

By: Paul Carter, Leader  
Alex King, Deputy Leader  
John Simmonds, Cabinet Member for Finance and Business Support  
Roger Gough, Cabinet Member for Business Strategy, Performance and Health Reform  
David Cockburn, Corporate Director, Business Strategy and Support

To: Corporate Policy Overview & Scrutiny Committee – 11th January 2012

Subject: Budget 2012/13 and Medium Term Financial Plan 2012/15

Classification: Unrestricted

---

Summary: The purpose of this report is to consult the Committee on the budget proposals for the Business Strategy & Support Directorate and Financing Items budgets within the Corporate Services portfolios (hereafter referred to as the Corporate Services portfolios), with reference to the draft KCC budget launched on 20<sup>th</sup> December 2011.

Members are invited to comment on the key issues on the proposed budget changes for the services provided by the Business Strategy & Support Directorate.

---

## **1. Introduction**

- 1.1 The Chancellor of the Exchequer made his Autumn Budget Statement to the House of Commons on 29<sup>th</sup> November 2011. This coincided with the latest economic forecasts from the Office for Budget Responsibility (OBR) which predicted that recovery from the recession would take longer than previously forecast and economic growth projections for the remainder of 2011 and throughout 2012 would be substantially less than earlier forecasts. The Government's deficit recovery strategy relies on steady and sustainable economic growth in order that tax revenues recover from the effects of recession and remain buoyant in the future. In spite of the lower growth predictions the Chancellor has stuck with the spending plans outlined in the 2010 Spending Review (SR2010).
- 1.2 The provisional Local Government Finance Settlement for 2012/13 was announced on 8th December 2011. This set out provisional grants for 2012/13 from the Department for Communities and Local Government (DCLG). This includes the vast majority of un-ringfenced grants. The

grants from DCLG were in line with the provisional figures included in the 2011/12 settlement but no provisional amounts have been announced for the following years.

- 1.3 Following these announcements KCC launched its draft 2012/13 Budget and 2012/15 medium Term Financial Plan (MTFP) for consultation on 20<sup>th</sup> December. The documents include much more information about the national economic context and grant settlement, as well the Council's proposals. Members are asked to review these documents and bring them to the committee meeting where the proposals affecting the Corporate Services portfolios will be considered.
- 1.4 For 2012/13 the draft budget proposes freezing Council Tax at the same level as 2011/12 i.e. £1,047.48 for a band D property and taking up the one-off grant offered by government. Taking up this grant means that £14.4m of additional savings/income will have to be found in 2013/14 to offset the loss of grant. The Council Tax Freeze grant is factored into our calculations on the overall net loss of grant in 2012/13 and 2013/14.
- 1.5 The grant settlements for other Government departments had not been announced in time for the budget launch. Since these are largely ring fenced and its KCC policy to adapt spending in line with grant settlements these will not unduly affect the proposed budget.

## **2. Revenue Budget Proposals**

- 2.1 The draft budget book includes a portfolio summary, an updated A to Z of services and for the first time a detailed variation statement for each line in the A to Z showing all the changes between 2011/12 and 2012/13. The introduction of an A to Z of services rather than a portfolio by portfolio presentation of the budget was largely welcomed last year. The detailed variation statement is a further step towards greater transparency of the underlying assumptions behind the proposed budget. We recognise that removing the portfolio by portfolio presentation makes it more difficult for POSCs to scrutinise the proposals for individual portfolios. The A to Z entries relating to the Corporate Services Portfolios can be found within pages 41 to 44 of the budget book and the relevant A to Z variation statements on pages 179 to 188. Financing Items variation statements are on pages 157 to 168. A summary is also attached as Annex 1. The POSC has decided to hold a meeting of the IMG on 10<sup>th</sup> January in order to give IMG Members the opportunity to consider the budget in more detail than would be possible at the POSC.
- 2.2 The MTFP sets out the overall assumptions about the likely resources available over the next 3 years. It also sets out the forecast additional spending demands and the savings/income which would be necessary

to achieve a balanced budget each year. The savings have been expressed as target amounts for efficiencies and service reforms under a number of themes. The MTFP has been redesigned to present a clearer overall picture over the three year period rather than portfolio by portfolio.

- 2.3 The MTFP includes a portfolio by portfolio analysis of the main changes within the proposed 2012/13 budget. This is presented in the same format as the previous multi year presentation. Experience has shown that although we produced a 3 year plan by portfolio nearly all of the issues relate to the first year and the detail for years 2 and 3 are largely aspirations and change significantly when the budget for these years comes to be approved at a later date. The one year presentation by portfolio should help POSC members to focus on portfolio priorities for the coming year. Details relating to the Corporate Services portfolios can be found on pages 69, 70, 73, 77 and 78.
- 2.4 As in 2011/12 the detailed budgets for individual service units and budget managers will be produced after County Council has agreed the draft budget in A to Z format. This detailed manager analysis will include staffing information for individual units.
- 2.5 Copies of the draft Budget Book and MTFP have been distributed to all Members (on the 16<sup>th</sup> December). You are asked to ensure you bring those to this meeting.

