA – entitled positions including the Leader role ranked at 2/22 within the Peer Group, the ranking of the Opposition Group Leader in its respective Peer Group appears inconsistently low within the context of the same KCC size, scope and complexity dimensions we have mentioned earlier.

Whilst we acknowledge that the total Allowance level for an Opposition Group Leader would be higher, and more consistently positioned with a larger number of elected Members, we do not feel there is a *direct* correlation between scope of responsibility of the Opposition role and the size of an elected group. The Opposition role, including that of 'challenge', 'check and balance' and 'holding to account' the majority party, remains key and constant irrespective of Group size, and arguably is more onerous where the Opposition Group is smaller.

## **OPPOSITION GROUP LEADERS (Cont'd)**

Furthermore, based on the current approach, the Opposition Group total Allowance varies after each election event depending on changes to group size, thus making planning and organisation more difficult given variable Allowance support available.

We do not therefore believe the Allowance should be a function of group size.

The selection of an alternative formula for the Opposition Groups is challenging. It is apparent from our research that there is a wide range of approaches across the Peer Group on this issue. Beyond there being an Allowance for at least one Opposition Group Leader, there is little consensus in approach. The Table in Appendix 2 illustrates the diversity of practice.

Given as we have mentioned, the key role of Opposition Groups, bearing in mind the scale and complexity of Kent, and the quartile 1 positioning of other Kent Member SRAs within their respective Peer Group, we recommend a more clearly delineated approach as follows:

- The SRA for an Opposition Group Leader be positioned at the same level within its respective Peer Group as Leader and Deputy Leader are positioned within theirs, i.e. 2/22. This would set an Opposition Group Leader SRA at £17,227, 34% of the Council Leader's SRA.
- The maximum total Allowance funding for Opposition Group Leaders be set £51,681 (i.e. sufficient to fund 3 Opposition Group Leaders at £17,227 each. (In the event that there are more than 3 Opposition Groups formed, the 51,681 is equally shared amongst the groups.
- The current threshold requirement for Opposition Group size to be a minimum of 5 should be retained
- The 'Additional Allowance' should be dis-continued

Based on our recommendation above, the total potential SRA cost of Opposition Groups would be capped and predictable as opposed to the open-ended formula currently used.

Furthermore, whilst the Panel's view is that the above recommendation will appropriately position the SRA in the context of the peer rankings, we are of the view that Opposition Group SRAs generally across all County Councils do not adequately recognise the Opposition role in the context of our earlier comments on scope and complexity. We therefore additionally recommend that the role be more comprehensively evaluated, consistent with our recommendations for the Council Leader role.

## **OTHER ALLOWANCES**

### **CO-OPTEE ALLOWANCE LEVELS**

Details of formal scheme descriptions for Co-optee Allowances in the Peer Group are patchy. However, from the limited sample we have obtained it appears that annual Allowances range from £500 p.a. to £900 p.a.

The KCC Co-optee Allowances level of £500, together with an additional per diem of £100 for days spent on Co-optee work, appears to be within this range.

We do not therefore feel there is a need to adjust this Allowance. However, we recommend that it be subject to the indexation methodology we have recommended later in this Report.

### **TRAVEL & SUBSISTENCE (T&S) EXPENSE SCHEME**

#### **TRAVEL**

In 2019-20, claims of £11,899 were made in public transport expenses in contrast to £99,054 in mileage claims. Member mileage claims ranged from one under £20 in total for one year to over £4000, though the higher levels of claims generally were from Members with senior Cabinet responsibilities.

Member mileage was understandably down during the last year due to the Covid pandemic. However, there were a number of views reported to the Panel that, because of flexibility concerning what is regarded as Councillor business, there has been an ability for Members to 'over do' mileage claims.

We do not make judgement on this point, but it would appear sensible to have greater transparency in this area. Good practice was observed with one Council (Derbyshire County Council) publishing their Member expense claims utilising an online template form.

For wider public interest and related to the need to travel to physical meetings, we also received commentary that online meetings had improved participation by Members. Some female Members felt more able to contribute greater input in an online setting, seen by some to be a less aggressive environment. Whilst we cannot evidence this and make no judgement on it, if there is the opportunity for more diverse participation in meetings, it is clearly in the interests of the Kent Electorate to work towards this.

We reviewed other Councils' mileage rates and caps and have noted Worcestershire Council as good practice on differentiating mileage claims of Members based on vehicle emissions, a practice which would also align with Kent County Councils Green agenda strategy.

## **TRAVEL (Cont'd)**

In view of the above observations, we therefore make the following recommendations:

- Eco-friendly mileage ranges should be introduced. For claims between 1 and 8,500 miles the rates are based on the following VED bands (emissions in grams per kilometre g/km):
  - band 1 - VED bands A to C (0 -120g/km): 45p per mile
  - band 2 - VED bands D to H (121-175g/km): 40p per mile
  - band 3 - VED bands I to M (175g+ g/km): 36p per mile
  - Vehicles registered before 1 March 2001 to be included in band 2. <sup>1</sup>
  - Claims for mileage exceeding 8,500 miles to be paid at 12p per mile irrespective of CO2 emissions.
  - The number of miles claimed annually per Councillor should be published on the KCC website, with the geo-location of Councillors to factor in distances involved. Consideration should be given to utilising the Derbyshire County Council template\*
  
- Good practice compliance on the following to be incorporated more specifically into scheme rules:
  - Mileage should be calculated based on the most reasonable route possible for the journey. Where it is reasonable to use Public Transport then Members should be expected to do so.
  - Members should be encouraged to take reasonable steps to minimise the need to travel, wherever possible, continuing online meetings given the favourable commentary concerning more diverse participation in an online setting.
  - In making claims, Members must hold a current full driving licence.
  - All vehicles used on Member Council business should be taxed, have a valid MOT certificate (if older than 3 years) and current insurance policy. The insurance policy must cover Members for business use and indemnify the Council against all third - party claims (including those concerning passengers) when the vehicle is used on official business. Vehicle insurance covering only 'Social and Domestic Pleasure only' will prohibit mileage claims.

## **SUBSISTENCE**

In respect of Subsistence, in the financial year (FY) to March 2020, 9 Members claimed subsistence totalling £2,736.

On the basis that, as the Constitution stipulates (clause 21.23) Subsistence should not normally be paid and we assume specific claims made were exceptional and made against receipts for authorised Council – related business, we do not recommend any changes.

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<sup>1</sup> The VED band/CO2 emissions for vehicles registered after 1 March 2001 is found on the tax disc and/or registration document (Form V5). There are no passenger rates included in the new scheme.

\* [TR16 Members claim form \(derbyshire.gov.uk\)](https://www.derbyshire.gov.uk/tr16-members-claim-form)

## **DEPENDENT CARER'S ALLOWANCE**

Most Councils in the Peer Group examined, offer Dependent Carer's Allowance and Childcare Allowance. Hourly rates published varied between the range from £5.50 to £15.57 (for childcare) and from the minimum hourly wage to £20.24 for adult care. The ability to claim was consistently prescriptive and required receipts based on actual expenditure. KCC are broadly in the range, so we do not make any recommendations for changes to the hourly amount claimable.

A minority of Councils capped the Allowance. This ranged from £50.33 per day to £3621 (Childcare) and £7654 (Dependant). However, it appears a cap is somewhat irrelevant when considering that few Members claim the Allowance, either in Kent County Council or elsewhere <sup>2</sup> (One KCC Member did so FY19-20) and we decided against recommending the introduction of any cap.

We therefore recommend:

- To raise awareness of the existence of the claim availability amongst Members through the New Member Induction process.
- There should be exclusions on claiming dependency Allowance for adult care in the event a Councillor receives a Carer's Allowance from the Department for Work and Pensions.

## **INDEXATION – CHOICE OF METHOD AND DURATION**

Since 2017, the method used to determine the annual increase for the Basic Allowance, Special Responsibility Allowances and Carer's Allowance has been to index-link these Allowances to total staff pay progression pot agreed for the previous financial year, expressed as a percentage, as determined through the KCC Total Contribution pay Process (TCP).

