

From: Roger Gough, Leader

To: County Council, 16 December 2021

Subject: **Developing KCC's next Strategic Statement**

Classification: Unrestricted

Past Pathway: None

Future Pathway: N/A

SUMMARY: Ahead of developing KCC's new Strategic Statement in 2022, this paper outlines key policy challenges which will need to be addressed through the development of the document to embed KCC as a strategic authority. This paper is the start of a discussion with Members around these challenges.

Recommendation:

County Council is asked to:

- (1) **Note** the key policy challenges to be addressed in KCC's next Strategic Statement and **note** the next steps in engaging Members.

1. INTRODUCTION

- 1.1 KCC has been through an incredibly challenging few years. We have successfully managed the unique challenge for Kent of the UK's exit from the EU while simultaneously responding to the Covid-19 pandemic which impacted every aspect of life in the county. No other council has been required to meet challenges at the scale faced by KCC concurrently. It is a testament to not only what we have achieved, but also how we achieved it, that partnership working across public, private, and voluntary sectors in Kent is now stronger than ever before.
- 1.2 With the eighteen month timescale of the Interim Strategic Plan coming to a close, and the gradual shift, recent additional restrictions notwithstanding, towards a new normal, KCC must develop its next five-year Strategic Statement in early 2022. It will set out KCC's ambitions for both the council and the county, working with partners to tackle the challenges and seize the opportunities to make Kent a better place in five years' time. This will be a critical document that sets out the strategic priorities for the council, that then shapes its strategic financial and business planning across all services and departments for a number of years. It is important that we get it right.

2. WHERE WE ARE NOW

- 2.1 In March 2020, KCC was set to approve *Kent's Future, Our Priority*, KCC's new five-year Strategic Statement (the 5 Year Plan). It was an ambitious document developed through nine months of detailed engagement and

consultation with residents, businesses and partners about priorities to improve quality of life in Kent. It set out the council's political vision for the next 5 years and a comprehensive set of outcomes that would be delivered by KCC, working with partners and with government.

- 2.2 Due to the Covid-19 pandemic, the draft 5 Year Plan could not be adopted, and as the crisis unfolded it became clear that the council would need to focus on the emergency response and take stock of the longer-term implications of the pandemic before setting its new ambitions and priorities for the county. The development of the next Strategic Statement was therefore paused. In December 2020, County Council approved KCC's Interim Strategic Plan *Setting the Course* which set out the immediate challenges and opportunities Kent faces and the actions KCC is prioritising to address them in the short-term.
- 2.3 Many of the long-term outcomes set out in the Five-Year Plan remain valid. In setting specific objectives for council services, alongside the requirements for collaboration with our partners and asks of government, the 5 Year Plan recognised KCC as operating across a multitude of complex delivery systems involving the public, private and voluntary sectors at local, county, and national level. It envisaged KCC in a critical leadership role, acting as a convener with a range of partners and statutory agencies to improve services and advocate for Kent residents.
- 2.4 The Interim Strategic Plan's focus on financial, economic, demand, partnership and environmental challenges emerging from the pandemic have informed the Council's Strategic Reset Programme and immediate priorities emerging from Covid-19. This recognises that the social and economic structural changes brought about by the pandemic present both challenges and opportunities that the council must respond to ensure its sustainability.

3. EMBEDDING KCC AS A STRATEGIC AUTHORITY

- 3.1 Whilst inherently the next strategic statement will seek to blend the long-term ambition of the 5 Year Plan with meeting the near-term challenges of the Interim Strategic Plan, it is also important to recognise that the context in which the plan is being developed has changed. There are two inter-related issues that the next Strategic Statement must adequately address.
- 3.2 The first is that there are several major policy challenges impacting on upper tier local authorities which have been accelerated by the impacts of the Covid-19 pandemic and are clear priorities for central government. These include 'levelling up', achieving Net Zero and health and social care integration. How we meet these challenges requires clear Member direction through the Strategic Statement, given that the inherent purpose of the document is to balance competing pressures and provide clear direction for the organisation. Whatever the strengths of the council KCC cannot - and is simply not resourced to - achieve everything that everybody might expect of it.