### **3 Capital Budget**

- 3.1 The starting point for the capital programme is the existing published capital programme for 2011/14. We have revised the presentation of the capital programme for individual schemes to shift the focus away from planned spending year by year and more towards the totality of spend and how this is financed. This will enable debate to focus on the merit of schemes, their affordability and overall timeliness rather than the detail of re-phasing individual amounts between years.
- 3.2 The proposed programme for the Corporate Services portfolios for 2012/15 is set out on page 11 of the budget book.

#### **4. Recommendation**

- 4.1 Members are asked to note and comment on the revenue and capital budget proposals for the Corporate Services portfolios.

Background documents:

- Autumn Budget Statement; Cabinet, 5<sup>th</sup> December 2011
- Draft Budget Book 2012/13 and Medium Term Financial Plan 2012/15 (launched 20<sup>th</sup> December 2011)
- Previous Budget Monitoring and Planning Reports to the Corporate Policy Overview and Scrutiny Committee

Officer contact:

Dave Shipton  
Acting Head of Financial Strategy  
Finance & Procurement  
Business Strategy & Support  
Tel (01622) 694597

Jackie Hansen  
Acting Finance Business Partner  
Finance & Procurement  
Business Strategy & Support  
Tel (01622) 694054

## Section 5 - A to Z Service Analysis (F&amp;BS portfolio)

## WHAT IS THE MONEY SPENT ON?

2011/12 Approved	Portfolio	Service	2012/13 Proposed							Affordable Activity		
			Staffing £000s	Non staffing £000s	Gross Expenditure £000s	Service Income £000s	Net Expenditure £000s	Govt. Grants £000s	Net Cost £000s			
		<b>Financing Items</b>										
1,368	F&BS	Carbon Reduction Commitment	0	1,596	1,596	0	1,596	0	1,596	0	1,596	
3,491	F&BS	Contingency for Children's Improvement Plan	749	0	749	0	749	0	749	0	749	
-11,245	F&BS	Contribution to/from reserves	0	-4,254	-4,254	0	-4,254	0	-4,254	0	-4,254	
3,479	F&BS	Insurance Fund	0	4,679	4,679	0	4,679	0	4,679	0	4,679	Contribution to self insurance fund
4,000	F&BS	Modernisation of the Council	0	3,500	3,500	0	3,500	0	3,500	0	3,500	One-off costs associated with restructure of the council including redundancy provision
116,421	F&BS	Net Debt costs (incl. Investment Income)	0	132,948	132,948	-10,077	122,871	0	122,871	0	122,871	
5,100	F&BS	Other	0	2,328	2,328	0	2,328	0	2,328	0	2,328	
-287	F&BS	Unallocated	5,194	8,247	13,441	0	13,441	0	13,441	0	13,441	
-5,711	F&BS	Underspend rolled forward from previous year	0	-2,200	-2,200	0	-2,200	0	-2,200	0	-2,200	
0	F&BS	Unringfenced Government Grants	0	0	0	0	0	0	0	-88,786	-88,786	
<b>116,616</b>		<b>Total Financing Items</b>	<b>5,943</b>	<b>146,844</b>	<b>152,787</b>	<b>-10,077</b>	<b>142,710</b>	<b>-88,786</b>	<b>53,924</b>			
		<b>Management, Support Services and Overheads</b>										
14,862	F&BS	BSS - Finance and Procurement	16,144	3,538	19,682	-5,256	14,426	-2,388	12,038			Responsible for planning, managing and reporting upon the Council's financial resources, in liaison with both Members and senior management, in accordance with the Council's Financial Regulations.
3,174	F&BS	BSS - Human Resources	5,533	2,064	7,597	-5,666	1,931	0	1,931			Responsible for delivering the strategic and operational HR requirement for KCC. The function has an advisory role to help ensure that KCC meets its statutory responsibility in terms of Health and Safety, Employment Law and Equality legislation in relation to employment.
<b>18,036</b>		<b>Total Management, Support Services and Overheads</b>	<b>21,677</b>	<b>5,602</b>	<b>27,279</b>	<b>-10,922</b>	<b>16,357</b>	<b>-2,388</b>	<b>13,969</b>			Overheads no longer sit with the Directorates so 2012/13 costs are not directly comparable with 2011/12. They have been stripped out, slimmed down and transferred to the centre.