The primary intention of aligning Member increases with staff TCP percentage was to distance Members from decisions about their own Allowance increases. The method also aligns Members with KCC- related criteria and circumstances which underpin TCP recommendations.

Whilst we recognise that the above TCP indexation approach goes some way to achieving the intent and is a relevant input, the arrangement is not entirely effective in this regard.

Staff increase proposals arising from the TCP review require final approval through full Council vote. Members are therefore able to vary the proposed staff pay increase potentially impacting Members' own increase. Consequently, there remains a potential conflict of interest in this arrangement.

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<sup>2</sup> Of the peer review, 18 Councils that published their dependency Allowance claims for FY19/20. One Council had received 2 Member claims for Dependency Allowance, but most had either one or no claims against this Allowance.

## **INDEXATION (Cont'd)**

We therefore recommend the following:

- The current method of indexation to TCP is retained.
- Use of an additional benchmark external to KCC, not determined by Members, namely a Public Sector pay benchmark. Whilst the Public Sector pay review process is varied and complex, we recommend use of an average percentage increase (API) decided by Government Ministers averaged across the 8 Pay Review Bodies (PRBs) which are independent non-departmental public bodies and cover 45% of Public Sector employees. The API should be calculated on the percentage increase in the overall pay bill arising from each Minister's decision, arising from the 8 PRBs. The pay bill is defined as the basic pensionable pay bill, excluding any incentive or bonus payments
- The actual percentage increase applied to Members should be the average of the TCP percentage and the Public Sector benchmark described above.
- This percentage should apply to Basic Allowance, Special Responsibility Allowances, Co-optee Allowance and Carer's Allowance.
- The indexation approach is recommended to apply from FY April 2022 onwards and continue to apply for 4 years from that date.
- Full Council approval for any index – based adjustment should nevertheless be obtained on an annual basis. Such approval should be restricted to either confirming the increase calculated by the index formula or a lower increase taking into account any prevailing factors relevant to Kent County Council (such as budgetary constraints / affordability). However, the adjustment should not exceed the increase calculated by the index formula.

This approach would then provide a measure which is entirely removed from Member decision making whilst also preserving a link to any KCC budgetary considerations

Whilst the effective date of pay reviews in the public sector covered by Pay Review Bodies (PRBs) is April annually, we do recognise that the actual timing of Minister decisions and approvals may mean some backdating of Member Allowances as is often currently the case.

We are also aware that the data necessary to calculate the index formula proposed originates from multiple sources and becomes available at different times during the year. If our recommendation on indexation is accepted, the Panel are prepared to liaise over the coming months with the relevant Parliamentary / Government Departments and Agencies to create a single document format from which the required data can be sourced.



## **PRACTICE OF MEMBER DISCRETION TO DETERMINE RE-ALLOCATION OF SRA ENTITLEMENT**

Member discretion to waive full or partial SRA entitlement is granted in the 2003 Act. However, Member discretion to determine to whom Allowances should be given is not. Neither is the practice specified within the KCC Constitution.

Whilst we regard the waiving of Allowances is entirely laudable, we propose that funds released by this process should be retained to reduce costs to the council rather than directed according to Members' personal preferences.

We therefore recommend the practice of Member discretionary re-allocation be discontinued with immediate effect.

The Panel is however mindful that, in contrast to the majority party where multiple SRAs are available considering all SRA-entitled, Cabinet-related roles, currently each Opposition Group has only 1 SRA available to support its activities. In practice Opposition workload may be shared by others in addition to the Leader role. If, in the future, proposals were forthcoming to create a formal Deputy Opposition position supported by a specific role description and formally recognised within the Constitution, the Panel would likely recommend that Opposition Groups be allowed to reallocate a portion of the Leader SRA to that position.

In our view, this is the only exception that should be allowed which, implemented as described above, would be properly controlled and permitted on the basis of formally recognised responsibilities

## ADDITIONAL PERSPECTIVES OFFERED BY THE PANEL

### NUMBER OF SRA POSITIONS - POTENTIAL FOR REDUCING SRA COSTS

Whilst benchmarking shows that for most roles, except for Opposition Group Leaders, SRA Allowance levels are appropriately aligned with the Peer Group, the Panel nevertheless see opportunities to reduce the number of SRA – entitled positions and related costs in respect of Cabinet - related SRA roles.

The following table\*\*\*\* shows total SRA costs permissible under the current scheme, including Cabinet Committee SRA roles, aligned to Cabinet portfolios. Personnel and Regulation Committees, although covering cross – Council business, are included as they relate closely to Cabinet portfolios.

CABINET MEMBER / COMMITTEE / DIRECTORATE ALIGNMENT - SRA COSTS* (Excluding Leader and Deputy Leader roles)											
DIRECTORATE	CABINET				COMBINED SRA COST*	COMMITTEE CHAIRS					
	PORTFOLIO		NUMBER OF SRA-ENTITLED ROLES	SRA*		SRA*	NUMBER OF SRA-ENTITLED ROLES	PORTFOLIO	CATEGORY / NUMBER OF MEETINGS	NUMBER OF KCC COMMITTEE MEMBERS	
Strategic & Corporate Services	FINANCE, CORPORATE & TRADED SERVICES	Cabinet Member	1	32,931	72,193	8,866	1	Chair	Policy and Resources	Cabinet Comm / 5	15
	Deputy (Corporate & Traded Services)	Deputy	1	15,198							
	Deputy (Finance)	Deputy	1	15,198							
Strategic & Corporate Services	COMMUNICATIONS, ENGAGEMENT & PEOPLE	Cabinet Member	1	32,931	48,129	-	0	Chair	Personnel	Ordinary	9
	Deputy (Communications & Engagement)	Deputy	1	15,198							
Adult social Care & Public Health	ADULT SOCIAL CARE & PUBLIC HEALTH	Cabinet Member	1	32,931	65,861	8,866	1	Chair	Adult Social Care	Cabinet Comm / 6	14
	Deputy	Deputy	1	15,198							
Children, Young People & Education	INTERGRATED CHILDREN'S SERVICES	Cabinet Member	1	32,931	52,562	8,866	1	Chair	Children's, Young People and Education	Cabinet Comm / 6	15
	Deputy	Deputy	1	15,198							
	EDUCATION & SKILLS	Cabinet Member	1	32,931							
	Deputy	Deputy	1	15,198							
Growth, Environment & Transport	ECONOMIC DEVELOPMENT	Cabinet Member	1	32,931	56,995	8,866	1	Chair	Growth, Economic Development and Communities	Cabinet Comm/ 6	16
	Deputy	Deputy	1	15,198							
	COMMUNITY & REGULATORY SERVICES	Cabinet Member	1	32,931	59,274	11,145	1	Chair	Regulation	Ordinary / 3	14
	Deputy (Communities)	Deputy	1	15,198							
	ENVIRONMENT	Cabinet Member	1	32,931	52,562	8,866	1	Chair	Environment & Transport	Cabinet Comm/ 5	17
	Deputy	Deputy	1	15,198							
	HIGHWAYS & TRANSPORT	Cabinet Member	1	32,931							
Deputy	Deputy	1	15,198								
	TOTAL		19	448,359	512,700	64,341	7				

\* Reflects SRAs allowable under Scheme. One SRA shown where member has multiple roles. Full SRA entitlement shown irrespective of individual member decision to waive full or partial allowance

\*\* Chair, CYPE - assumes 50% allocation each to Intergrated Children's Services and Education & Skills Cabinet portfolios

\*\*\* Chair, Environment & Transport - assumes 50% allocation each to Environment and to Highways & Transport Cabinet portfolios

\*\*\*\*Table derived <https://www.kent.gov.uk/> and KCC Strategic and Corporate Services – Governance, Law and Democracy

The table shows:

- Each Cabinet portfolio has at least 3 SRA-entitled roles focused on each portfolio activity with average SRA cost per Cabinet portfolio being £56,880 p.a., taking into account Cabinet, Deputy Cabinet and Committee chair roles.
- The total number of SRA – entitled positions related to specific Cabinet portfolios is 26, which is 66% of all SRA-entitled positions across the Council.
- Of the 26 roles, 10 roles are Deputy Cabinet Members and 7 roles are Cabinet Committee Chairs

Deputy Cabinet Member portfolios are aligned with their respective Cabinet Committee portfolios which are also chaired by SRA – entitled positions, and there is therefore some common ground across these roles.