- 3.3 The second is that the Government see further devolution to be a catalyst for economic recovery and civic renewal. However, it also clear that Government want strategic local authorities to be able to address the major national policy challenges outlined above for their local area. In non-metropolitan areas, the clear ambition of Government is for county councils to take on that strategic authority role, and through the development of 'County Deals', to replicate the focus, if not necessarily the governance, that mayoral combined authorities have brought to these issues in many of our major cities.
- 3.4 This represents a challenge and opportunity for county councils. Mayoral combined authorities do not deliver services directly, and therefore do not face the demand-led pressures arising from social care, which are accelerating in the short-term because of the pandemic, and in the longer-term by an aging population. Moreover, much of the capacity many county councils had on broader place-based services, such as economic development, strategic planning, skills, and infrastructure have been scaled back over many years of financial restraint to protect investment and spend in social care services.
- 3.5 If KCC wishes to embed and sustain itself as a strategic authority, then the next Strategic Statement must find a way to balance our responsibilities and the inherent pressures for social care and children's services with the necessary commitment, and potentially investment, to build the capacity to respond to these major policy challenges. Whilst local government is not a competitive landscape, those county councils best able to achieve this balance will be in a comparatively better position to advocate for their communities, influence government and access further resources.
- 3.6 The strategic policy challenges that KCC needs a clear position on are set out in the next section.

4. STRATEGIC POLICY CHALLENGES

4.1 KCC's relationship with Government

Government is looking to county councils to provide strong local leadership - a single visible point of contact for the local area that can lead and convene action on the ground and liaise back with Government. KCC has a strong track record of innovative partnership working with central government from the Public Service Agreement and Local Public Service Agreement, through to EU Transition and Unaccompanied Asylum Seeking Children issues.

- 4.2 KCC does not need structural reform to take on this role for Kent, but there is a fundamental question around how we develop the capacity to deliver this effectively. Maintaining a strong relationship with government which allows the council to influence policy and access resources, whilst also acting as the strong local leader for Kent requires a significant degree of effort across a broad range of policy issues given Kent's inherent size and scale. The mayoral combined authorities have an infrastructure around the new organisations that allow them to do this. If we do not accept the need

for structural reform to achieve this in counties, especially in Kent given its circumstances, then an enhanced partnership working model to support our role as local leader and convenor, managing relationships both upwards and downwards, is going to be required.

4.3 KCC and the partnership architecture in Kent are not currently structured or resourced to support an enhanced partnership working model that would be required to support a renewed relationship with Government and deliver a County Deal. Whilst there is a collection of informal partnerships across a range of agencies and partnerships in Kent, there is no single organisational or structural arrangement that brings the total collective of Kent partners together. The Kent Leaders meeting is a very effective but an informal arrangement, which covers only local authorities, and whilst there is strong partnership working at officer level on an ad-hoc basis, there are no standing arrangements for cross-agency delivery. One clear lesson from the pandemic was that the cross-agency coordination and delivery arrangements were vital to Kent's effective response and showed what can be achieved through focussed partnership action. We need to find a way of making such arrangements a permanent strength of Kent without adding unnecessary bureaucracy. By achieving this, we will be providing strong evidence to Government that KCC can deliver a County Deal in Kent, and that it can be the basis to forge a strategic relationship with Government without the need for further structural reform.

4.4 **Levelling Up Kent**

Whilst Levelling Up remains a subjective concept, and the White Paper has been further delayed, elements of the agenda outlined so far by Ministers suggest that at its core it is a continuation of the ambition to address the regional, social and economic disparities which have existed in our communities for decades but have been brought into sharper focus by the Covid-19 pandemic. The risk for Kent is that in looking at social and economic disparities through a regional lens, the many social and economic disparities that exist at sub-regional level within and between communities in a relatively prosperous region such as the South East are overlooked, and this leads to resource and focus shifting disproportionately to the North and Midlands.

4.5 To lead the Levelling Up agenda successfully would require KCC to refocus and rebalance its resources across its priorities so it is able to both make the case for Levelling Up Kent, but also then to deliver the actions necessary to achieve tangible improvements for the county. This would enable KCC to deliver on its longstanding aspirations to bring Kent closer to the wider South East average by addressing growth, economic, and health disparities, particularly in eastern and coastal communities and north Kent, by focussing on Net Zero, economic development, transport and skills. It would put the county council at the heart of strategic planning across the county.