## Section 5 - A to Z Service Analysis (BSP&amp;HR portfolio)

## WHAT IS THE MONEY SPENT ON?

2011/12 Approved	Portfolio	Service	2012/13 Proposed							Net Cost £000s	Affordable Activity	
			Staffing £000s	Non staffing £000s	Gross Expenditure £000s	Service Income £000s	Net Expenditure £000s	Govt. Grants £000s	Net Cost £000s			
		<b>Financing Items</b>										
2,352	BSP&HR	Contribution to IT Asset Maintenance Reserve	0	2,352	2,352	0	2,352	0	2,352	0	2,352	Annual contribution towards ICT infrastructure replacement
<b>2,352</b>		<b>Total Financing Items</b>	<b>0</b>	<b>2,352</b>	<b>2,352</b>	<b>0</b>	<b>2,352</b>	<b>0</b>	<b>2,352</b>	<b>0</b>	<b>2,352</b>	
		<b>Management, Support Services and Overheads</b>										
-7,076	BSP&HR	Directorate Management & Support - Business Strategy & Support (BSS)	796	2,637	3,433	-193	3,240	-4,388	-1,148			
9,065	BSP&HR	BSS - Human Resources	6,406	4,995	11,401	-3,115	8,286		8,286			Responsible for delivering the strategic and operational HR requirement for KCC. The function has an advisory role to help ensure that KCC meets its statutory responsibility in terms of Health and Safety, Employment Law and Equality legislation in relation to employment.
20,730	BSP&HR	BSS - Property and Infrastructure	5,774	20,412	26,186	-2,426	23,760	-505	23,255			Responsibility for the management of KCC's land and property portfolio. This involves strategic asset management across the estate (Corporate Landlord) and is supported by the provision of professional property services delivered in-house and via external consultants.
19,114	BSP&HR	BSS- Information, Communications and Technology (ICT)	16,534	14,814	31,348	-13,376	17,972	-591	17,381			The division works collaboratively with the business to deliver value for money ICT products and services which enable KCC to better serve the people of Kent. The Kent Public Services Network and the majority of telecommunication costs for KCC, are included here.
4,209	BSP&HR	BSS - Business Strategy	2,722	588	3,310	-99	3,211	0	3,211			The division supports the political and managerial leadership of KCC in a number of ways including strategic policy development across the whole council, economic development, effective performance management, research and business intelligence, international affairs and partnerships.
-1,042	BSP&HR	BSS - Governance and Law	7,210	3,005	10,215	-12,470	-2,255	0	-2,255			Provides legal advice and services to KCC, public bodies and other local authorities.
<b>45,000</b>		<b>Total Management, Support Services and Overheads</b>	<b>39,442</b>	<b>46,451</b>	<b>85,893</b>	<b>-31,679</b>	<b>54,214</b>	<b>-5,484</b>	<b>48,730</b>			Overheads no longer sit with the Directorates so 2012/13 costs are not directly comparable with 2011/12. They have been stripped out, slimmed down and transferred to the centre.

## Section 5 - A to Z Service Analysis (D&amp;P portfolio)

## WHAT IS THE MONEY SPENT ON?

2011/12 Approved		2012/13 Proposed								
Net Cost	Portfolio	Service	Staffing £000s	Non staffing £000s	Gross Expenditure £000s	Service Income £000s	Net Expenditure £000s	Govt. Grants £000s	Net Cost £000s	Affordable Activity
		<b>Local Democracy</b>								
255	D&P	Member Grants (incl. Elections)		1,273	1,273		1,273		1,273	Grants controlled by individual Members, grants to Local Boards, grants to District Councils, cost of council elections
<b>255</b>		<b>Total Direct Services to the Public</b>	<b>0</b>	<b>1,273</b>	<b>1,273</b>	<b>0</b>	<b>1,273</b>	<b>0</b>	<b>1,273</b>	
		<b>Financing Items</b>								
464	D&P	Audit Fees	0	464	464	0	464	0	464	
<b>464</b>		<b>Total Financing Items</b>	<b>0</b>	<b>464</b>	<b>464</b>	<b>0</b>	<b>464</b>	<b>0</b>	<b>464</b>	
		<b>Management, Support Services and Overheads</b>								
760	D&P	BSS - Finance and Procurement	590	253	843	-34	809	0	809	Responsible for planning, managing and reporting upon the Council's financial resources, in liaison with both Members and senior management, in accordance with the Council's Financial Regulations.
1,114	D&P	BSS - Business Strategy	626	283	909	-223	686	0	686	The division supports the political and managerial leadership of KCC in a number of ways including strategic policy development across the whole council, economic development, effective performance management, research and business intelligence, international affairs and partnerships.
3,828	D&P	BSS - Democratic and Members	1,310	2,617	3,927	-3	3,924	0	3,924	The cost of supporting the 84 elected members of the County Council and the responsibility for the council's Overview and Scrutiny function in accordance with the provisions of the Local Government Act 2000, the Health and Social Care Act 2001 and the Local Government and Public Involvement in Health Act 2007.
<b>5,702</b>		<b>Total Management, Support Services and Overheads</b>	<b>2,526</b>	<b>3,153</b>	<b>5,679</b>	<b>-260</b>	<b>5,419</b>	<b>0</b>	<b>5,419</b>	Overheads no longer sit with the Directorates so 2012/13 costs are not directly comparable with 2011/12. They have been stripped out, slimmed down and transferred to the centre.