## **NUMBER OF SRA POSITIONS - POTENTIAL FOR REDUCING SRA COSTS (Cont'd)**

We therefore recommend that the Deputy Cabinet Member role be expanded to include Committee Chair-ship of the portfolio on which they are focussed, with the Deputy Cabinet Member SRA being maintained at the current level, and with the separate Committee Chair SRAs being discontinued.

This recommendation is made on the basis that the Deputy Cabinet Member is already focussed on, and knowledgeable about, the committee portfolio they would chair.

In considering this proposal we have been mindful of the need to maintain political balance in the appointment of these roles. However, we do not believe the recommendation compromises political balance beyond current arrangements.

It is the case that this recommendation would mean a move away from the process whereby Committee Members are responsible for voting in the Chair to a process whereby the majority party would effectively be nominating Committee Chairs from Deputy Cabinet Members. However, in practice the majority group are already able to prevail in voting in their preferred Committee Chairs, and under principles of proportionality, the majority group dominates the vote. Furthermore, Deputy Cabinet Members do not have executive authority, cannot make cabinet decisions, and are not entitled to Cabinet vote.

We have also been mindful of potential concerns that our recommendations may, beyond current arrangements, compromise the Cabinet Committee Chair's ability to 'hold the Cabinet Member to account'. However, we do not believe this is the case for the following reasons:

- Clause 18.20 of the Constitution defines the Cabinet Committee role as advisory and does not extend to scrutiny which is independently handled elsewhere within the Council framework.
- This functional separation is reinforced by Clause 18.28 which states that Cabinet Committee Members may not serve as ordinary or substitute Members of the Scrutiny Committee when the latter is dealing with issues that are within their Cabinet Committee's area of responsibility. This would strongly suggest to us that Cabinet Committees hold the function of advisers to the Executive but not scrutinising functions.
- Under current arrangements the Council Leader already has powers to nominate Committee Chairs, and Committee terms of reference are also determined by the Leader.

This recommendation would reduce SRA - entitled positions by 6 (excluding Regulation Chair) and SRA costs by £ 53,196 p.a.

## **DIVERSITY - GREATER AMBITIONS FOR MORE DIVERSE REPRESENTATION**

The following overviews a comparison of Kent county-wide demographic compared to that of Kent County Council Member. Dimensions of diversity used have been based on information in the public domain and therefore is limited on some aspects including gender definitions, sexual orientation, disabilities and religion. The following table shows the comparison covering age and gender\*.

DIVERSITY PROFILE - KENT POPULATION V KCC MEMBERS (Percentages)								
POPULATION (18 Years +)	AGE			GENDER IDENTITY		ETHNICITY		DISABILITY
	UNDER 49	50 - 64	65+	MALE	FEMALE	WHITE	BLACK / MINORITY	
KENT GENERAL PUBLIC	48.3	25.6	26.2	49	51	93.7	6.3	
KCC MEMBER POPULATION	11.3	36.3	52.5	74	26			

The average age of Kent population (all ages) is 41.2. The average age of KCC Members is 63.5 (as at March 16, 2020)

The table shows the Kent population is significantly under – represented in terms of female participation and younger age groups. We feel it is in the interest of the Kent electorate to have the elected Member population as closely aligned with the general population demographic to ensure:

- The interests of all demographic groups in Kent are well represented and Members with first-hand experience of needs and concerns of various groups can provide informed contribution to Council activity
- KCC accesses and fully leverages the talent and experience present in all demographic groups
- Both the letter and the spirit of KCC’s Equality and Diversity policy principles are fully enacted

We note efforts already in play in various council activities to pursue equality and diversity objectives. However, whilst the Council’s policy emphasises equality and diversity issues are the responsibility of all Members, the KCC Constitution does not appear to make it clear which Cabinet portfolio takes the lead in co-ordinating effort and resource in this complex area.

We therefore recommend the Council consider establishing a dedicated ‘Lead Member’ role for Diversity to champion ambitions for Equality and Diversity and ensure focus and attention on these wide-ranging issues. We would envisage that a key accountability of the role would be to embed behaviours to promote a more inclusive culture amongst Members in their day-to-day activities to help attract and retain a more diverse Member profile and ensure that contribution is encouraged, respected and valued from such a diverse profile.

Illustratively, pending fuller evaluation, we have included an SRA for this role of £22,798 in our costings, equivalent to that of the Lead Member for Partnerships, (see table, page 28) to show that, inclusive of this SRA level, our overall proposals achieve a cost reduction.

Alternatively, the Council may wish to consider giving specific accountability for co-ordinating Equality and Diversity issues to a Cabinet Member and ensure that this role be written into the Cabinet portfolio chosen. Arguably this could be within the remit of the Cabinet Member for Communications, Engagement and People.

\*Population data derived from: <https://www.kent.gov.uk/about-the-council/information-and-data/facts-and-figures-about-Kent/population-and-census#tab-1>

\*Age data derived from: [https://www.kent.gov.uk/\\_data/assets/pdf\\_file/0019/14725/Mid-year-population-estimates-age-and-gender.pdf](https://www.kent.gov.uk/_data/assets/pdf_file/0019/14725/Mid-year-population-estimates-age-and-gender.pdf)

## **TRANSPARENCY ISSUES**

One of the considerations of the Panel has been the matter of Member workload. Throughout our discussions and interviews we have considered the actual time that elected Members spend on their duties, whether they hold positions of special responsibility or not.

Though Member workload has an inherent form of recognition through Special Responsibility Allowances, this obviously does not apply to Members who do not hold such roles. A backbench Member could be one of the most active on the authority, but this is not measured or acknowledged in any particular way within the Allowances scheme.

However, we recognise Member workload is challenging to quantify in this respect, given the various elements that can comprise core Member duties - from attending formal Council meetings, to meeting with residents, organisations and dealing with casework. It is not possible, nor indeed practicable, to adopt a policy which would directly link Allowances to such a complex web of duties and responsibilities.

However, we do consider it important that the authority is as transparent with the information it does maintain about Member workload - particularly in relation to attending formal Council meetings. Though this in no way reflects the total contribution Members make, it is information that should be available to the public in an easily accessible format. During the course of benchmarking information between other authorities and Kent, it became apparent that the authority is out of step in terms of making attendance information available to the public.

Out of the 12 districts/borough councils in Kent, 10 provide clearly tabulated information on Member meeting attendance on their respective Modern.gov\*/Member pages only Ashford, Dartford and Medway (a unitary authority) do not. Such information is also provided by the neighbouring county authorities in East Sussex and Surrey. In order to locate the same level of information in Kent, residents would have to manually search the minutes of every authority meeting for each Member, which would be incredibly time-consuming.

Given this information is already held by the authority but is simply not displayed, we recommend that Kent County Council's website is updated to include this information, which can be easily integrated into the Modern.gov system. It is a simple but effective measure of transparency which reveals, at least in part, an element of a Member's workload and commitment to the authority, an example of which is adopted by Surrey County council. \*

\*Example of 'Mod.gov good practice: Surrey County Council's [Member page](#)

## **COST IMPLICATIONS - SUMMARY OF RECOMMENDATIONS AND COST IMPACT**

Total annual Scheme costs, inclusive of all Basic Allowance and SRA recommendations proposed in this report, reduces to £ 1,951,601 compared to current Scheme costs of £ 1,962,160 . The following table shows the comparison of current versus proposed costs with changes highlighted in yellow.