4.6 One way to help achieve this would be to strengthen our capacity in a number of disciplines that will be necessary to support successful Levelling Up in Kent. This could include strategic planning, economic development, skills and infrastructure. Whilst KCC undoubtedly has some

strong capabilities in these areas, both the protection of spend in social care services, together with the fractionalisation of this agenda across various different agencies such as LEPs, meant there has been no means for KCC to hold significant capacity in these areas at the level that is now envisaged. If we are to maximise the benefits for Kent from the Levelling Up agenda, that trend needs to be reversed.

4.7 KCC's role in achieving Kent's environmental ambitions

Action around protecting the environment, climate change and achieving Net Zero looks set to be the predominant policy agenda at all levels of Government for the next 20 years. KCC recognised the environment and climate emergency in 2019 and has committed to achieving Net Zero emissions for the county in line with the UK target of 2050. We have accelerated and are on track to achieve our own Net Zero target for the organisation by 2030.

4.8 Alongside the Net Zero ambition, there are other critical areas where action is needed to protect and enhance Kent's environment and improve quality of life, including climate change mitigation and adaptation, air quality, biodiversity, energy and water supply resilience and the opportunities for nature-based recovery. The environment agenda has taken an increasingly prominent place on KCC's agenda and that of our partners in recent years and there is real impetus for change across the local, national and international sphere, with innovation from the private and community sectors being equally important as actions the public sector can deliver upon.

4.9 However, achieving the county's environmental ambitions is a significant and complex challenge that requires a strong coordinated effort. To give Kent the best chance to achieve these ambitions, more prominent leadership is needed to pull together activity across the county with greater intensity, cooperation and pace. This is a role KCC could take on, bearing in mind the scale of the task ahead and the significant investment of resources needed. It would require a robust, coordinated approach with stakeholders and partners, and a much stronger role in influencing and supporting communities, residents and businesses to shift behaviours and adapt to new technologies, ways of living and doing business. It would also require closer working with central government, especially to unlock sustainable funding to support the activity needed.

4.10 If KCC is going to take on this role, it will also need to lead by example and firmly embed environmental ambitions into policy and strategy choices. This will require considerable policy shifts in the balance of council priorities in relation to housing and economic growth, transport and its infrastructure, and preserving green space. To support this shift, environmental policy would need to be embedded more strongly into the council's corporate strategy so that it becomes the prism through which the council assess its budget, strategy, policy and service decisions.

4.11 Health and social care integration

While integration between health and social care has been the subject of Government rhetoric for many years, the Health and Social Care Bill

signals a strategic pivot point that cannot be ignored. Through the Better Care Fund, Government is driving integrated working between health and care and looks set to continue to use this model of pooled funding arrangements. A scenario is emerging where local government holds on to the legal and financial risk of social care, but new and additional monies for social care flow through shared/pooled arrangements with the NHS, likely to be governed by the Integrated Care System (ICS) rather than directly by the council.

- 4.12 To date the council has protected our own governance and control over services by remaining *partners to* and not *partners in* the ICS, reflecting its own statutory responsibilities and requirement to set a balanced budget. The risk around being a partner in the ICS, with a potential requirement to allow social care money to be used for priorities across NHS services, acted as a break on the level of integration that could be achieved.
- 4.13 However, a recent shift in the government's approach to exclude local authorities from being within a finance 'system control total' with the NHS means a significant level of the risk to enhanced integration has been removed. Conversely, the strategic risk has now been reversed. There is now a danger of KCC losing influence and possible funding streams by not taking braver steps into stronger partnership working, commissioning and decision-making arrangements with the ICS.
- 4.14 Kent has a rare opportunity, not available for most other health and care systems across the country, in that it has almost coterminous boundaries with the ICS and so could choose to align itself more strongly with its structure at both strategic (county) and local (place) level. There is strategic leverage to be gained by moving to joint decision-making with health over a limited number of care services - for example in discharge from hospital or shared safeguarding responsibilities – through the Integrated Care System Partnership Board. KCC has statutory and democratic representation on the Board and can have confidence over its influence on it, and it would remain the statutory body accountable for those services.
- 4.15 Such an approach would give KCC greater credibility as a strategic partner to the NHS at local and national level to seek access to NHS funding, particularly as it refocuses its efforts through the Long-Term Plan on enhancing community and preventative care and allow the council to seek some element of the risk sharing on social care demand with health at a system level.
- 4.16 **Fragile markets and the Strategic Commissioning Authority model**
KCC's Strategic Commissioning Authority operating model was established in 2014 against a backdrop of sustained pressure on the council's finances. It has brought many benefits, but given the operating environment we are now in, there is a need to adapt and refocus the model.
- 4.17 A sizeable proportion of the council's budget is spent via services commissioned from the private and VCSE sectors. However, many of the