<b>SCHEME STRUCTURE COST COMPARISON* - CURRENT V PROPOSED (Costs £ p.a. rounded)</b>								
<b>(Proposed changes highlighted in yellow)</b>								
<b>SPECIAL RESPONSIBILITY ALLOWANCE (SRA) **</b>	<b>NUMBER OF SRA - ENTITLED POSITIONS</b>		<b>ALLOWANCE AMOUNT</b>		<b>% OF LEADER'S SRA</b>		<b>COST</b>	
	<b>CURRENT</b>	<b>PROPOSED</b>	<b>CURRENT</b>	<b>PROPOSED</b>	<b>CURRENT</b>	<b>PROPOSED</b>	<b>CURRENT</b>	<b>PROPOSED</b>
Leader	1	1	50,663	50,663	100%	100%	50,663	50,663
Cabinet Member	9	9	32,931	32,931	65%	65%	296,379	296,379
Lead Member for Partnerships	1	1	22,798	22,798	45%	45%	22,798	22,798
Lead Member for Diversity (illustrative SRA) **	0	1	-	22,798	0%	45%	-	22,798
Council Chair	1	1	16,719	16,719	33%	33%	16,719	16,719
Deputy Cabinet Member	11	11	15,199	15,199	30%	30%	167,188	167,188
PAC Chair	1	1	11,146	11,146	22%	22%	11,146	11,146
Regulation Committee Chair	1	1	11,146	11,146	22%	22%	11,146	11,146
Council Vice-Chair	1	1	8,866	8,866	17.5%	17.5%	8,866	8,866
Other Committee Chairs ***	11	5	8,866	8,866	17.5%	17.5%	97,527	44,330
Opposition Leaders****	3	3	7,599	17,227	15%	34%	22,798	51,681
Opposition - Additional Payment per member (15 members)	0	0	602	-	n/a	n/a	9,023	-
<b>SRA TOTALS</b>	<b>40</b>	<b>35</b>					<b>714,254</b>	<b>703,715</b>
<b>BASIC ALLOWANCE** - All Members</b>	<b>81</b>	<b>81</b>	<b>15,406</b>	<b>15,406</b>	<b>N/A</b>	<b>N/A</b>	<b>1,247,906</b>	<b>1,247,886</b>
<b>TOTAL - BASIC ALLOWANCE &amp; SRAs COMBINED</b>							<b>1,962,160</b>	<b>1,951,601</b>

Assumes full take-up of Basic Allowance and SRA entitlements for all entitled roles for both the 'Current' and 'Proposed' scheme costs. Any Employer N.I. costs not included
<b>Addition of Lead Member for Diversity</b>
Absorption of SRA - entitled Cabinet Committee Chair responsibilities into Deputy Cabinet Member role and deletion of Cabinet Committee SRAs
Increase of Opposition Leader SRA to Council peer group level of 2/22, consistent with Leader and Deputy Leader rankings in their respective peer groups. Elimination of the 'Additional Payment' per Opposition Member.
For the purpose of consistent cost comparison, the number of Opposition Leaders in both 'Current' and 'Proposed' have been set at 3. Under our recommendations, the 'Proposed' cost of Opposition group SRAs would be capped at the number shown, whereas the 'Current' cost could potentially be higher depending on the size of Opposition groups elected
NOTE: Variance in current position numbers and costs compared to current scheme details in earlier 'Overview of Current Scheme' section due to different assumption on Opposition Group numbers

## APPENDIX 1

### RANKING OF SRA – ENTITLED POSITIONS, EXCLUDING COUNCIL LEADER AND OPPOSITION GROUP LEADERS

DEPUTY LEADER SRA			
Council	Amount (£ p.a.)	Multiple of Basic Allowance	%age of Leader SRA
Essex	42,000	3.5	78
Kent	32,931	2.1	65
Hertfordshire	32,004	3.0	75
Staffordshire	28,473	2.9	75
Surrey	28,400	2.2	65
Derbyshire	27,000	2.5	75
Devon	26,426	2.0	80
West Sussex	24,371	2.0	72
Leicestershire	23,245	2.0	60
Lincolnshire	22,986	2.1	66
Oxfordshire	22,028	2.0	69
Suffolk	21,965	2.0	67
Lancashire	21,925	2.0	70
Norfolk	21,438	2.0	65
Somerset	20,104	1.7	60
Gloucestershire	19,130	1.8	56
Worcestershire	18,846	2.1	53
East Sussex	18,792	1.4	51
Hampshire	18,082	1.4	58
North Yorkshire	17,410	1.7	53
Cumbria	14,711	1.7	56
Warwickshire	14,482	1.5	60

CABINET MEMBER SRA			
Council	Amount (£ p.a.)	Multiple of Basic Allowance	%age of Leader SRA
Essex	36,000	3.0	67
Kent	32,931	2.1	65
Surrey	22,930	1.8	52
West Sussex	21,663	1.8	64
Hertfordshire	21,336	2.0	50
Leicestershire	20,681	1.8	53
Devon	19,820	1.5	60
Lincolnshire	19,702	1.8	56
Suffolk	19,220	1.8	58
Gloucestershire	19,130	1.8	56
Worcestershire	18,503	2.0	52
Hampshire	18,082	1.4	58
Derbyshire	18,000	1.7	50
Somerset	17,969	1.6	53
Oxfordshire	17,623	1.6	55
Lancashire	17,227	1.6	55
Norfolk	16,490	1.5	50
East Sussex	16,107	1.2	44
North Yorkshire	15,669	1.5	47
Staffordshire	12,528	1.3	33
Warwickshire	10,783	1.1	45
Cumbria	10,508	1.2	40

**APPENDIX 1 (Cont'd)**

<b>DEPUTY CABINET MEMBER SRA</b>			
<b>Council</b>	<b>Amount ( £ p.a.)</b>	<b>Multiple of Basic Allowance</b>	<b>%age of Leader SRA</b>
Kent	18,999	1.2	38
Essex	12,000	1.0	22
Hertfordshire	10,668	1.0	25
Surrey	10,170	0.8	23
Derbyshire	9,000	0.8	25
Lincolnshire	8,757	0.8	25
Lancashire	8,613	0.8	27
Leicestershire	7,839	0.7	20
Staffordshire	7,830	0.8	21
Somerset	6,739	0.6	20
Suffolk	5,491	0.5	17
West Sussex	4,650	0.4	14
North Yorkshire	1,741	0.2	5
Norfolk	0	0.0	0
Devon	0	0.0	0
Gloucestershire	0	0.0	0
Hampshire	0	0.0	0
Oxfordshire	0	0.0	0
Cumbria	0	0.0	0
East Sussex	0	0.0	0
Warwickshire	0	0.0	0
Worcestershire	0	0.0	0

<b>COUNCIL CHAIR SRA</b>			
<b>Council</b>	<b>Amount ( £ p.a.)</b>	<b>Multiple of Basic Allowance</b>	<b>%age of Leader SRA</b>
West Sussex	21,663	1.8	64
Essex	21,600	1.8	40
Hampshire	19,127	1.5	62
Surrey	18,350	1.4	42
Staffordshire	18,239	1.9	48
Kent	16,719	1.1	33
Lancashire	16,447	1.5	53
Worcestershire	14,233	1.6	40
Suffolk	13,728	1.2	42
East Sussex	13,420	1.0	36
Lincolnshire	13,266	1.2	38
Norfolk	13,192	1.2	40
Hertfordshire	10,668	1.0	25
Devon	10,570	0.8	32
North Yorkshire	10,446	1.0	32
Somerset	10,108	0.9	30
Gloucestershire	9,570	0.9	28
Oxfordshire	9,362	0.8	29
Derbyshire	9,000	0.8	25
Warwickshire	5,763	0.6	24
Cumbria	5,374	0.6	20
Leicestershire	N/A		



**APPENDIX 1 (Cont'd)**

<b>COUNCIL VICE CHAIR SRA</b>			
<b>Council</b>	<b>Amount ( £ p.a.)</b>	<b>Multiple of Basic Allowance</b>	<b>%age of Leader SRA</b>
Essex	10,000	0.8	19
Hampshire	9,796	0.8	32
Staffordshire	9,116	0.9	24
Kent	8,866	0.6	18
West Sussex	8,616	0.7	25
Lancashire	8,224	0.7	26
Surrey	6,630	0.5	15
East Sussex	5,374	0.4	15
Lincolnshire	4,422	0.4	13
Suffolk	4,393	0.4	13
Devon	3,680	0.3	11
Derbyshire	3,600	0.3	10
North Yorkshire	3,482	0.3	11
Worcestershire	3,233	0.4	9
Warwickshire	2,893	0.3	12
Gloucestershire	2,860	0.3	8
Hertfordshire	2,667	0.3	6
Norfolk	2,473	0.2	7
Oxfordshire	2,341	0.2	7
Somerset	2,246	0.2	7
Cumbria	2,034	0.2	8
Leicestershire	N/A		

<b>CHAIR OF COMMITTEES SRA</b>			
<b>Council</b>	<b>Amount ( £ p.a.)</b>	<b>Multiple of Basic Allowance</b>	<b>%age of Leader SRA</b>
Essex	14,850	1.2	28
Worcestershire	14,508	1.6	41
Hertfordshire	13,335	1.3	31
Hampshire	10,523	0.8	34
Kent	10,006	0.6	20
West Sussex	9,552	0.8	28
Surrey	9,180	0.7	21
Cumbria	8,833	1.0	34
Lincolnshire	8,291	0.7	24
Lancashire	7,830	0.7	25
Suffolk	6,864	0.6	21
Leicestershire	6,726	0.6	17
East Sussex	6,711	0.5	18
Devon	6,474	0.5	20
Gloucestershire	6,360	0.6	19
Derbyshire	6,300	0.6	18
Staffordshire	6,140	0.6	16
North Yorkshire	6,094	0.6	18
Oxfordshire	5,783	0.5	18
Warwickshire	5,139	0.5	21
Norfolk	4,535	0.4	14
Somerset	4,493	0.4	13

## **APPENDIX 2**

<b>OPPOSITION MODELS/METHODS</b>	
<b>Council</b>	<b>Model/Method</b>
Cumbria	Opposition leader
Derbyshire	Multiple opposition leaders
Devon	Multiple opposition leaders
Lincolnshire	Multiple opposition leaders
Worcestershire	Opposition leader
East Sussex	Multiple opposition leaders and deputy leader of largest opposition group
Hampshire	Opposition leader and shadow cabinet/spokesmen receive own allowances
Hertfordshire	Opposition leader and two shadow cabinet/spokesmen receive own allowances
Lancashire	Opposition leader, deputy, whip and secretary
Norfolk	Multiple opposition leaders, deputies and shadow cabinets/spokesmen
North Yorkshire	Multiple opposition leaders and secretaries
Oxfordshire	Opposition leader and shadow cabinet/spokesmen
Somerset	Multiple opposition leaders and deputy leader of largest opposition group
Staffordshire	Opposition leader and deputy leader
Suffolk	Multiple opposition leaders, deputies and (up to 6) shadow cabinets/spokesmen per group
Essex	A fixed opposition leader allowance amount, split between multiple group leaders if necessary
Gloucestershire	Opposition leader, but a different amount depending on group size (range of 2-5 members)
Kent	Opposition leader, plus fixed sum per member – leader's discretion on any allocation
Leicestershire	Opposition leader and whip on a per-member/group size scale
Surrey	A fixed opposition leader allowance amount, split between multiple group leaders if necessary
Warwickshire	Leader and deputy leader allowances for groups above a 10% of member threshold, a smaller allowance for leaders of groups below this – and a per member sum for any of the 10% groups, allocated at leader's discretion (similar to Kent's)
West Sussex	Opposition leader, plus fixed sum per member

**By:** Roger Gough, Leader of the Council  
 David Cockburn Head of Paid Service

**To:** County Council

**Date:** 4 November 2021.

**Subject:** Changes to the top tier County Council Structure

**Classification:** Unrestricted

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**Summary:** The paper recommends the introduction of a new top tier post of Director of Technology and a change in report line for the Director of Public Health.

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## **RECOMMENDATIONS**

The County Council is invited to endorse the recommendation of the Personnel Committee to agree:

- The introduction of a new post of Director of Technology reporting to the Head of Paid Service.
- The permanent change of reporting line for the Director of Public Health from the Strategic Commissioner to the Corporate Director Adult Social Care and Health with immediate effect.

## **1 BACKGROUND**

- 1.1 The overall structure of the organisation down to third tier level is approved by the County Council on the advice of the Head of Paid Service and the Leader.
- 1.2 On 30 September 2021, Personnel Committee received a number of updates and recommendations for change relating to the top tier structure of the Authority.
- 1.3 The Committee agreed that recommendations for a change to the report line for the Director of Public Health and the introduction of a new post of Director of Technology should go forward to County Council for its approval with the endorsement of the Committee.

## **2. DIRECTOR OF TECHNOLOGY**

- 2.1 A new Director level post is proposed to take responsibility for IT across the organisation. The responsibility is currently part of the Director of

Infrastructure role which also includes Property Estate Management, Facilities Management, Capital Asset Management and Emergency Planning. This post was established in 2015.

- 2.2 Kent County Council is on a huge IT and digital journey. As customer expectations develop, digital opportunities increase through new technology, and staff work in a more technologically enabled way, there is an imperative to introduce this new role to the organisation. With greater reliance on technology for daily business, the need to review the Authority's property estate also becomes more challenging and urgent. The future property assets work is central to the Authority's longer term strategic plan and service delivery models, and both technology and assets are key enabling workstreams in the Strategic Reset Programme (SRP).
- 2.3 The SRP has also identified the need for a Technical Design Authority to provide advice and assurance to the SRP Board and, through it, to Cabinet on systems, data and technology aspects of programmes and projects in scope of the Strategic Reset Programme, ensuring consistency with KCC's technical blueprint, standards and information governance principles. The person appointed to this new post will be well placed to take on this responsibility.
- 2.4 The conclusion from a review of these very significant demands is that combining Property Infrastructure and IT in a single Division no longer meets the needs of the organisation. The Division and its Director have delivered significant change and very effective business as usual support to the organisation for six years, but the scale of the work required now cannot be delivered in a combined role and Division. Given the scale of change required, it is proposed that a Director of Technology is appointed enabling the Director of Infrastructure role to concentrate on all aspects of the property estate, Future Assets and community services strategy and lead the Authority's Emergency Planning.
- 2.5 Kent County Council is shifting from our operating model which positioned IT as a support function focussed on hardware and software provision and critical aspects of IT such as cyber security and accessibility to one which positions it as the strategic function it needs to be, with a key role in driving the transformation of the council and its services. Our technology strategy has been focussed on the way technology can support service led business delivery and change rather than providing a blueprint for how business/service delivery can be transformed by technology. The council has started its journey to a cloud -based approach and needs to ensure that it has a more resilient infrastructure model.
- 2.6 A job description for the new role is shown at Appendix 1 and reflects the changes needed in this area. This new senior role is needed to achieve the

objectives around digital innovation and the organisational requirement to design and implement the new operating model for IT (Data Digital & Technology).

- 2.7 The postholder must be a technically able professional and have a track record of delivering technological change and innovation. The post will report to the Head of Paid Service and will be a key member of the Corporate Management Team and the Strategic Reset Programme Board. The grade for the role is KR17 and the salary for the post will be augmented by a market premium payment. Additional funding will be required for the salary costs which will be met from within the Strategic and Corporate Services budget.
- 2.8 In accordance with arrangements discussed with the Personnel Committee, organisation of the recruitment process required for the proposed post has been undertaken, with formal progression pending discussion at and approval from the County Council. Subject to that approval, a Personnel Committee - Member Appointment Panel will be convened on 14 December 2021.