markets we rely on are becoming increasingly fragile, exacerbated by global supply chain issues and impacts of the pandemic. Our services are already feeling the effects of provider disruption, cost pressures and workforce vulnerabilities, especially for people-based commissioned services delivered by SMEs and the VCSE sector. This brings significant risks around sustaining service delivery, service quality and control of costs.

4.18 Given these risks appear more medium-term than transitional, it is unlikely that KCC will be able to continue to rely on simply procuring a market solution to meet the many needs we commission services for. In the current operating environment, it is crucial that we rebalance time and effort into earlier stages of the commissioning cycle, to understand service user and community needs, challenge assumptions and consider all the available options to ensure we are commissioning the right solution. This might mean more proactive work being taken to shape the market to support our requirements, considering inhouse solutions or more innovative service design models (e.g., strategic partnering with Health or Voluntary Sector). This shift in our commissioning approach will need to be clearly articulated and embedded throughout the organisation, and contribution to the commissioning cycle recognised as a core 'Business as Usual' function across the council.

4.19 **KCC's relationship with schools**

Kent's school system is well regarded nationally and internationally. It is one of the reasons why many parents are attracted to live and work in Kent, and KCC has sought to maintain a strong relationship with schools, but particularly maintained primary schools, as a political priority given that they are at the heart of many small rural communities across Kent. This is at a time when many councils have moved towards a statutory minimum role in education as Government policy has encouraged a shift to academy status and reduced the resources available for councils.

4.20 Despite our direct involvement with schools being curtailed, the provision of quality education in the county and supporting all children to achieve their potential remains a priority for KCC, and an issue that understandably receives a great deal of interest from Members and the communities they represent. The provision of functions including admissions, home to school transport and maintaining the condition of school buildings continue to present significant cost pressures in our budget each year. In particular, the impact on our budget emerging from the council's responsibilities to support demand-led pressures from supporting children with Special Educational Needs and Disabilities (SEND) present a significant risk to the council.

4.21 Given the growing pressures on our statutory responsibilities for schools, the question of how, whether and if the council should maintain a relationship with schools beyond the statutory minimum is a significant policy choice and one that, whilst not unique to Kent, is more starkly felt in Kent given the nature of the school system, our rural geography and the scale of the SEND pressures the council is facing.

5. CONCLUSION

- 5.1 The policy agendas above are complex, interrelated and have wide-ranging implications. There are numerous options available to the council, each bringing advantages and disadvantages, and many further questions to be asked about how the changes can be delivered. The Strategic Reset Programme provides a strong foundation for the delivery of change across corporate and cross-service priorities, but success is built upon clear strategic direction from Members.
- 5.2 This paper signals the start of the discussion around these agendas. The next step will be in-depth Member engagement across parties starting early in the New Year. A series of workshops with Members will be held to debate the agendas and gather a range of views on ambitions and priorities for Kent over the next five years to inform the new Strategic Statement.
- 5.3 Engagement with residents, businesses and partners on the new Strategic Statement will also be planned, building on the extensive engagement undertaken to inform the draft 5 Year Plan, and will shape the new document from the outset.
- 5.4 Taking into account the views put forward through this engagement, Cabinet will confirm the strategic direction it wishes to set. The new Strategic Statement will be presented to County Council in May 2022 for endorsement.

6. RECOMMENDATIONS

- 6.1 The recommendations are as follows:

County Council is asked to:

(1) **Note** the key policy challenges to be addressed in KCC's next Strategic Statement and **note** the next steps in engaging Members.

6. BACKGROUND DOCUMENTS

- 6.1 None

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