### **3. DIRECTOR OF PUBLIC HEALTH REPORT LINE**

- 3.1 When responsibility for Public Health first transferred across to Local Government in 2013, KCC's Director of Public Health reported to the Corporate Director of Social Care. The report line then transferred to the Strategic Commissioner when this role was established in recognition of the fact that Public Health is a commissioning function.
- 3.2 When the current Strategic Commissioner was seconded to HoldCo as Director of Transformation, the report line for the Director moved to the Corporate Director, Adult Social Care and Health. The clear need to continue the integration of Public Health Strategy with the work done in the Adult Social Care and Health Directorate, which has a key role in the relationship with the NHS, is apparent and it is now timely to make this a permanent change.
- 3.3 This reporting structure is applied in many other County Councils and has the support of Public Health England. The Director of Public Health will continue as a member of the Corporate Management Team and Corporate Board and have access to the Head of Paid Service whenever required. This will ensure that the Public Health agenda is given the right platforms and can be considered as required across the widest range of strategic and operational decision making.

### **4. RECOMMENDATIONS**

The County Council is invited to endorse the recommendation of the Personnel Committee to agree:

- The introduction of a new post of Director of Technology reporting to the Head of Paid Service.
- The permanent change of reporting line for the Director of Public Health from the Strategic Commissioner to the Corporate Director Adult Social Care and Health with immediate effect.

**Report Author and Relevant Director:** Amanda Beer  
Corporate Director People & Communications

**Telephone number:** 03000 415835

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<b>Directorate:</b>	<b>Strategic and Corporate Services</b>
<b>Unit/Section:</b>	<b>Technology</b>
<b>Grade:</b>	<b>KR17</b>
<b>Responsible to:</b>	<b>Head of Paid Services</b>

### **Purpose of the Job:**

Lead and direct the provision and implementation of the technology strategy and set the overall direction for Kent County Council's technological and digital priorities ensuring they reflect the Council's wider priorities.

Ensure the Council's technological and digital priorities are embedded and understood across both KCC and its range of local and national partners.

Lead and direct the strategic delivery of a range of initiatives that support excellent service delivery and broader organisational objectives ensuring that these reflect customers' changing needs whilst also being efficient, cost effective and continuously improving.

### **Main duties and responsibilities**

- Ensuring KCC has a coherent and forward-thinking technology strategy to support its strategic objectives and to deliver effective, reliable and accessible services to staff, Members and service users.
- Leading and directing the delivery of the technology strategy
- As the organisation's Design Authority for IT and Digital, partnering with other KCC services to challenge and change ways of working as part of our Strategic Reset Programme (SRP) and providing the framework for analysing the business requirements of all Directorates to determine their technology needs.
- Developing technology initiatives with stakeholders, working across the council to support best practice on data sharing and digital collaboration.
- Commissioning and managing the performance of key technology partners.

- Providing assurance to CMT and Cabinet that KCC has the appropriate technology vision, architecture, security, standards, policies and integrated technical data governance in place to run its services successfully and compliantly.
- Recommending to CMT / SRP Board the appropriate level of resource for IT and digital projects/programmes to support effective prioritisation and directing agreed in-house IT projects.
- Working with the Corporate Management team, ensure IT is properly funded to achieve the organisation's ambitions and objectives.
- Managing IT revenue and capital budgets, ensuring they are focussed on priority spend. Directing the purchase of efficient and cost effective technological equipment, software, and services across the authority.
- Providing leadership for and managing the IT commissioning Infrastructure team and technology partnerships.
- Being a proactive member of CMT, providing fresh but constructive challenge across all areas of the business.
- Monitoring and leading the management of major Incidents, incidents and events on the KCC IT estate, returning services to safe, resilient state as swiftly as possible. Minimising the risk of major incidents as far as possible.
- Acting as the Senior Responsible Officer for the Enterprise Business Capabilities Programme and the key IT programmes across the Council.
- Directing the delivery of accessible technology enabled services/platforms to internal and external audiences
- Participate in the Emergency Planning and Resilience Rota as a Duty and/or Recovery Lead Director, to oversee the council's statutory duty and responsibility as a first responder to emergencies within Kent

## **Organisational Responsibilities:**

All corporate directors, directors and senior managers have an explicit responsibility to deliver the collective agenda of the Council. These are fundamental elements of their role not an addition and are summarised as follows:

### **Whole Council**

- Seek to improve the lives of all residents in Kent and economy of Kent
- Act as corporate parent to the Council's looked after children



- Take an active role in promoting and ensuring the Council's responsibilities for safeguarding are met.
- Understand, communicate and contribute to the delivery of KCC's strategic aims
- Meet statutory obligations and promote and ensure compliance with policies and procedures and the Council's Code of Conduct (Kent Code).
- Advise elected members and support the democratic process
- Promote the Council brand and enhance the overall reputation of the Council
- Understand and monitor the measures of performance, including customer insight, which define successful outcomes for KCC services
- Maintain and ensure a relentless focus on the customer
- Act to support the Council-wide need to deliver services within budget, thereby avoiding an overspend that could damage the financial viability of the Council
- Overcome professional and service silos to achieve the County Council's objectives.

### **Integration of Services**

- Focus resources where they have the biggest impact
- Deliver services that are flexible and adaptable
- Integrate services within KCC and work with partner agencies to ensure a seamless customer experience
- Fully and inclusively engage all staff in the delivery of services, demonstrating the Council's leadership values and competencies.

### **Embedding Commissioning and Engaging relevant markets**

- Establish an outcome focused organisation
- Meet the financial regulations and standing orders of KCC
- Challenge the status quo and engage with the market to constantly improve
- Ensure all services are delivered effectively and efficiently
- Proactively and continuously seek to improve service delivery
- Proactively manage risk to avoid inertia whilst not exposing the Council to needless and avoidable challenge or loss

### **Managing Change**

- Understand and support the Authority's overall change agenda
- Deliver required outcomes of service specific change on time and to budget
- Understand the quality of staff, support their development, nurture those with talent
- Identify the skills for the future and the level of staff through robust workforce planning
- Identify and deal with underperformance.  
Deliver to agreed budget and income targets

## **Person specification**

- Demonstrable experience at a senior level of:
  - Setting, leading and delivering technology strategy to support business objectives
  - Leading large, strategic technical transformations in a complex, professionally driven service environment to achieve cost savings and service improvements - 'hands on' and able to lead from the front.
  - Adept at managing 3rd party relationships (high commercial acumen).
  - Growing, leading and inspiring diverse teams, and maintaining a performance-oriented culture of innovation.
- Gravitas and strong communication skills with the ability to communicate complex technical information to non-specialists
- An outstanding understanding of current and disruptive technologies
- Able to collaborate and contribute to the wider organisation strategy.
- Financially astute with experience managing multi-million-pound budgets.
- High standards and professional disciplines with planning and project management skills.
- High integrity and not afraid to challenge the status-quo
- Relevant management or professional qualification
- Capability/skills and experience in a multi-channel environment with solid ecommerce skills
- Keeps up to date with the technology environment and what other organisations are doing and who the disrupter technology businesses are.
- Has strong networker in the technology/digital sector.
- Proven track record in a multi-channel environment of delivering significant change programmes end to end.

**From:** Oliver Richardson, Kent County Council Armed Forces Champion  
David Cockburn, Corporate Director of Business Strategy & Support

**To:** County Council

**Date:** 4 November 2021

**Decision No:** n/a

**Subject:** Annual Report on Implementation of Armed Forces Covenant in Kent

**Classification:** Unrestricted

**Summary:** This report provides a briefing on Kent County Council's work to support the county's Armed Forces community, summarises key achievements since the last report to Policy & Resources Committee in 2020, and seeks Members' support for the proposed future actions.

### **Recommendation**

County Councillors are asked to NOTE Covenant work to date and COMMIT to priorities going forward including promoting that Kent County Council is a MoD Employers Recognition Gold Award Holder. Members are requested to CHAMPION the Armed Forces Covenant across the county and ENGAGE locally in Covenant efforts and related events.

## **1. Introduction**

1.1 The Armed Forces Covenant outlines the moral obligation between the Nation, the Government and the Armed Forces, at a local level. Kent County Council was one of the first authorities to sign a Covenant, back in September 2011. In October 2017, a new combined Armed Forces Covenant including KCC, Medway and 11 Infantry Brigade was re-signed at the Kent and Medway Civilian-Military Partnership Board. This is the only joint signing and Board in the UK between a County Council (Kent) and a Unitary Authority (Medway). District colleagues also have similar local arrangements.

1.2 The purpose of the Covenant is to encourage support for the Armed Forces Community (AFC) working and residing in Kent and recognise and remember sacrifices they have made.

1.3 Parts of the Armed Forces Covenant will be enshrined in law under a new Armed Forces Bill in late Spring 2022 when Local Authorities and related public bodies will have to show 'due regard' when considering applications from the Armed Forces Community in Education (school places and transport), Healthcare (access to GPs and hospital waiting lists) and Housing (homelessness and DFGs). KCC benefits from Canon Bruinvels being Armed Forces Champion and Parliamentary Adviser to the All-Party Armed Forces Covenant Parliamentary Group where not only has he given oral evidence to the Select Committee – but he has been able to cite a number of KCC initiatives as examples of best practice.

1.4 The Kent & Medway Civilian-Military Partnership Board oversees the implementation of the Covenant and meets twice a year, supported and informed by an annual Task Force Commander Briefing, half-yearly Unit Welfare Officer Briefings and 5 Task Groups:-

- Health and Wellbeing
- Children and Youth
- Housing
- Employment, Economy and Skills, and
- Recognise and Remember

## **2. Update on the Impact of Strategic Defence Changes on Kent**

2.1 Members will recall that in November 2016, the then Defence Secretary launched the 'Better Defence Estate Strategy'. 91 sites within the Armed Forces estate are earmarked for closure by 2040. The MoD will release value from surplus land and ensure its property portfolio is fit for purpose in the future, whilst making space for 55,000 new homes, and securing £3bn of combined income and savings by 2040 to be reinvested in defence.

2.2 From a Kent perspective, there are some significant changes to the military estate planned including the partial closure of Sir John Moore Barracks (now home to the Royal Gurkha Regiment) and Somerset Barracks in Shorncliffe as well as closure of the 36 Engineer Regiment of the Royal Engineers and the Queen's Gurkha Engineers based at Invicta Park Barracks in Maidstone in or around 2027 after 229 years of being based there.

2.3 Members will also be aware that the Army Reserve Centre Battalion of the Regiment, 3 The Princess of Wales's Royal Regiment (3PWRR), headquartered in Sturry (Canterbury), underwent a major restructure and expansion in summer 2017, as a direct consequence of the formation of 4PWRR in autumn 2017. This took place under Army Refine 2020 with the western side of SE England and parts of Sussex and the whole of Surrey, including the current Farnham Reserve Centre, moving across to the newly-formed Battalion in September 2017. Its headquarters are now located in Redhill. 3PWRR are now concentrating more in Kent and Medway, including Rochester and Thanet at RAF Manston, plus the eastern side of SE England. Mobilisation on operations continues to increase accordingly – and in recent years 3PWRR have mobilised on operations to Afghanistan, Iraq and Cyprus as well as supporting COVID-19 testing initiatives across the SE and are currently recruiting across Kent.

## **3. KCC Activities to support the Armed Forces Community**

3.1 On 19 September 2021, the Board held its 8<sup>th</sup> Annual Armed Forces Covenant Conference online because of COVID-19 restrictions with 90 representatives on Teams and with 16 speakers participating over 3 hours. The Conference brought together the senior Lead on the Covenant at the MoD, Armed Forces, Councils, emergency services, military charities and others in the voluntary sector to consider the needs of the armed forces community in the county and how we can collaborate to ensure the Covenant Legislation covering 'due regard' for Education, Healthcare and Housing is fully implemented. There was also a focus on 'Partnership Working Post-COVID-19' across Kent and we were delighted to have both the KCC Chair and Leader present. Delegate feedback including from the Lord-Lieutenant was very positive. A Strategic Aims Action Plan is being updated with all the relevant Task Groups being invited to take forward the issues raised. The next annual conference will take place in June 2022 at the Leas Cliff Hall in Folkestone. [Our last in person Conference took place at Brompton Barracks with the theme of 'Strengthening Connections' and Conference Representatives were honoured to have the Household Cavalry as our principal VIP guests].

3.2 The fourth Service Children's Voice Conference was held in 2019 bringing together service children including many Gurkha children from around Kent to explore what it meant

to be an Armed Forces child, positives, negatives, and what, if anything, they needed more from schools. It was a great success, so much so that there are plans for a fifth such conference in June 2022 again at the Duke of York's, with the aim of getting even more participation from children at schools with only a few service families.

3.3 Canon Peter Bruinvels was commissioned in 2016 to secure sustainable dedicated capacity to support the Armed Forces Covenant. He continues to work at KCC and has helped strengthen links with 11 Infantry Brigade and Service Charities which has resulted in the forging of closer links with partners across the South East. He has also ensured that the Civic Office is well connected into the Board's work and the Lieutenancy now holds a Military Events diary which is used by all the Boroughs and Districts, KALC as well as by the media.

3.4 Kent was part of a consortium of South-East Councils who successfully bid for £321k from MoD to embed awareness of the Covenant and needs of Armed Forces Community in all front-line services. The resulting project, Forces Connect South East, is up and running. Trainers including Canon Bruinvels were appointed to ensure consistency in the delivery of the Covenant and the provision of welfare advice with Kent leading on the design of a dedicated Forces Connect 'App' which is being used by both service providers and the armed forces community themselves. To date, there are 11,500 users covering 24 Regions.

3.5 As part of this project, a range of training programmes were rolled out, including:

- A Service Champion training programme in partnership with the NHS with fully trained service champions in every local front-line service in the county.
- An eLearning Training Module raising awareness about the issues facing the Military Family and the implications of the Armed Forces Covenant. KCC launched this in October 2017, and to date 565 KCC staff have completed the training. It has been put on the Armed Forces Network website so that colleagues in other organisations across Kent can also access it.
- The 1<sup>st</sup> dedicated training session for Elected Councillor Armed Forces Champions and Covenant Lead Officers across Kent and Medway was held in February 2018. Each year further sessions led by Canon Bruinvels have been held including Kent's three Task Force Commanders – all are immensely popular and have ensured they have a consistent understanding of their respective roles, and the knowledge and support needed to carry it out. This is particularly important following a large turnover of Armed Forces Champions across Kent in May 2021.
- Targeted training for customer-facing front-line staff, including contact centre staff: short sessions for teams has also been provided to raise their awareness and ensure they ask customers whether they have served or connections to the armed forces in order to ensure appropriate support or signposting. In late 2021, plans are in hand to train all Adult Social Care Staff to ask the question: 'Did you or anyone in your family serve?' If in the affirmative, we will be able to triage them quickly for welfare support.
- Forces Connect Veterans Hub SE received £148k to support Veterans Hubs and Drop-In Centres across the SE. Grants were awarded to Dover, Deal, Chatham and Cheriton to create new and sustain existing Hubs with more planned.
- Following a further Armed Forces Covenant Trust Fund grant of £25k, further training of both Elected Councillor Armed Forces Champions and Covenant Leads as well as Front-Line Staff will take place across Kent, Medway and the SE over the next twelve months. This again will be led by Canon Bruinvels.

3.6 Human Resources colleagues developed KCC's first Reserves Armed Forces Policy focusing on formalising arrangements around its commitment to employment of serving reservists and veterans, including flexibility around annual training and deployment. This has been identified as an exemplar model policy nationally by the MoD. It resulted in KCC holding its first Reservist Day at County Hall in June 2017 and repeated again in June 2018. This successful event will be repeated on 21 June 2022 when it is hoped to have the Kent Bomb Disposal Unit as principal guests supported by 3PWRR.

3.7 The commitment of Kent County Council to support defence personnel and their families as a 'Military friendly' employer was recognised in Summer 2018 when KCC was awarded the prestigious Gold Award – one of very few County Councils to be so awarded. This was as a result of significant hard work across the organisation. The speed of this latest award was quite remarkable, having just been twice recognised under the Armed Forces Covenant Employer Recognition Scheme in 2017 with a bronze award in February, followed closely by the much sought-after silver award in Summer 2017. This was as a result of the Council not only pledging to be 'Armed Forces-friendly' but demonstrating KCC's commitment in practice by employing both Reservists and Ex-Service Personnel across the organisation, encouraging more Cadet Adult Volunteers, having the policies and procedures in place to ensure they are supported around their Forces' needs and requirements, as well as KCC's wider support for the Armed Forces Covenant and Armed Forces Day.

3.8 Following on from the spring 2017 survey of staff and Members, which identified more than 65 people who have connections with the armed forces, including serving and ex-armed forces personnel, but also those who are partners, parents or children of serving personnel or veterans, the KCC Civil-Military Peer Support Group has continued to meet until the advent of COVID-19. This group is proving to be an invaluable sounding board as well as providing mutual support and being a focus for internal celebration of the armed forces (e.g., an annual gathering with the Chairman). It is planned to have a new staff and Members survey in November 2021.

3.9 This year, KCC has continued to focus on establishing stronger local-level relationships with on-line meetings with Army Task Force Commanders and District Armed Forces Champions, Covenant Lead Officers and Unit Welfare Officers. These discussions provide valuable hands-on feedback on the current issues impacting the armed forces community, ensuring that the Board's priorities are well focussed, and result in improved collaboration. Relations have never been better or closer and we are particularly grateful to all of the Task Force Commanders who are really working in partnership with their local Armed Forces Champions and Covenant Leads – many of whom are new in 2021.

3.10 The Covenant Team continues to work closely with colleagues in Social Services and SSAFA to ensure timely referrals and integrated support to those ex-armed forces personnel who need it. Two projects to identify and support isolated older veterans and those veterans in the criminal justice system were carried out involving SSAFA and the lessons learned are being carried forward.

3.11 Working with Kent County Council's nominated Armed Forces Communications Lead, the Board is continuing to raise the profile of the Covenant both internally and externally. This includes multiple articles on kNet, our public website, Twitter @KentArmedForces, press releases and videos as well Peter Bruinvels' monthly press review slot on BBC Radio Kent.

3.12 1 Royal Gurkha Rifles (1RGR) who were based in Brunei, and 2 Royal Gurkha Rifles (2RGR) who were based in Shorncliffe near Folkestone switched bases in summer 2017. This was a significant logistical exercise, particularly as more families came to the UK than left for Brunei. The Board took a leading role to ensure plans were in place early, learning from issues raised in previous years. It provided a conduit to bring together the stakeholders from the Army and 11 Infantry Brigade including the Defence Infrastructure Organisation (which manages service family accommodation), CarillionAmey (which manages allocation and maintenance of Armed Forces housing), local schools, KCC's school admissions team, Health, District Councils and Job Centre Plus. At one Board meeting all the key players, including senior representatives from 1RGR and Hornbill School in Brunei, were brought together to scrutinise plans, agree a timeline, mitigate any issues and set up a task group to deliver the plans. The challenges around integration of family and dependants into local communities at both ends (with the transition of schooling, housing, healthcare and spousal employment) were addressed much more successfully than in previous years. Education colleagues worked particularly hard to secure school places and prepare children and parents for the move. The multi-agency, integrated approach to planning has been deemed best practice by the Army and has provided a national case study for MoD, and sets a blueprint for future moves in Kent.

3.13 With a move planned for Summer 2020, all the above work was repeated and all the places for the returning / exchange Gurkha children secured at local schools and for their homes in and around Folkestone and Dover. Canon Bruinvels went to Brunei to meet the Gurkha Major, Gurkha families and their children accompanied by 11 Brigade, a KCC Admissions Office and the Folkestone and Hythe Covenant Lead. Hornbill School was visited and both the children and parents met up with him. COVID-19 arrived and the Brunei Swap was then put back until July 2022. All the files have now been re-opened and forward plan meetings are taking place to prepare to welcome 2RGR back to Shorncliffe in Summer 2022.

3.14 We continue to work with 11 Brigade on workforce skills, and recently have been in discussion about the relationship between the armed forces community and the Further Education Colleges and Guilds. Topics for consideration include:

- How service leavers can be supported or encouraged to move into those industries where there are personnel or skills shortages, by providing advice early in the transition period to enable them to develop the right skills and use their transferrable skills.
- The benefits of employing service spouses, and how they can be targeted.
- That cadets make ideal candidates for Apprenticeships.

3.15 The Kent Shed concept and brand was developed back in 2013. The two main objectives were to support ex-military men to reintegrate (externally funded by MoD Libor Grant) and to provide accessible opportunities to combat social isolation for men (and women) of all ages in Kent (funded by Public Health, KCC). There are more than 30 Sheds across Kent. They are highly diverse, many are themed around sustainable activities such as gardening, woodwork, boats or arts whilst others are focused on supporting the local community. Most people attracted to this activity are men, but Kent Sheds is open to men and women of all ages, should they wish to participate, as agreed locally. The Programme has become popular with local people and has about 250 members. In addition to improving people's wellbeing, a number of Sheddors have also gone on to gain paid employment as a

result of their work in Sheds. KCC is exploring further how Kent Sheds can support people back into work as well as getting them to work closely with the newly formed Veterans Hubs.

#### **4. Priorities for the Future**

4.1 With Forces Connect South East now nearing completion, the Board continues to oversee its implementation, ensuring that it has fully delivered its potential and training; working with our colleagues across the South East to improve outcomes on the ground for the armed forces community. Kent led on the development of the Forces Connect 'App' to enable individuals, and those who work with them, to access information, advice and guidance. The Board will continue to collaborate with the MoD and regional peers across the south east and further afield to share and promote best practice nationally as well as promoting the Forces Connect 'App' across Kent.

4.2 Within KCC and with partners, the Board will expand and strengthen the network of KCC officers who champion the armed forces, encouraging them to cascade information and raise awareness amongst their colleagues of how to support the armed forces community.

4.3 The Board has agreed to once again hold a Service Children's Voice Conference in summer 2022 and build on previous achievements to deliver an innovative and meaningful 8<sup>th</sup> Kent & Medway Armed Forces Covenant Conference in spring 2022.

4.4 The Board will continue to improve publicity and communication around events that support the armed forces and encourage KCC Members to support local events as well as continuing to develop the Military diary of forthcoming events, celebrating Armed Forces Week and Reservists Day in 2022, and promoting Remembrance events, especially around Armistice Day 2021.

4.6 KCC colleagues will prioritise maximising the benefits of achieving the Armed Forces Covenant Employer Recognition Scheme Gold Award – including sending staff on the Sandhurst Leadership Challenge training and establishing feedback groups as well as by introducing guaranteed interviews for appropriately qualified ex-service personnel, as well as offering mentoring.

4.7 KCC will work closely with local partners to ensure bids for Covenant funding are of the highest quality, maximising income into the County. (£1.3m has been secured to date.)

4.8 Like any other group in society, members of the armed forces community have been impacted by the pandemic. As the transition from response to recovery continues, KCC will work with partners to ensure Kent's armed forces community have access to the advice and support available, including the Helping Hands Programme.

#### **5. Conclusions and Recommendations**

5.1 County Councillors are asked to NOTE Covenant work to date and COMMIT to priorities going forward, including promoting that Kent County Council is now a MoD Employers' Recognition Gold Award Holder. Members are requested to CHAMPION the Armed Forces Covenant across the county and ENGAGE locally in Covenant efforts and related events.

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